DAYANANDA SAGAR
College of Arts, Science & Commerce

PG – 875

Dayananda Sagar College of Arts, Science & Commerce
LIBRARY
Bangalore

IV Semester M.B.A. Degree Examination, July 2017
(CBCS Scheme)
Management
4.1 : INTERNATIONAL BUSINESS DYNAMICS

Time : 3 Hours | Max. Marks : 70

***Instruction** : Answer **all** Sections.*

SECTION – A

Answer **any five** of the following questions. **Each** question carries **five** marks. **(5×5=25)**

1. What do you mean by a Tariff Barriers in International Trade ? How these are different from the Non-Tariff barriers ?
2. Explain "Comparative Advantage" with the support of an example.
3. Discuss the scope of WTO. How it is different from GATT ?
4. Define Foreign Direct Investment (FDI). Differentiate between FDI and Foreign Portfolio Investment (FPI).
5. What are Multi-National Enterprises (MNEs) ? Explain the advantages and disadvantages of MNEs from the point of view of host country.
6. What are the causes of globalization ? Explain.
7. What is cross cultural training ? Discuss its importance.

Library DSCASC

SECTION – B

Answer **any three** questions. **Each** question carries **ten** marks. **(3×10=30)**

8. Explain the factors influencing the International business environment.
9. Elucidate the Export – Import procedure and the documents that are important during this process.
10. What do you mean by conflicts ? Discuss the role of negotiations in International business.
11. Explain Raymond Vernon's Product Life Cycle theory in International Trade.

P.T.O.

SECTION – C

12. **Compulsory** Section. **(1×15=15)**

Case Study : Unfair Protection or valid defence.

"Mexico Widens Anti-Dumping measures .... Steel at the core of US Japan Trade Tensions .... Competitors in other countries are destroying an American success story .... It must be stopped", scream headlines around the world.

International trade theories argue that nations should open their doors to trade Conventional free trade wisdom says that by trading with others, a country can offer its citizens a greater volume and selection of goods at cheaper prices than it could in the absence of it. Nevertheless, truly free trade still does not exist because national governments intervene. Despite the efforts of WTO and smaller groups of nations, government seems to be crying foul in the trade game now more than ever before.

We see efforts at protectionism in the rising trends in governments charging foreign producers for "dumping" their goods on the world market. Worldwide, the number of anti-dumping cases that were initiated stood at about 150 in 2014, 225 in 2015, 230 in 2016, and 300 in 2017.

There is no shortage of similar examples. The US charges Brazil, Japan, and Russia with dumping their products in the US market as a way out of tough economic times. The US steel industry wants the government to slap a 200 percent tariff on certain types of steel. But car makers in US are not complaining, and General Motors even spoke out against the anti-dumping charges – as it is enjoying the benefits of low cost steel for the use in its autoproduction. Canadian steel makers followed the lead of the US and are pushing for anti-dumpig actions against four nations.

Emerging markets too, are jumping into the fray. Mexico recently expanded coverage of its Automatic Import Advice System. The system requires importers (from a selected list of countries) to notify Mexican officials of the amount and price of the shipment 10 days prior to its expected arrivals in Mexico. The ten day notice gives domestic producers advance warning of incoming low priced products so they can complain of dumping before the product clear customs and enter the market place. India is also getting onboard by setting up a new government agency to handle anti-dumping cases.

Library DSCASC

Why dumping is on the rise for the first place ? The WTO has made major inroads on the use of tariffs, slashing them across every product category in recent years. But the WTO does not have the authority to punish companies, but only governments. Thus the WTO does not have the authority to punish companies, but only governments. Thus the WTO cannot pass judgments against individual companies that are dumping their products in other markets. It can only pass the rulings against the governments of the country that imposes anti-dumping duty. But the WTO allows countries to retaliate against nations whose producers are suspected of dumping when it can be shown that :

i) The alleged offenders are significantly hurting the domestic producers.

ii) The export price is lower than the cost of production or lower than the home-market price.

Supporters of anti-dumping tariff claim that they prevent dumpers from undercutting the price charged by the producers in a target market and driving them about of business. Another claim in support of anti-dumping is that it is an excellent way of retaining some protection against the potential dangers of totally free trade. Detractors of anti-dumping tariffs charge that once the tariffs are imposed they are rarely removed. They also claim that they cost companies and governments a great deal of time and money to file and argue their cases. It is argued that the fear of being charged with dumping causes international competitors to keep their price higher in the target market than would have otherwise be the case. This would allow domestic companies to charge higher prices and not loose market shares forcing consumers to pay more for their goods.

Library DSCASC

Case Questions :

i) Explain the concept of Dumping with suitable examples.

ii) What are the major drawbacks of anti-dumping measure for the consumers ?

iii) As we have seen WTO cannot currently get involved in punishing individual companies for dumping. Its action can be only directed towards governments of countries. Do you think this is a wise policy ? Why or why not ? Justify.

DAYANANDA SAGAR
College of Arts, Science & Commerce

PG – 876

Dayananda Sagar College of Arts, Science & Commerce
LIBRARY
Bangalore

IV Semester M.B.A. Degree Examination, July 2017
(CBCS)
MANAGEMENT
4.2.1 : Investment Analysis and Management

Time : 3 Hours Max. Marks : 70

Instruction : *Answer **all** the Sections.*

SECTION – A

Answer **any five** of the following questions. **Each** question carries **five** marks. **(5×5=25)**

1. What is 'Investment' ? How is it different from Speculation and Gambling ?
2. Briefly explain Dow theory.
3. Distinguish between CML and SML as per CAPM.
4. The estimated factor sensitivities of TEC to the five macro-economic factors are given in the table below. The table gives the market risk premium to each of these factors.

