

**J.D. BIRLA INSTITUTE**

(Affiliated to Jadavpur University)

Departments of Science, Commerce & Management

Office: 11 Lower Rawdon Street Kolkata-700020

END SEMESTER EXAMINATION, 2018**3rd Year (Sem-VI) BBA****Subject: CORPORATE FINANCE****Paper: Theory (BBA 601FM)****TIME: 2hrs****FULL MARKS: 50***Answer any five questions; each question carries equal marks.*

1.

- a) A firm issues 12% debentures of face value Rs.1000, redeemable at the end of 10 years. The debentures are issued at a discount of 2% and floatation cost is 3%. Tax rate is 25%. Find the cost of debenture capital.
- b) The capital structure and specific cost of capital of a firm is given below:

<u>Source</u>	<u>Amount</u>	<u>pre-tax cost</u>
Debt	250,000	12
Preference capital	325,000	11
Equity capital	550,000	16

Calculate the firm's cost of capital (WACC), if its tax rate 25%.

(5+5=10)

2.

- a) A firm has a total capitalization of Rs.1,500,000 comprising equity capital (Rs.10 a share). It is planning to raise additional funds of Rs.1,000,000 for implementing a project. The firm can either raise the entire quantum by issue of shares, or raise entire amount by 12% debt. Calculate the indifference point EBIT and EPS, if the firm's tax rate is 30%.
- b) A firm sells 250,000 units at Rs.9 per unit. Variable cost stands Rs.7 per unit, while the firm's fixed cost is Rs.350,000. It has raised debentures of Rs.550,000 at 17% interest. Calculate the firm's operating, financial, and combined leverages.

(5+5=10)

3.

- a) A firm's expected income (EBIT) is Rs.225,000. It has issued Rs.1,000,000, 12% debentures.
- If the cost of equity is 15%, find the overall cost of capital and the value of the firm according to the NI (net income) approach.
 - If the overall cost of capital is 15%, determine the firm value and cost of equity as per the NOI (net operating income) approach.
- b) A company has an EBIT (earnings before interest and tax) of Rs.900,000. It has 8% debentures of Rs.1,200,000 outstanding, and its cost of equity is 14%. What is the value of the company and its overall cost of capital according to the traditional approach? The company now increases debt by another Rs.800,000. As a result the cost of debt increases to 10% and cost of equity increases to 16%. Calculate the overall cost of capital and value of the company now.

(5+5=10)

4. The board of directors of Nanak Engineering Company Ltd., requests you to prepare a statement showing the working capital requirements for a level of activity of 156000 units of production. The following information is available for the calculation.

		Cost per unit (Rs.)
(i)	Raw Materials	90
	Direct Labour	40
	Overheads	75
	Total	205
	Profit (22.5% on Selling Price)	
	Selling Price per unit	?
(ii)	Time lag (on average)	
	Raw material in Stock for one month,	
	Materials are in process (50% completion stage) for 3 Weeks.	
	Finished goods are in store for 5 Weeks.	
	Credit allowed by Suppliers is 60 Days.	
	Credit allowed to Debtors is 45 Days.	
	Wages remain due for 15 Days.	
	Overheads remain outstanding for 3 Weeks.	

20% of the output is sold in cash. Cash in hand is expected to be Rs.60000. It is assumed that production is carried on evenly throughout the year (360 days).

(10)

5. a) Deepak Machines Ltd wants to relax its credit policy. It sells at present 50000 units at a price of Rs.150 per unit, the variable cost is Rs.120 per unit and the average cost per unit is Rs.126 per unit. All the sales are on credit, the average collection period being 30 days. With the relaxation on credit policy it is expected that sales will increase by 10% and average age of receivables to 60 days. Assuming 15% return, should the firm relax its credit policy?

b) From the following information find out:

- i. Economic order quantity
- ii. Re-order Level of Inventory

Annual Consumption	3200 units (360 days)
Cost per unit	Rs.1
Ordering cost	Total Rs. 160 against 100 No of order
Inventory carrying cost	16%
Normal Lead time	28 days
Safety stock	100 days consumption

(6+4=10)

6. a) The following information is available from Yogesh Corporation Ltd.

