MADANAPALLE INSTITUTE OF TECHNOLOGY & SCIENCE, MADANAPALLE
(UGC-AUTONOMOUS)
MBA II Year I Semester (R18) Supplementary End Semester Examinations– OCT 2020
OPERATION RESEARCH

Time: 3Hrs   Max Marks: 60

Attempt all the questions. All parts of the question must be answered in one place only.
In Q.no 1 to 5 answer either Part A or Part B only. Q.no 6 which is a case study is compulsory.

Q.1(A) What is Operation Research? Explain features and role of Operation Research in Decision Making.   10 M

OR

Q.1(B) Solve the following LPP problem graphically   10 M
Max $Z = 8000x_1 + 7000x_2$
$3x_1 + x_2 \leq 66,$
$x_1 + x_2 \leq 45,$
$x_1 \leq 20$
$x_2 \leq 40$ and $x_1, x_2 \geq 0.$

Q.2(A) Solve the following transportation problem in which cell entries represents unit costs   10 M

From	To			Available
	2	7	4	5
	3	3	1	8
	5	4	7	7
	1	6	2	14
Required	7	9	18	34

OR

Q.2(B) A car hire company has one car at each of five depots a, b, c, d and e. A customer requires a car in each town namely A, B, C, D and E. Distance (in Kms) between deports (origins) and towns(destinations) are given in the following distance matrix: 10 M

	a	b	c	d	e
A	160	130	175	190	200
B	135	120	130	160	175
C	140	110	155	170	185
D	50	50	80	80	110
E	55	35	70	80	105

How should cars be assigned to customers sa as to minimize the distance travelled?

Q.3(A) What is scientific decision making process? Explain the types and components of decision making.   10 M

OR

Q.3(B) Define: 10 M
i) Pure Strategies   ii) Mixed Strategies   iii) Two Person, Zero Sum   iv) Payoff Matrix

---

Q.4(A) What is replacement problem? Describe some important replacement situation. What are the types of replacement decisions.   10 M

OR

Q.4(B) Dr Strong is dentist who schedules all per patients for 30 minutes appointments. Some of the patients take more or less than 30 minutes depending in the type of dental work to be done. The following summary shows the various categories of work, their probabilities and the time actually needed to complete the work.   10 M

Categories	Filling	Crown	Clearing	Extraction	Checkup
Time Required (Min)	45	60	15	45	15
Prob of Category	0.40	0.15	0.15	0.10	0.20

Simulate the dentists clinic for four hours and determine the average waiting time for the patients as the illness of the doctor. Assume that all the patients show up at the clinic at exactly their scheduled arrival time starting at 8.00 am. Use the following random numbers for handling the above problem: 40, 82, 11, 34, 25, 66, 17, 79.

Q.5(A) ABC company has one hob regrinding machine. The hobs needing grinding are sent from company's tool crib to this machine which is operated one shift per day of 8 hours duration. It takes on the average half an hour to regrind a hob. The arrival of hobs is random with an average of 8 hobs per shift.   **10 M**
1. Calculate the present utilization of hob regrinding machine.
2. What is average time for the hob to be in the regrinding section?
3. The management is prepared to recruit another grinding operator when the utilization of the machine increases to 80%. What should the arrival rate of hobs then be?

OR

Q.5(B) Construct the Network for the following project and calculate the probability of completing the project in 25 days   **10 M**

Activity	to	tm	tp
1-2	2	6	10
1-3	4	8	12
2-3	2	4	6
2-4	2	3	4
3-4	0	0	0
3-5	3	6	9
4-6	6	10	14
5-6	1	3	5

Q.6

CASE STUDY

10 M

The following table gives the activities of construction project and duration:

Activity	1-2	1-3	2-3	2-4	3-4	4-5
Duration (days)	20	25	10	12	6	10

Draw the network for the project. Find the
i. Critical path and project duration.
ii. Total Float, Free float and Independent float for each activity

END

MADANAPALLE INSTITUTE OF TECHNOLOGY & SCIENCE, MADANAPALLE
(UGC-AUTONOMOUS)
MBA II Year I Semester (R18) Supplementary End Semester Examinations – OCT 2020
BUSINESS ANALYTICS

Time: 3Hrs   Max Marks: 60

> Attempt all the questions. All parts of the question must be answered in one place only.
> In Q.no 1 to 5 answer either Part A or Part B only. Q.no 6 which is a case study is compulsory.