	Factory Sensitivity	Risk Premium (%)
Confidence Risk	0.25	2.59
Time horizon Risk	0.30	– 0.66
Inflation Risk	– 0.45	– 4.32
Business-cycle Risk	1.60	1.49
Market-timing Risk	0.80	3.61

Use the APT model to calculate the required rate of return for TEC using these estimates. The treasury bill rate is 4.1 per cent.

Library DSCASC

P.T.O.

5. A stock costing Rs. 150 pays no dividends. The possible prices at which the stock may be sold for at the end of the year with the respective probabilities are :

Price	Probabilities
130	0.2
150	0.1
160	0.1
165	0.3
175	0.1
180	0.2

You are required to :

i) Calculate the Expected Return

ii) Calculate the Standard Deviation of Returns.

6. At present suppose R_f is 10% and the expected return on the market portfolio is 15%. The expected returns for four stocks are listed together with their expected betas.

Stock	Expected Return	B
Hindustan Zinc	17.0%	1.3
Asian Paints	14.5%	0.8
Maruti Udyog Ltd.,	15.5%	1.1
Purvi Electronics	18.0%	1.7

On the basis of these expectations, which stocks are overvalued and which are undervalued ? Assume assumptions of CAPM hold true.

7. The following are the data on five mutual funds :

Funds	Return	Standard Deviation	Beta
A	15	7	1.25
B	18	10	0.75
C	14	5	1.40
D	12	6	0.98
E	16	9	1.50

You are required to compute Reward to Volatility Ratio and rank these portfolios using :

- Sharpe Method and
- Treynor's Method

assuming the risk free rate is 6%.

Library DSCASC

SECTION – B

Answer **any three** questions. **Each** question carries **ten** marks : **(3×10=30)**

8. Explain in detail, the process for making and managing investments.

9. Explain in detail the concept of 'Efficient Market Hypothesis'. On what basis are the different forms of efficiency in markets are identified ?

10. The common stocks of Bajaj and TVS have expected returns of 15% and 20% respectively, while the standard deviations are 20% and 40%. The expected correlation co-efficient between the two stocks is 0.36. What is the expected value of return and the standard deviation of a portfolio consisting of (a) 40% Bajaj and 60% TVS ? (b) 40% TVS and 60% Bajaj ? Under both cases, in what direction should the correlation co-efficient move to bring the portfolio risk still lower ?

11. Mr. Suresh is constructing an optimum portfolio. The market return forecast says that it would be 15.5% for the next two years with the market variance of 12%. The risk-free rate of return is 5%. The following securities are under review. Find out the optimum portfolio.

Company	α	β	σ_{ei}^2
A	3.72	0.99	9.35
B	0.60	1.27	5.92
C	0.41	0.96	9.79
D	– 0.22	1.21	5.39
E	0.45	0.75	4.52

Library DSCASC

SECTION – C

12. **Compulsory** Question :

Case Study : **(1×15=15)**

You have recently graduated as a major in finance and have been hired as a financial planner by Radiant Securities, a financial services company. Your boss has assigned you the task of investing Rs. 1,000,000 for a client who has a 1-year investment horizon. You have been asked to consider only the following investment alternatives : T-bills, stock A, stock B, stock C and market index.

The economics cell of Radiant Securities has developed the probability distribution for the state of the economy and the equity researchers of Radiant Securities have estimated the rates of return under each state of the economy. You have gathered the following information from them :

Returns on Alternative Investments

State of the Economy	Probability	T-Bills	Stock A	Stock B	Stock C	Market Portfolio
• Recession	0.2	6.0%	(15.0%)	30.0%	(5.0%)	(10.0%)
• Normal	0.5	6.0	20.0	5.0	15.0	16.0
• Boom	0.3	6.0	40.0	(15.0)	25.0	30.0

Your client is a very curious investor who has heard a lot relating to portfolio theory and asset pricing theory. He requests you to answer the following questions :

a) What is the expected return and the standard deviation of return for stocks A, B, C and the market portfolio ?

b) What is the covariance between the returns on A and B ? Returns on A and C ?

c) What is the coefficient of correlation between the returns on A and B ? Returns on A and C ?

d) What is the expected return and standard deviation on a portfolio in which stocks A and B are equally weighted ? In which the weights assigned to stocks A, B and C are 0.4, 0.4, and 0.2 respectively ?

Library DSCASC

PG – 877

LIBRARY
Bangalore

IV Semester M.B.A. Degree Examination, July 2017
(CBCS)
MANAGEMENT
4.3.1 : Strategic Brand Management

Time : 3 Hours Max. Marks : 70

Instruction : *Answer* ***all*** *Sections.*

SECTION – A

Answer **any five** of the following. **Each** question carries **five** marks. **(5×5=25)**

1. Briefly describe the stages in Product Life Cycle.
2. Explain the concept of Brand Equity by Kapferer Brand Identity Prozen model.
3. Explain Brand Leveraging and Brand Loyalty.
4. What is Brand Positioning ? Explain the types of Brand Positioning.
5. What is Internal Branding ? How does it influence the Business Brand Strategy.
6. Briefly describe the components and attributes of a Brand.
7. What are celebrity endorsements ? Why is it a popular strategy in India ?