Earnings Per Share	Rs.6
Rate of Return on Investment	20%
Cost of Capital	16%

What will be the Market Price of Equity shares as per Walter's Model, when Dividend Payout ratio is (i) 20 % (ii) 50% and (iii) 80%.

- (b) From the following information calculate Market price of shares applying Gordon's model for different Dividend Payout ratios.

Earnings after Tax and Dividend	Rs.100000
Equity Capital	5000 shares of Rs.10 each
Cost of Capital	11%
Return on Investment	8%
Dividend Payout ratios are	90%, 60% and 30%

(5+5=10)

7.

Data concerning Average Operating cycle of Electronic Industry is given below.

Raw Material conversion period	30 Days
Work in Progress conversion period	25 Days
Finished Goods conversion period	45 Days
Sundry Debtors collection period	60 Days
Credit received from Suppliers	40 Days

Using the following data calculate Operating cycle of Capital Electronics Ltd. and comment on its result.

	(Rs. In '000')
Sales	5000
Cost of Production	3750
Cost of Goods Sold	3900
Purchases	1200
Average Raw Material in Stock	120
Average Work in Progress	130
Average Stock of Finished Goods	250
Average Sundry Debtors	750
Average Creditors	180

(10)

8.

Briefly explain the following:

- Pecking order theory
- Capital structure versus financial structure
- Optimum capital structure
- Basic assumptions in capital structure theories
- Modigliani and Miller theory

(2x5=10)

**J.D. BIRLA INSTITUTE**

(Affiliated to Jadavpur University)
Departments of Science, Commerce & Management
Office: 11 Lower Rawdon Street Kolkata-700020

END SEMESTER EXAMINATION, 2018**3rd Year (Sem-VI) BBA****Subject: RETAIL MANAGEMENT****Paper: Theory (BBA 601MM)****TIME: 2hrs****FULL MARKS: 50***Answer any five questions; each question carries equal marks.*

1.

Price is an integral element of retail marketing mix. In this context identify the factors that affect retail pricing.

(10)

2.

The pricing strategy adopted by a retailer can be cost-oriented, demand-oriented or competition based. Differentiate between Penetration Pricing and Market skimming pricing strategies.

(10)

3.

Retailers need to reduce the service gaps in order to improve customer service.

- Identify the retail service gaps.
- What are the ways in which the gaps can be overcome?

(5+5=10)

4.

A well-executed loyalty program is the key to convert invisible shoppers into profitable customers.

- What are the characteristics of a good loyalty program?
- Explain the role of employees in enhancing retail customer loyalty.

(5+5=10)

5.

“My company is an extension of me, so when I designed my stores I wanted people to feel that they were in my home.” – Tory Burch

- Explain the type of store layout Tory is referring to.
- Elaborate on the other types of store layout.

(4+6=10)

6.

Retail is now totally propelled by consumers and their needs. People can buy what they want in any way that they want it. That trend started a long time ago, and it has really changed everything.

-Kirsten Green

It is the customer's evaluation of the store image and the perceived value and the linkages that lead to customer loyalty.

- Highlight the values that retail shoppers seek.
- Is store image an antecedent to seeking those values? Justify.

(5+5=10)

7.

A creative and inexpensive way to create that first impression is to use a signage.

- Evaluate the role of signage in building a retail brand.
- Elaborate on the other popular forms of POP in retail.

(4+6=10)

[P.T.O]

8.

McDonald's has been extraordinary at site selection; it is a pioneer in studying the best places for retail locations. One of the things it did is study very carefully where sprawl was headed.

-Eric Schlosser

- a) What is meant by 'site' and 'sprawl' in the above statement?
- b) Discuss the relationship between
 - i. site and sales potential
 - ii. site and competition

(4+6=10)

**J.D. BIRLA INSTITUTE**

(Affiliated to Jadavpur University)
 Departments of Science, Commerce & Management
 Office: 11 Lower Rawdon Street Kolkata-700020

END SEMESTER EXAMINATION, 2018**3rd Year (Sem-VI) BBA****Subject: SECURITY ANALYSIS AND PORTFOLIO MANAGEMENT****Paper: Theory (BBA 602FM)****TIME: 2hrs****FULL MARKS: 50**

Answer any five questions; each question carries equal marks.

1.

