

(DBUS31)

M.B.A. DEGREE EXAMINATION, MAY – 2017

Final Year

A - FINANCIAL MANAGEMENT

Security Analysis And Portfolio Management

Time : 3 Hours

Maximum Marks: 75

SECTION-A

(3 × 5 = 15)

Answer three questions

- Q1)** a) Valuation of debentures.
b) Market hypothesis.
c) Equity shares.
d) Portfolio.
e) Mutual funds.
f) Dividends.

SECTION-B

(3 × 15 = 45)

Answer three questions.

- Q2)** List out the components of investment risk.
- Q3)** Discuss about performance evaluation of investment companies.
- Q4)** Explain about organisational structure of security market in India.
- Q5)** Describe the need for company analysis and industry analysis.
- Q6)** Write about criteria involved in portfolio selection.
- Q7)** Enumerate the regulating practices of government towards securities in India.

SECTION-C

(15)

Compulsory

Q8) Case study.

Based on the CAPM, find out the highest and lowest expected return.

Security	Beta	Correlation of holding period with market portfolio
M	1.2	1.0
N	0.8	0.8
O	1.6	0.3

EEE

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M.B.A. DEGREE EXAMINATION, MAY – 2017

Final Year

A - FINANCIAL MANAGEMENT

Management of Financial Services

Time : 3 Hours

Maximum Marks: 75

SECTION-A

(3 × 5 = 15)

Answer three questions

- Q1)** a) Scope of financial services.
b) Trading in debt.
c) Mutual funds.
d) Nature of merchant banking.
e) Hire purchase system.
f) Forfeiting.

SECTION-B

(3 × 15 = 45)

Answer three questions.

- Q2)** Describe the management of risk in financial services.
- Q3)** Write about broking and trading in equity.
- Q4)** State the problems with mergers and restructuring.
- Q5)** Discuss about financial services available for housing.
- Q6)** Give an overview on financing of venture capital.
- Q7)** Explain about different kinds of financial services available in our economy.

SECTION-C

(15)

Compulsory

Q8) Case study.

Hyderabad Industries Ltd. (H.I. Ltd.) enters into a factoring agreement with City Bank Factors Ltd. (C.B.F. Ltd.). According to the agreement the C.B.F. Ltd. would pay in advance 80% of the value of the factored receivables at 25% interest compounded quarterly, the balance retained as factor reserve to disputes and deductions. It also provides for guaranteed payment after three months from the date of purchase of receivables. The factoring commission would be 2% of the value of factored receivables. It is stipulated that interest and commission would be collected in advance. Assuming an advance payment of Rs.42 lakhs. Compute the following:

- a) Advance payable H.I.Ltd.;
- b) Effective cost of funds; and
- c) Effective cost of funds on the assumption that interest is collected in arrears while commission is collected in advance.

EEE

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MBA DEGREE EXAMINATION, MAY – 2017

Final Year

A - FINANCIAL MANAGEMENT

Project Management

Time : 3 Hours

Maximum Marks : 75

SECTION – A

(3 × 5 = 15)

Answer any three questions

- Q1)** a) Project finance
b) MIS
c) Time Scales
d) Market analysis
e) Project appraisal
f) Project Review

SECTION – B

(3 × 15 = 45)

Answer any three questions

- Q2)** Describe the need for demand analysis.
- Q3)** Discuss about contents of project reports.
- Q4)** Explain about objectives of network analysis.
- Q5)** Write about formation of project schedule.
- Q6)** What are various financial aspects involved in project implementation?
- Q7)** Give an overview on integrated project management control system?

SECTION – C
(Compulsory)

(15)

Q8) Case Study

A technocrat entrepreneur, after having served in a reputed engineering industry for over a decade as a design engineer, started his own dream venture M/S R.K. Enterprise for the manufacture of industrial rough castings. The project was started with the financial assistance from a nationalized bank. The banker sanctioned financial assistance on the strength of the promoters' technical qualification and experience. The project went on stream very well without any time or cost overrun. The promoter took pains to see that the project was implemented as scheduled.

During the first two years, the earning from the project was good and were in fact slightly more than what was envisaged. Later on, the customers who were buying rough casting started to prefer finished castings. They started insisting casting finished as per their specifications and technical castings as per the requirements of the customers, he got the finishing works done through other nearby engineering firms on job order basis.

Though this arrangement solved his problem temporarily, he started experiencing hurdles at later stages. Though the quality of finishing was up to the specifications, there was delay in getting the job works done. In spite of his best efforts, he could not get the job works done in time due to which he was forced to default in supplying products to his customers in time. Such continued delays in honoring the supply orders started to undermine his reputation in the field and the customers started reducing their purchase order. The entrepreneur could sense some of his orders drifting away to other competitors. Due to reduction in order position, his turnover and profit margins started showing a downward trend for about a year.

As he had taken term loan from bank for setting up his venture, he started experiencing difficulties in repayment of the loan installments and interest dues on the loan. The manager of the bank who has recently visited the unit was patient enough to hear the problems that the entrepreneur has been facing and promised sanctioning of additional financial assistance for setting up manufacturing facilities meant for carrying out the finishing work in house. The entrepreneur, being risk averse, has postponed the idea of availing additional loan for the creation of additional manufacturing facilities, for the time being and has started looking for alternatives, including the alternative of entering into a contact with a nearby engineering unit for undertaking finishing work on rough castings on a timely basis instead of entrusting the work on ad-hoc basis to different engineering units which has been the cause for the delay.

Discuss the case and suggest the recommended course of action that entrepreneur should choose.