SECTION – B

Answer **any three** of the following. **Each** question carries **ten** marks. **(3×10=30)**

8. Explain the different steps in strategic branding process.
9. How can social media be used to build a brand ? Explain with an example.
10. Explain the components of market attractiveness with respect to Adidas in India.
11. How can a Brand be made strong ? What are the sources of Brand Equity ?

Library DSCASC

PG – 877

SECTION – C

12. Case Study (**Compulsory**). **(1×15=15)**

Emotional Branding

Nike brand strategy is to build a powerful brand – so powerful that it inspires fervent customer loyalty from people literally all over the world. This is because Nike advertising uses the emotional branding technique of archetypes in its advertising – more specifically, the story of the Hero. It's an age old tale, a tale of a hero pitted against a great foe and after a great struggle, emerging triumphant. In a way, you could say that Nikes marketing strategy is thousands of years old, and has been inspiring customer loyalty the entire time.

Nike advertising isn't the only group that uses the Hero archetype to inspire customer loyalty. Many other companies use this emotional branding technique to great effect. In most cases, the foe is external. The most common story of the hero is that of a man of humble origins setting out to defeat a great evil – one far more powerful than he – and, against all odds, emerging triumphant. This same pattern could apply to, say, a home security system against a house fire, or an antacid against heartburn. As long as there is a clearly identified enemy and a clearly identified hero, the emotional branding can begin.

Library DSCASC

Nike advertising takes the common hero story and turns it on its head. Instead of inspiring customer loyalty by singling out an external enemy, it pulls out the stops and focuses on an *internal* foe – our laziness. Nike advertising knows just how often we battle with our lazy side. Every morning when that alarm goes off and it's still totally dark outside, the battle begins. When we choose how long to run, the battle continues. This is how Nike marketing uses emotional marketing to inspire customer loyalty. They know that while some people may identify with an external foe, *all* people identify with an internal one.

Nike brand strategy is excellent on this end because not only is the internal foe someone we can all hate, the hero is the viewer ! In one way or another, we are all the hero of our own story and Nike marketing has long since identified that feeling – and used it to inspire timeless customer loyalty.

Questions :

1) Why would emotional branding work for Nike ?
2) How would it influence on customer loyalty ?

DAYANANDA SAGAR
College of Arts, Science & Commerce

Dayananda Sagar College of Arts, Science & Commerce
LIBRARY
Bangalore

PG – 882

IV Semester M.B.A. Degree Examination, July 2017
(CBCS)
MANAGEMENT
Paper – 4.2.2/4.6.2 : International Financial Management

Time : 3 Hours Max. Marks : 70

Instructions : *Answer **all** Sections.*
*Marks are indicated **against each** Section.*

SECTION – A

Answer **any five** of the following questions. **Each** question carries **five** marks : **(5×5=25)**

1. List and briefly explain the various exchange rate regimes.
2. What is 'Balance of Payments' ? How is it calculated ? List the important components included in calculation of 'Balance of Payments'.
3. Compare and contrast Domestic and Off shore financial markets.
4. Assuming you are representing X Ltd., and the following rates per $ is quoted against SF.

Day	Quotes
1	1.6962/78
2	1.6990/70
3	1.7027/42

   a) On which day is it cheaper to buy US $ with respect to SF ?
   b) How many US $ do you need to buy 1000 SF on Day 1 ?
   c) What is the spread on Day 2 ?
   d) If you exchanged $ 2500 for SF 4256.75 on which day, did you exchange ? What transaction you made ?

5. Find the cross quote of Swiss Francs in India, given that
   INR/USD 67.07/67.32
   USD/SFr 0.7662/0.7703

Library DSCASC

P.T.O.

6. The rate of inflation in India is 8% per annum and in the USA it is 4%. The current spot rate for USD in India is Rs. 46. What will be the expected rate after 1 year and after 4 years applying the purchasing Power Parity theory ?

7. The following quotes are given for spot, 1 month, 3 months and 6 months Indian Rupee and US Dollar. Convert these into outright rates with corresponding spreads and also state whether rupee is quoted at premium or discount for each period.

Currency	Spot	1-month	3-months	6-months
Rs./US dollar	65.2321/2340	25/45	142/115	6/9

SECTION – B

Answer **any three** questions. **Each** question carries ten marks : **(3×10=30)**

8. Explain in detail the structure of Foreign Exchange Market. State and explain the different types of transactions and settlement dates in Foreign Exchange Markets.

9. Following information is given :
   Exchange rate – Canadian Dollar 0.666 per DM (spot)
   Canadian Dollar 0.671 per DM (3 months)
   Interest rates DM 7.5% p.a.
   Canadian Dollar 9.5% p.a.
   To take the possible arbitrage gains, what operations would be carried out ?

10. Company ABC and XYZ have been offered the following rates per annum on a $200 million five year loan :

Company	Fixed rate	Floating rate
ABC	12.0	LIBOR + 0.1%
XYZ	13.4	LIBOR + 0.6%

Company ABC requires a floating-rate loan; company XYZ requires a fixed rate loan. Design a swap that will net a bank acting as intermediary at 0.1 per cent per annum and be equally attractive to both the companies.

Library DSCASC

11. Distinguish between forwards and schemes and explain the importance of these two in International Foreign Exchange Market.