The returns of two assets under four possible scenarios are given below:

Scenario	Probability	Return on Asset-1	Return on Asset-2
Weak	0.10	5%	0%
Moderate	0.30	10%	8%
Strong	0.50	15%	18%
Boom	0.10	20%	26%

- Calculate the expected returns of Asset-1 and Asset-2.
- Calculate the standard deviation of the returns on Asset-1 and Asset-2.
- What is the covariance between the returns of Asset-1 and Asset-2?
- Determine the correlation coefficient between the returns on Asset-1 and Asset-2.

(3+3+2+2=10)

2.

The returns on the equity stock of Auto Motives Ltd and the market portfolio are given below:

Year	Return (%) on Auto Motives Ltd	Return (%) on Market Portfolio
1	15	12
2	-6	1
3	18	14
4	30	24
5	12	16
6	25	30
7	2	-3
8	20	24
9	18	15
10	24	22
11	8	12

- Calculate the beta for the stock of Auto Motives Ltd.
- What does the beta of a company's stock measure? Based on your answer from question (a) above, what do you conclude?

(8+2=10)

[P.T.O]

- 3.
- a) The risk-free rate of return R_f is 9%. The expected rate of return on the market portfolio R_m is 13%. The expected rate of growth for the dividend of firm X is 7%. The last dividend paid on the equity stock of firm X was Rs.2.00. The beta of firm X's equity stock is 1.2.
- What is the expected price of the equity stock of firm X?
 - What would the above price be when the expected growth rate goes up by 3%?
 - How would the expected price change when the beta of X's stock rises to 1.3?
- b) The risk-free return on a stock is 8% and the expected return on a market portfolio is 12%. If the required return on the stock is 15%, what is its beta?

(8+2=10)

4.

- a) A portfolio consists of four securities, 1, 2, 3, 4 with weights $w_1 = 0.2$, $w_2 = 0.3$, $w_3 = 0.2$, $w_4 = 0.3$. The expected returns, variances and covariances are given below:
- $r_1 = 12\%$, $r_2 = 15\%$, $r_3 = 18\%$, $r_4 = 24\%$
 $\text{Var}(r_1) = 100$, $\text{Var}(r_2) = 160$, $\text{Var}(r_3) = 200$, $\text{Var}(r_4) = 240$
 $\text{Cov}(r_1, r_2) = 85$, $\text{Cov}(r_1, r_3) = 94$, $\text{Cov}(r_1, r_4) = 100$, $\text{Cov}(r_2, r_3) = 120$, $\text{Cov}(r_2, r_4) = 130$, $\text{Cov}(r_3, r_4) = 160$

Calculate (a) expected portfolio return (b) portfolio standard deviation.

- b) A portfolio comprises two securities (1 and 2) in 0.4 and 0.6 proportions. Standard deviations on their returns are $\sigma_1 = 11$ and $\sigma_2 = 15$. The correlation coefficient (ρ) between the returns on securities 1 and 2 is 0.4. Calculate the standard deviation of the portfolio.

(8+2=10)

5.

- a) Explain the difference between Fundamental analysis and Technical analysis.
 b) Explain with any 5 (five) examples of tools of technical analysis.

(5+5=10)

6.

- a) Fama suggested that efficient market hypothesis can be divided into three categories. Explain each category with example.
 b) What do you understand by mutual funds? Explain any four advantages of mutual fund.

(5+5=10)

7.

- a) "The investment process involves a series of activities starting from policy formulation" Discuss.
 b) Differentiate between Primary and Secondary market. Explain four commonly available money market securities.

(5+5=10)

8.

An Investor wants to make his investment in Company X based on his analysis of the balance sheet and the income statement. The details are given below:

Balance Sheet of X Company (2017)

	Rs (in millions)
Current Assets	400
Fixed Assets	1000
Total Assets	<u>1400</u>
Current Liabilities	200
Long term liabilities (9%)	600
Net Worth	600
Total Liabilities and Net Worth	<u>1400</u>

Income Statement of Company X:

Particulars	2017	2016
Sales	1920	1740
Less: Cost of goods sold	1200	1000
Gross profit	720	740
Less: Operating Expenses	640	600
EBIT	80	140

Assume that "X" company pays Rs.54 million per year as interest expenses, is in the 30% tax bracket, and pays out 40% of its tax earnings as cash dividends. Carry out the financial analysis and find out the answer to the following questions:

- a) What is the reason for the fall of EBIT in 2017?
- b) What is the rate of growth of earnings if the company does not raise capital externally?

(5+5=10)

**J.D. BIRLA INSTITUTE**

(Affiliated to Jadavpur University)

Departments of Science, Commerce & Management

Office: 11 Lower Rawdon Street Kolkata-700020

END SEMESTER EXAMINATION, 2018**3rd Year (Sem-VI) BBA****Subject: SERVICES MARKETING****Paper: Theory (BBA 602MM)****TIME: 2hrs****FULL MARKS: 50***Answer any five questions; each question carries equal marks.*

1.

Everyone knows what satisfaction is until asked to give a definition”.

- a) Define customer satisfaction.
- b) Explain the significance of customer satisfaction in an organization.

(2+8=10)

2.

Present the strategies for effective service recovery in the following two situations,

- a) Fixing the customers.
- b) Fixing the problem.

(5+5=10)

3.

Think of a new service you would like to develop if you were an entrepreneur.

- a) What is a new service?
- b) How would you go about it?

(2+8=10)

4.

a) Intangibility makes marketing communication for services more challenging for both marketers and customers. Justify.

b) Communication effectiveness depends on how a message is expressed, as well as on its content. With reference to the above statement, explain transformational appeals in advertising.

(5+5=10)

5.

Situation 1: "You can't sell anything if you can't tell anything" – Beth Comstock

There are times when what you tell is not what you sell.

Situation 2: "Always render more and better service than is expected of you, no matter what your task may be" – Og Mandino

Explain the service gap in the above two situations.

(5+5=10)

6.

Maya Angelou once said, "I've learned that people will forget what you said, people will forget what you did, but people will never forget how you made them feel".

- a) Explain the above statement in light of the specific tools of service marketing.
- b) What are the challenges of marketing services vis-à-vis product marketing

(5+5=10)

[P.T.O]

7.

“The key is to set realistic customer expectations, and then not to just meet them, but to exceed them — preferably in unexpected and helpful ways.” – Richard Branson

But the customer says, every time it’s a different experience and the quality of service is not constant either.

- a) Do you agree with the customer? Elaborate.
- b) Differentiate between customer expectation and customer perception.

(6+4=10)

8.

SERVQUAL is a multi-dimensional research instrument, designed to capture consumer expectations and perceptions of a service along the five dimensions that are believed to represent service quality.

- a) Name the proponents of SERVQUAL.
- b) What do you understand by service quality?
- c) Enumerate the five dimensions as mentioned above that are believed to represent service quality.

(2+3+5=10)

**J.D. BIRLA INSTITUTE**

(Affiliated to Jadavpur University)
 Departments of Science, Commerce & Management
 Office: 11 Lower Rawdon Street Kolkata-700020

END SEMESTER EXAMINATION, 2018**3rd Year (Sem-VI) BBA****Subject: GLOBAL FINANCE****Paper: Theory (BBA 603FM)****TIME: 2hrs****FULL MARKS: 50***Answer any five questions; each question carries equal marks.*

1.

ABC Ltd. is the Indian Subsidiary of an American based Manufacturing company.

Its Balance Sheet as on 01.01.17 is given below. Exchange Rate as on 01.01.17 was Rs.39 per US\$.

Balance Sheet of M/s. ABC Ltd. as on 01.01.2017

Liability	Amount (Rs.)	Asset	Amount (Rs.)
Equity Share Capital	90,00,000	Building	60,00,000
Long Term Debt	40,00,000	Plant & Machinery	75,00,000
Net Profit	25,00,000	Sundry Debtors	30,00,000
Sundry Creditors	15,00,000	Cash Balance	5,00,000
	-----		-----
	1,70,00,000		1,70,00,000
	=====		=====

- (a) Determine Accounting Exposure of ABC Ltd. as on 01.01.18 using Monetary / Non-Monetary Method.
- (b) Calculate Cumulative Translation Adjustment if the exchange rate as on 31.12.17 was Rs.46 per US\$.
- (10)

2.

Prepare Balance of Payment statement for India, showing clearly all the sub-balances from the following transactions.