SECTION – C

This is a **compulsory** question carrying **fifteen** marks : **(1×15=15)**

12. Case study :

Amte Ltd., has bought Swiss auto parts two months ago. Amte Ltd., will need S. Fr 1,00,000 in 180 days. Amte Ltd., wants to hedge its currency risk. Amte Ltd., considers using

a) a forward hedge,

b) a money market hedge,

c) an option hedge,

d) no hedge.

Its analysts develop the following information, which can be used to assess the alternative solutions :

a) Spot rate of S.Fr as of today 0.68$/S.Fr.

b) 180-day forward rate of S.Fr as of today 0.70$/S.Fr.

c) Interest rate are as follows :

Deposit rates : 9% in Switzerland, and 13% in the US.

Borrowing rates : 10% in Switzerland, and 14% in the US.

d) A call option on S.Fr that expires in 180 days has an exercise price of 0.70 $/S. Fr and a premium of $0.02.

e) A put option on S.Fr that expires in 180 days has an exercise price of 0.71$/S.Fr and a premium of $0.03.

The expected spot rate at expiry would be 0.82$/S. Fr. Suggest the best choice for the financial manager, including remaining un-hedged.

Library DSCASC

PG – 883

Dayananda Sagar College of Arts, Science & Commerce
LIBRARY
Bangalore

IV Semester M.B.A. Degree Examination, July 2017
(CBCS)
Management
4.3.2 : INTERNATIONAL MARKETING STRATEGY

Time : 3 Hours Max. Marks : 70

Instruction: *Answer* ***all*** *the Sections.*

SECTION – A

Answer **any five** of the following questions. **Each** question carries **five** marks. **(5×5=25)**

1. Explain the process of marketing communication in International context.
2. Briefly describe the process of International Marketing Research.
3. As a newly export manager, you have received an export order for export of basmati rice to Saudi Arabia. Write down the steps you will take for executing the Export Order.
4. Discuss the significance of pricing decision in International market with specific reference to developing countries.
5. What are the characteristics of emerging markets ?
6. Briefly explain the process of International market segmentation.
7. Explain the various sales promotion tools in International marketing.

Library DSCASC

SECTION – B

Answer **any three** questions. **Each** question carries **ten** marks. **(3×10=30)**

8. "Globalization has been a powerful driving force which has brought convergence in the tastes and preferences of the consumers around the world. Despite this fact, transporting techniques from domestic market may not necessarily yield results even if the new market seems very similar". Critically evaluate the statement, identify the major hindrances in formulating global marketing strategies and means to overcome them.

P.T.O.

PG – 883

9. XYZ Company has been operating in Kenya for the last 10 years. The company deals with soft drinks and over the recent years the company has experienced and increased demand in its products. After carrying out research the company has decided to extend its market to neighboring Uganda to tap on the opportunities there. Discuss the internal factors to be considered by the company deciding to go global for the first time.

10. "Operating in International markets is much more complex than marketing domestically". Critically evaluate the statement with suitable examples.

11. Marketing managers need to be very sensitive to culture if their promotion efforts are to yield results in global markets. Discuss the five dimensions of culture and how they affect promotion efforts.

SECTION – C

12. **Compulsory** Section : **(1×15=15)**

Case Study :

Suggest a suitable "Foreign market entry strategy" for the following. Justify your answer.

a) An Indian Steel company planning to get into Overseas market.

b) A ready-made garment small scale Indian manufacturer willing to enter United States of America market.

c) An Internationally reputed Fast Food Chain – Quick Service Restaurant (QSR) willing to enter Indian markets.

Library DSCASC

PG – 884

Dayanandsagar College of Arts, Science & Commerce
LIBRARY
Bangalore

IV Semester M.B.A. Degree Examination, July 2017
(CBCS Scheme)
MANAGEMENT
4.4.2 : International Human Resource Management

Time : 3 Hours Max. Marks : 70

***Instruction**: Answer **all** Section.*

SECTION – A

Answer **any five** questions, **each** carries **5** marks. **(5×5=25)**

1. Discuss Human Resource Planning in international context.
2. Explain in detail the process of repatriation and the challenges in repatriation.
3. Distinguish between traditional and virtual organizations.
4. Knowledge management in MNCs is a planned exercise. Discuss.
5. Elucidate the roles of the international HR Manager.
6. Bring out the role of international education in IHRM.
7. Write short notes on :
   a) Expatriate
   b) Knowledge transfer
   c) Diversity.

Library DSCASC

SECTION – B

Answer **any three** questions. **(10×3=30)**

8. Explain in detail on the training and development of expatriates. How do you manage cultural differences while acquiring new employees ?

9. Discuss in detail the components, objectives and methods of international compensation and also the challenges in taxation decisions.

10. Discuss on the barriers and approaches to TQHRM. Compare and contrast TQHRM with traditional HRM.

11. Discuss on the process of conflict management while managing an international workforce. Explain with an example of Japan and China.

SECTION – C

12. Case study :

Compulsory Question : **(15×1=15)**

Compensation Problems with a Global Workforce

Expanding the international workforce to include non-US employees has brought increased capabilities and decreased costs – along with a new set of compensation problems. For example, the director of international HR for a large multinational company, faced just such a dilemma. "It seems as though our international compensation program has gotten out of hand. I have US expatriates, third-country nationals and inpatriates yelling at me about their allowances. [In addition] headquarters is yelling at me because the costs are too high. Quite frankly, I can't seem to get any answers from our consultant and no one else in the industry seems to know how to approach the problem." This San José-based multinational has forty US expatriates working as field engineers and marketing managers in fourteen countries. But it also has foreign national employees from the Philippines, Japan and Bolivia working alongside the US employees in eight locations worldwide. And finally, it has foreign nationals from Thailand and the Philippines working with US nationals at the organization's San José, California, headquarters. In all cases, it is the firm's policy to send such employees out on foreign assignments for less than five years and then return them to their home countries. An example of the type of complaints that were being received from the expats involves the following problem concerning inpatriate employees working at the San José headquarters. The firm has a field engineer from the Philippines who's earning the equivalent of US$25,000 in Manila. It has another field engineer from Thailand who's earning the equivalent of US$30,000 in Bangkok. And they've both been relocated to the San José facility and are working side by side with American field engineers who earn $60,000 for the same job. Not only do they work side by side, but they live near

Library DSCASC

each other, shop at the same stores and eat at the same restaurants. The problem the IHR director has is that he's spending a lot of money on cost-of-living adjustment data for expats from two different home countries, both going to San José and yet their current standard of living is the same and the same as that of their local peers. They're angry because their allowances don't reflect how they live in San José. Their allowances also don't reflect how they lived in their home countries, either. "So what we have are two employees, one earning $ 25,000 and the other earning $30,000 (plus cost-of-living adjustments), working and living side by side with US counterparts who are earning $60,000. The solution that most companies have tried is to simply raise the foreign nationals' salaries to the $60,000 US level, thereby creating a host-country pay system for a home-country employee. " Unfortunately, there's nothing more pathetic than the tears of your foreign nationals when it's time to return home and you have to tell them you're cutting their salary to the pre-US assignment level. What you . . . are looking for is a pay system that will compensate your foreign nationals either by pay or by provided benefits [including, e. g., housing and local transportation], in consistent, fair and equitable manner and will allow you to repatriate them with minimal trauma."

Answer the below questions :

1) What are the compensation problems identified in the above case ?
2) Suggest the strategies where the global companies can manage their compensation plans without hurting employee's morale.
3) With all the challenges and compensation strategies, are expatriates satisfied to work in foreign assignments. Discuss.

Library DSCASC

DAYANANDA SAGAR
College of Arts, Science & Commerce

PG – 887

Dayanandsagar College of Arts, Science & Commerce
LIBRARY
Bangalore

IV Semester M.B.A. Degree Examination, July 2017
(CBCS Scheme)
MANAGEMENT
4.2.3 : Risk Management and Derivatives

Time : 3 Hours Max. Marks : 70

Instruction : *Answer* ***all*** *Sections.*

SECTION – A

Answer **any five** of the following questions. **Each** question carries **five** marks. **(5×5=25)**

1. Briefly explain the meaning of the following Option Greeks – Delta, Gamma, Rho, Vega and Theta.
2. List and briefly explain the various measures of Risk Analysis under Capital Budgeting.
3. Outline briefly the various commodity exchanges of India and list out the major commodities traded in those exchanges.
4. RK Ltd., is considering investment in one of the two mutually exclusive proposals. Project A, which involves an outlay of Rs. 1,70,000 and Project B, which has an outlay of Rs. 1,50,000. The Certainty Equivalent Approach is employed in evaluating investment. The current yield on treasury bills is 5% and the company uses this as riskless return. Expected values of net cash flows with their CEs are :

Year	Project A		Project B	
	Cash Flow	C.E.	Cash Flow	C.E.
1	90,000	0.8	90,000	0.9
2	1,00,000	0.7	90,000	0.8
3	1,10,000	0.5	1,00,000	0.6

a) Which project should be acceptable to the company ?

b) Which project is riskier ? How do you know ?

c) If the company was to use the risk adjusted discounted method which project would be analysed with higher rate ?

Library DSCASC

P.T.O.

5. An investor buys 500 shares of SB Ltd., @ Rs. 210 per share in the cash market. In order to hedge, he sells 300 futures of AS Ltd. @ Rs. 195 each. Next day, the share price and futures decline by 5% and 3% respectively. He closes his positions next day by counter transactions. Find out his profit or loss.

6. The share price of XYZ Ltd., is selling for Rs. 104. ABC buys a 3-months call option at a premium of Rs. 5. The exercise price is Rs. 105. What is ABC's pay-off if the share price is Rs. 100 or Rs. 105 or Rs. 110 or Rs. 115 or Rs. 120 at the time the option is exercised ? What is the pay-off of the seller of the call option ? Draw the pay-off diagram.

7. RK Ltd., quotes at Rs. 100. The price in the next six months may jump to Rs. 115 or fall to Rs. 90. What is the value of a six month call option with an exercise price of Rs. 100 and a CCFRI of 20%. Use risk neutral approach.

SECTION – B

Answer **any three** questions. **Each** question carries **ten** marks. **(3×10=30)**

8. What is an Option Contract ? Explain the following terms with examples
   a) Call and Put Option.
   b) Stock Option and Index Options.
   c) American and European Options.
   d) In-the-Money, At-the-Money and Out-of-the-Money Options.