- (i) MS company of Japan invested Rs.5,00,00,000 in India and Rs.2,00,00,000 in Bangladesh to establish its Business unit.
- (ii) An exporter sold part of its production amounting to Rs.60,00,000 to its agent in Brazil. The agent paid 60% immediately on delivery and balance to be paid after two years.
- (iii) An Indian importer imported Plant & Machinery worth Rs.40,00,000. Payment terms negotiated was 90% against irrevocable sight letter of credit and balance after six months.
- (iv) A German tourist visited India and purchased Painting worth Rs.5,00,000 and paid Rs.2,00,000 to Delhi Tourism Development corporation towards Hotel and Travel bills.
- (v) An Indian donated Rs.5,00,000 to a NGO looking after Terrorist victims of Afghanistan and an US citizen donated US\$ 10000 for the same purpose.
- (vi) An Indian Subsidiary of an US company purchased shares worth Rs.50,00,000 from Japanese market and Rs.10,00,000 from Indian market.

(10)

- 3.
- a) Write about the role of World Bank to bring stability into global financial market.
 - b) Discuss the distinguishing features of International finance.
 - c) Explain with reasons why companies expand into other countries?
- (4+3+3=10)

- 4.
- a) Explain Purchase Power Parity theory of Exchange rate with example.
 - b) Discuss Bretton Woods system of Evolution of International Monetary system.
- (6+4=10)

- 5.
- a) What is the definition of "Derivative" as per Securities Contract Regulation Act.
 - b) Explain the difference between Forwards and Future with examples?
 - c) Explain the concept of pay off in case of Long and Short Forward contract with example.
 - d) Show the pay off graphically.
- (2+3+3+2=10)

- 6.
- a) What do you understand by Call and put Option?
 - b) Explain how to determine the future prices.
 - c) Mr. X paid a premium of Rs. 5 per share for a 6 month call option contract (total of Rs. 500 for 100) share of Mohana Corporation. At the time of purchase Mohana stock was selling at Rs. 57 per share and the exercise price of the call option was Rs.56.
 - i) Determine X's profit or loss if the price of the Mohana's stock is Rs.53 when the option is exercised.
 - ii) Determine X's profit or loss if the price of the Mohana's stock is Rs. 63 when the option is exercised.
- (2+2+6=10)

- 7.
- a) Explain any three functions of foreign exchange market with example.
 - b) Explain any two participants of foreign exchange market?
 - c) Explain with the help of an example how the foreign exchange is determined under a flexible exchange rate system.
- (3+2+5=10)

- 8.
- a) Explain the concept of Cross Rates of Exchange with example.
 - b) Mr. Kirthi is bearish on the stock of Y corporation. Therefore he purchases 5 put option contracts on Y shares for a premium of Rs. 3. The exercise price is Rs.41 and it has a maturity period of 3 months. The current market price of the stock is Rs.40. If Mr. Kirthi is correct and Y corporation stock falls to Rs. 30, how much profit will he earn over 3 months period?
- (5+5=10)

**J.D. BIRLA INSTITUTE**

(Affiliated to Jadavpur University)
 Departments of Science, Commerce & Management
 Office: 11 Lower Rawdon Street Kolkata-700020

END SEMESTER EXAMINATION, 2018**3rd Year (Sem-VI) BBA****Subject: GLOBAL MARKETING MANAGEMENT****Paper: Theory (BBA 603MM)****TIME: 2hrs****FULL MARKS: 50***Answer any five questions; each question carries equal marks.*

1.

Identify and briefly describe some of the forces that have resulted in increased global integration and the growing importance of global marketing?

(10)

2.

Describe the similarities and differences among a free trade area, a customs union, a common market and an economic union. Give an example of each.

(8+2=10)

3.

Global marketers can avoid legal conflicts by understanding the reasons conflicts arise in first place. In this context

- a) Identify and describe several legal issues that relate to global e-commerce.
- b) What alternative are available from a marketing perspective.

(6+4=10)

4.

- a) What are the main characteristics of consumer buying on the internet and how do these differ from the characteristic of traditional consumer.
- b) Explain the three basic factors affecting prices in any market ?
- c) What consideration enter into the pricing concern.

(4+3+3=10)

5.

- a) Briefly elucidate the three marketing principles used in Global marketing, with examples.
- b) What are the driving and restraining forces, usually faced by global conglomerates while entering the emerging foreign markets?