9. A tender is called for a fly-over for Rs. 10 Crores. The cost of tender is Rs. 2 Crores. There is a 50-50 chance of a tender being awarded. The fly-over can be built by our self at a cost of Rs. 5 Crores or through sub-contractors at a total cost of Rs. 4 Crores. But, if the sub-contract is unsatisfactory, we may have to spend a further Rs. 2 Crores to rectify defects. The probability of a sub-contract work being unsatisfactory is 0.4.

   Draw a decision tree to show the situation and decide the sequence of decisions.

10. On January 1, 2017 an investor has a portfolio of 5 shares as given below :

Security	Price (Rs.)	No. of Shares	Beta
A	349.30	5000	1.15
B	480.50	7000	0.40
C	593.52	8000	0.90
D	734.70	10000	0.95
E	824.85	2000	0.85

Library DSCASC

The cost of capital to the investor is 10.5% per annum. You are required to calculate :

i) The Beta of his portfolio.

ii) The theoretical value of the NIFTY futures for February 2017.

iii) The number of contracts of NIFTY the investor needs to sell to get a full hedge until February for his portfolio if the current value of NIFTY is 5900 and NIFTY futures have a minimum trade lot requirement of 200 units. Assume that the futures are trading at their fair value.

iv) The number of future contracts the investor should trade if he desires to reduce the beta of his portfolios to 0.6.

No. of days in a year be treated as 365. Given $e^{(0.015858)} = 1.01598$.

11. Write a brief note on commodity exchanges of India. Briefly discuss the major commodities traded on the exchange.

SECTION – C

12. Case Study. **(1×15=15)**

The initial investment outlay for a capital investment project consists of Rs. 100 lakhs for plant and machinery and Rs. 40 lakhs for working capital. Other details are summarized below :

Selling price		1 lakh units of output per year for years 1 to 5
Selling price	:	Rs. 120 per unit of output
Variable cost	:	Rs. 60 per unit of output
Fixed overheads (excluding depreciation)	:	Rs. 15 lakhs per year for years 1 to 5
Rate of depreciation on plant and machinery	:	25% on WDV method
Salvage value of plant and machinery	:	Equal to the WDV at the end of year 5
Applicable tax rate	:	40%
Time horizon	:	5 years
Post-tax cut off rate	:	12%

Required :

a) Indicate the financial viability of the project by calculating the net present value.

b) Determine the sensitivity of the project's NPV under each of the following conditions.

i) Decrease in selling price by 5%

ii) Increase in variable cost by 10%

iii) Increase in cost of plant and machinery by 10%.

Library DSCASC

Dayananda Sagar College of Arts, Science & Commerce
LIBRARY
Bangalore

PG – 888

IV Semester M.B.A. Degree Examination, July 2017
(CBCS)
MANAGEMENT
4.3.3 : Digital Marketing

Time : 3 Hours Max. Marks : 70

Instruction : *Answer* ***all*** *the Sections.*

SECTION – A

Answer **any five** of the following questions, **each** question carries **five** marks. **(5×5=25)**

1. Discuss the common e-commerce models with their uses.
2. Explain the importance of digital Environment in Competitive Business Scenario.
3. How do you integrate online and offline marketing strategies ? Explain.
4. Explain the methods and importance of online pricing models.
5. Discuss the methods of consumer engagement with suitable examples.
6. Explain the importance of social media for product promotion.
7. What is SEM ? Distinguish between paid and natural search.

Library, DSCASC

SECTION – B

Answer **any three** of the following questions, **each** question carries **ten** marks. **(10×3=30)**

8. Explain the evolution of the Indian Banking Industry upto the stage of mobile banking.
9. What is online reputation management ? How do you manage online reputation ? Explain its tools and strategies.
10. How do you analyse the post internet consumer behaviour ? Explain with suitable examples.
11. Explain the process and methodology of search engine optimisation of Google Vs Yahoo.

P.T.O.

PG – 888

SECTION – C

12. Case study (**Compulsory**) : **(15×1=15)**

Fevikwik Todo Nahi Jodo

With all the great campaigns that were made in the last three years, this is a personal favorite and has Top Of the Mind (TOM) recall. The ad was released during ICC World Cup 2015 weeks before India v/s Pakistan match. The ad showcases two soldiers representing both the nations at the Wagah border for the 'Beating Retreat' ceremony, until something unexpected happens. During the act the Indian soldier notices that his Pakistani counterpart has some problem with his shoe sole. To save his counterpart from embarrassment the Indian soldier uses Fevikwik on his sole and makes it perfect again. The ad was aired during World Cup 2015 when the sentiments were at an all-time high to support India. After the ad was uploaded on Fewikwik's YouTube channel it crossed a viewership of 9,50,000 views ! The brand promoted the ad with hashtag# Todo Nahi Jodo.

Questions :

1) What are the lessons learnt from the caselet ?
2) Give the SWOT analysis of the case.
3) Prepare new idea to market a hatchback car in the similar way.

Library DSCASC

DAYANANDA SAGAR
College of Arts, Science & Commerce

PG – 889

Dayanand Sagar College of Arts, Science & Commerce
LIBRARY
Bangalore

IV Semester M.B.A. Degree Examination, July 2017
(CBCS)
MANAGEMENT
4.4.3 : Talent and Knowledge Management

Time : 3 Hours Max. Marks : 70

Instruction: *Answer* ***all*** *Sections.*

SECTION – A

Answer **any five** of the following. **Each** question carries **five** marks. **(5×5=25)**

1. What are the elements of Talent Friendly Organizations ?
2. What is Knowledge Management ? Describe the different types of Knowledge.
3. Briefly explain Talent Value chain.
4. What is the difference between Talent Workers and Knowledge Workers ?
5. Explain the benefits of a Talent Management System.
6. Succession Planning is a better than Replacement. Briefly explain.
7. Explain return on Talent.

Library DSCASC

SECTION – B

Answer **any three** of the following. **Each** question carries **ten** marks. **(3×10=30)**

8. What are Cross Functional Teams ? What are its advantages and disadvantages ?
9. What are the issues and challenges in Knowledge Management ?
10. Explain the building blocks of a Talent Management System.
11. What are the trends in Social Media for Talent Management.

P.T.O.

SECTION – C

12. Case Study (**Compulsory**) : **(1×15=15)**

Difficult Transitions

Tony Stark had just finished his first week at Reece Enterprises and decided to drive upstate to a small lakefront lodge for some fishing and relaxation. Tony had worked for the previous ten years for the O'Grady Company, but O'Grady had been through some hard times of late and had recently shut down several of its operating groups, including Tony's, to cut costs. Fortunately, Tony's experience and recommendations had made finding another position fairly easy. As he drove the interstate, he reflected on the past ten years and the apparent situation at Reece.

At O' Grady, things had been great. Tony had been part of the team from day one. The job had met his personal goals and expectations perfectly, and Tony believed he had grown greatly as a person. His work was appreciated and recognized; he had received three promotions and many more pay increases.

Tony had also liked the company itself. The firm was decentralized, allowing its managers considerable autonomy and freedom. The corporate culture was easygoing. Communication was open. It seemed that everyone knew what was going on at all times, and if you didn't know about something, it was easy to find out.

The people had been another plus. Tony and three other managers went to lunch often and played golf every Saturday. They got along well both personally and professionally and truly worked together as a team. Their boss had been very supportive, giving them the help they needed but also staying out of the way and letting them work.

When word about the shutdown came down, Tony was devastated. He was sure that nothing could replace O'Grady. After the final closing was announced, he spent only a few weeks looking around before he found a comparable position at Reece Enterprises.

As Tony drove, he reflected that "comparable" probably was the wrong word. Indeed, Reece and O'Grady were about as different as you could get. Top managers at Reece apparently didn't worry too much about who did a good job and who didn't. They seemed to promote and reward people based on how long they had been there and how well they played the never-ending political games.

Library DSCASC

Maybe this stemmed from the organization itself, Tony pondered. Reece was a bigger organization than O'Grady and was structured much more bureaucratically. It seemed that no one was allowed to make any sort of decision without getting three signatures from higher up. Those signatures, though, were hard to get. All the top managers usually were too busy to see anyone, and interoffice memos apparently had very low priority.

Tony also had some problems fitting in. His peers treated him with polite indifference. He sensed that a couple of them resented that he, an outsider, had been brought right in at their level after they had to work themselves up the ladder. On Tuesday he had asked two colleagues about playing golf. They had politely declined, saying that they did not play often. But later in the week, he had overheard them making arrangements to play that very Saturday.

It was at that point that Tony had decided to go fishing. As he steered his car off the interstate to get gas, he wondered if perhaps he had made a mistake in accepting the Reece offer without finding out more about what he was getting into.

Questions:

a) Is it possible to find an "ideal" place to work ? Explain.

b) Must Reece Enterprises change about themselves. Why ?

Library DSCASC

DAYANANDA SAGAR
College of Arts, Science & Commerce

PG – 900
LIBRARY
Dayananda Sagar College of Arts, Science & Commerce
Bangalore

IV Semester M.B.A. Degree Examination, July 2017
(2007 – 08 Scheme)
4.1 : STRATEGIC MANAGEMENT

Time : 3 Hours Max. Marks : 75

SECTION – A

1. Answer **any six** questions. **Each** question carries **two** marks. **(6×2=12)**
   a) What is meant by Benchmarking ?
   b) What do you mean by core competence ?
   c) Define a Business Model.
   d) Define a Turnaround Strategy.
   e) What is a blue ocean strategy ?
   f) What do you mean by corporate culture ?
   g) Define a Balanced Score card.
   h) What is meant by implied policy ?

SECTION – B

Answer **any three** questions. **Each** question carries **eight** marks. **(3×8=24)**

2. Discuss the various techniques of environmental analysis.
3. What do you mean by corporate social responsibility ? Enumerate arguments for and against CSR.
4. What are generic strategies ? Why do companies use them ?
5. What are barriers to change ? Explain how resistance to change can be overcome.
6. Which is a better approach to strategy formulation ? Top down or Bottom up explain. Why ?

SECTION – C

Answer **any two** questions. **Each** question carries **twelve** marks. **(2×12=24)**

7. Bring out the differences between concentric diversification and conglomerate diversification. Evaluate them as strategic alternatives.
8. Explain the BCG Matrix by giving suitable Indian examples.
9. "Strategy evaluation is a proactive stand towards shaking the future". Discuss giving examples of organisations doing so.

P.T.O.