(5+5=10)

6.

- a) Discuss the influences of any two indicators of demographic variability of global segmentation plan: i) National Income ii) Age iii) Birth rate.
- b) What are the salient features or characteristics of a global market segment, which could be ideally targeted by transnational corporations?

[(2.5×2)+5=10]

7.

- a) What are the differences among companies at International, multinational, global and transnational stages of development?
- b) Briefly explains the alternative tools or strategies for expanding internationally.

(5+5=10)

8.

Discuss the major advantages and disadvantages of crucial alternative strategies for global expansion of corporations.

(10)

**J.D. BIRLA INSTITUTE**

(Affiliated to Jadavpur University)

Departments of Science, Commerce & Management

Office: 11 Lower Rawdon Street Kolkata-700020

END SEMESTER EXAMINATION, 2018**3rd Year (Sem-VI) BBA****Subject: MANAGEMENT INFORMATION SYSTEM****Paper: Theory (BBA 604)****TIME: 2hrs****FULL MARKS: 50***Answer any five questions; each question carries equal marks.*

1.
How are information systems transforming business and what is their relationship to globalization? What are its management, organization and technology components?
(6+4=10)
2.
List and describe six reasons why information systems are so important for business today. How has Information System evolved over the last few decades?
(6+4=10)
3.
Describe a payroll TPS of an organization with diagram. Explain how MIS obtains its data from the TPS.
(5+5=10)
4.
Describe the characteristics of Decision-Support Systems (DSS) and how they benefit businesses. How does the nature of decisions and information change as we move up the management pyramid?
(5+5=10)
5.
Why are information systems vulnerable to destruction, error, and abuse? What are the most important tools and technologies for safeguarding information resources?
(5+5=10)
6.
What are the core activities in the systems development process? Explain the alternative methods for building information systems?
(4+6=10)
7.
Describe the terms Intellectual property Rights, Trade Secret, Copyright, and Patents. What are the challenges to Intellectual Property rights?
(6+4=10)
8.
What are the limitations of Porters Competitive Force Model. What are the new approaches for system building in the digital firm era?
(5+5=10)

**J.D. BIRLA INSTITUTE**

(Affiliated to Jadavpur University)
Departments of Science, Commerce & Management
Office: 11 Lower Rawdon Street Kolkata-700020

END SEMESTER EXAMINATION, 2018**3rd Year (Sem-VI) BBA****Subject: MARKETING MANAGEMENT-II****Paper: Theory (BBA 604D) (Old Syllabus)****TIME: 3hrs****FULL MARKS: 100****Question no 9 is compulsory and attempt any five questions from the rest.**

1.

Describe the major component of the social environment and why it is important to marketers?
Appreciate the importance of technological environment to marketers.

(8+8=16)

2.

Describe the difference among ethnocentric, polycentric, and geocentric management orientation. What is your view regarding the future of the company like Hyundai? Will it continue as an independent company? Why or why not.

(8+8=16)

3.

Explain the H-O Theorem of trade and its importance in international trade.

(8+8=16)

4.

Identify the strategies that can be adopted by global markets for geographical expansion.
Identify the purposes of marketing channels in the global markets.

(8+8=16)

5.

What is the role of sales promotion in the marketing mix? How does the role of sales promotion differ between consumer and Industrial market?

(8+8=16)

6.

Explain the various product distribution issues that need to be considered in international market. Describe the channel strategies for new market entry.

(8+8=16)

7.

How does personal selling differ in international markets? Identify the product design importance in the global markets.

(8+8=16)

8.

Enumerate the different entry strategies open to companies in the international marketing scenario. Substantiate your views with relevant examples.

(16)

9.

Answer **any four** of the following:

- Explain the importance of Leontief Paradox with example.
- What are the basic goals of marketing which are relevant to global marketing?
- Explain the difference between absolute cost advantage and comparative cost advantage theory with example.
- Explain Quality function Deployment and its use.

[P.T.O]

- e) How can country-origin be used as a product positioning strategy in the international market.
- f) Explain the importance of marketing channels in the international market.
- g) What is the role of public relation in the global marketing?
- h) Define SRC (Self Reference Criteria) in context of adopting a product.

(4x5=20)