Library DSCASC

PG – 900

SECTION – D

Case study. This question is **compulsory**. (15×1=15)

10. Read the following case and answer the questions.

Sweet Spices Ltd., the country's biggest spices marketer has decided to launch a hostile bid for Italy's major spice marketer Ollivetti. This is a rare case of an Indian company making an unsolicited hostile bid for a foreign company. The Sweet Spices Ltd. has competencies in Indian spices. The major destination markets for Sweet Spices Ltd., exports have been the Europe and America. The competencies of Ollivetti lie in Italian herbs and spices. The Indian company with the takeover wishes to synergies its operations in the world markets. It also wants to take advantage of the reach enjoyed by the Italian company in several countries where its products are not being sold presently. The move of hostile takeover follows Ollivetti's rejection to an agreement entered a year back. At that time Ollivetti was suffering losses and its offered majority shares at a price of € 2.25. A total of 20% share were transferred at that time. In one year Ollivetti was able to turn around its operations and the company made handsome profits in the last quarter. The promoters who have residual holding of 35% in the company are reluctant to transfer the shares now. They have rejected the agreement with a plea that the earlier offer price was not sufficient. Sweet Spices Ltd. has revised its offer to € 2.95. By this lucrative offer some of the large shareholders of Ollivetti reveal their interest for selling their stakes. On the other hand, promoters maintained their position on this matter. Through the process of buying of shares in the market the Sweet Spices Ltd. Gradually consolidated its holding in Ollivetti to 45%. Being a major shareholder they were ready for a takeover. At the same time, Sweet Spices Ltd. was trying hard to improve their position so that they do not leave any space for Ollivetti promoters in future.

Questions :

1) What strategic alternative is followed by Sweet Spices Ltd. ?
2) Is the hostile takeover by an Indian company appropriate ?
3) Why is the Sweet Spices Ltd. interested in this takeover ?
4) Why are the promoters reluctant to transfer the shares after the agreement ?

Library DSCASC

PG – 902

IV Semester M.B.A. Degree Examination, July 2017
(2007 – 08 Scheme)
Management
F-4 : INTERNATIONAL FINANCIAL MANAGEMENT

Time : 3 Hours Max. Marks : 75

SECTION – A

1. Answer **any six** of the following, **each** question carries **two** marks : **(6×2=12)**
   a) What is foreign exchange risk management ?
   b) What is Multinational Capital Budgeting ?
   c) What is leading and lagging ?
   d) What is exposure netting ?
   e) What do you mean by translational exposure ?
   f) What is marking to market ?
   g) Mention any two challenges of MNC's working capital management.
   h) Find out the bid rate if ask rate is Rs. 60.50/US $ and the bid-ask spread is 1.25%.

Library DSCASC

SECTION – B

Answer **any three** of the following, **each** question carries **eight** marks : **(3×8=24)**

2. Explain the factors influencing on determination of exchange rate.
3. Distinguish between IFM and FM.
4. Explain the different types of international taxation.
5. On October 5th Newyork quoted the DM was $0.5876/DM and French Francs was quoted $ 0.4133/FFr. On this date if Paris was quoting 2.7500 FFr/DM and 5.6875 FFr/$. What are the incentives for arbitrage ?

P.T.O.

6. Xing Ltd. is the Indian affiliate of a US manufacturer. Xing Ltd. manufactures items which are sold primarily in the US and Europe. Xing Balance Sheet in 000's of Rupees as on March 31st is as follows :

Assets	Rs.	Liabilities	Rs.
Cash	10,000	Accounts payable	5,500
Accounts Receivables	8,500	Short term bank loan	3,500
Inventory	9,000	Long term loan	6,000
Net Plant and Equipment	25,000	Capital stock	25,000
		Retained earnings	12,500
	52,500		**52,500**

Exchange rates for translating the balance sheet into US dollars are :

Rs. 55/$: Historic exchange rate, at which plant and equipment, long term loan and common stock were acquired or issued.

Rs. 60/$ on 31 march exchange rate. This was also the rate at which inventory was acquired. Calculate accounting gain or loss and accounting exposure by current rate method and monetary and non-monetary method.

Library DSCASC

SECTION – C

Answer **any two** of the following, **each** question carries **twelve** marks : **(2×12=24)**

7. What are depository receipts ? Explain the importance of different types of depository receipts in international financial market.

8. Companies A and B has been offered the following rates per annum on a $20 million five year loan :

Company	Fixed Rate	Floating Rate
Company A	13.0%	LIBOR + 0.3%
Company B	14.5%	LIBOR + 0.5%

Company A requires a floating rate loan; company B requires a fixed rate loan. Design a swap that will net a bank, acting as intermediary 0.2% per annum and that will appear equally attractive to both companies.

9. From the following data calculate the possibilities of a gain/loss in arbitrage.

   Spot rate FFr 8.00 = 1$

   6 months forward rate FFr 8.0200 = 1$

   Annualised interest rate on 6 months US$ = 5%

   Annualised interest rate on 6 months FFr = 8%.

SECTION – D

10. Case study (**Compulsory**). **(1×15=15)**

   An European importer imports goods worth of 1000 US $ from USA and it has to make payments after 90 days. The importing firm is expecting changes in the exchange rate and it thinks about selling a particular alternative, spot rate € 1.2/ $,90 days forward rate € 1.05/$. Interest rate on borrowings in Europe and USA is 6% p.a. Interest rate on deposits or investments is 5% p.a.

   In 90 days call option is having a strike price of € 1.07/$ and a premium of € 0.05/$.

   A 90 days put option is having exercise price of € 1.09/$ and a premium of € 0.05/$.

   Spot rate on 90th day rate is € 1.098/$. Suggest the importer which alternative is beneficial ?

Library DSCASC