Q.1(A)	Explain Nature and evolution of Business analytics.	10 M
		OR
Q.1(B)	Discuss in detail about the type one and type two error.	10 M
Q.2(A)	Simulate the throw of a dice and find out the probability of getting3, 4, and 5	10 M
	OR	
Q.2(B)	Apply the tossing of five coins and find out the probability of getting HHHHH and TTTTT	10 M
Q.3(A)	Compare and contrast various predictive tools for solving crime.	10 M
		OR
Q.3(B)	Explain the importance of data mining in the context of retailing of mobile phones.	10 M
Q.4(A)	Use data set 3E to build a decision tree and discuss the buying behavior with reference to the product under consideration.	10 M
	OR	
Q.4(B)	What is the significance of predictive techniques in strategic decision making?	10 M
Q.5(A)	Use any of the classification techniques to classify the data set 4D and discuss the outcome.	10 M
	OR	
Q.5(B)	Explain the role of decision trees in Business Analytics.	10 M
Q.6	**Case study**	10 M
	Apply the factor analysis to data set 5C and discuss the outcomes.	

END

MADANAPALLE INSTITUTE OF TECHNOLOGY & SCIENCE, MADANAPALLE
(UGC-AUTONOMOUS)
MBA II Year I Semester (R18) Supplementary End Semester Examinations– OCT 2020
CORPORATE TAX PLANNING

Time: 3Hrs   Max Marks: 60

> Attempt all the questions. All parts of the question must be answered in one place only.
> **In Q.no 1 to 5 answer either Part A or Part B only. Q.no 6 which is a case study is compulsory.**

Q.1(A) How would you determine the residential status of a corporate Person under the provisions of IT Act, 1961   10 M

OR

Q.1(B) Write short note on: 10 M
       a. Deemed Income   b. Person   c. Assessment Year

Q.2(A) The following is the Profit and loss account of Mr. Raju for the year ended 31/3/2019. Compute his income from business for the Assessment year 2019-2020   10 M

Profit & Loss A/c

Particulars	Amount (Rs.)	Particulars	Amount (Rs.)
To General expenses	6,000	By Gross profit	4,0 0,000
To Income tax	8,000	By Dividends	52,000
To salaries	6,000	By Bad debts recovered (Disallowed earlier)	4,000
To Advertisement (paid in cash)	3,000	By Commission	8,000
To Taxes & insurance	2,000	By Discount	8,000
To Household expenses	6,000		
To Charity	200		
To Loss by theft	2,000		
To Exp on scientific Research:			
Cost of land	40,000		
Cost of building	1,20,000		
To Provision for bad debts	4000		
To Repairs	8,000		
To Depreciation	60,000		
To Net profit	2,06,800,		
	4,72,000		4,72,,000

Additional information:1. Allowable depreciation as per rules is Rs 70,000
2. Research relates to assesses own business
3. General expenses include Rs. 1,000 donation given to a poor student.
4. Advertisement includes gift given to a customer –Rs 1,000

OR

Q.2(B)	Mr. Vinitha purchased a property on 05.01.2006 for Rs.10,00,000. Cost of improvement was made on 10.02.2006 for Rs.2,00,000. Further, she spent for its improvement Rs.1,00,000 on 01.08.2012. On 10.11.2017 she sold the property for Rs.25,00,000. Brokerage was paid at 2% on sale value. Compute capital gains. [CII 2005-06: 117; 2011-12: 184; 2012-13: 200; 2016-17: 264, 2017-18:272]	10 M

Q.3(A)	Compute the tax payable by a company for the assessment year 2019-20. if:
	    a) Its total income is Rs.4,00,000 and the book profit is Rs. 12,00,000
	    b) Its total income is Rs.6,20,000 and book profit is Rs. 8,00,000.
	OR
		10 M

Q.3(B)	Illustrate briefly the provision of set-off and carry forward losses.	10 M
Q.4(A)	What are the areas of Tax planning variables for Indian collaboration in Joint ventures for making payments abroad? **OR**	10 M
Q.4(B)	Comment on the implication of Tax with respect to personnel compensation plans	10 M
Q.5(A)	Compare and contrast Tax Planning, Tax Avoidance and Tax Evasion **OR**	10 M
Q.5(B)	Explain following Deductions u/s 80IA, 80IAB, 80IAC, 80IB.	10 M
Q.6	**Case Study**	10 M

Nanda an Indian resident, furnishes the following particulars of his income for the assessment year 2019-2020 you are required to deal with set-off and carry forward of losses:

1. Income from securities (gross) Rs. 1000
2. Income from residential house (computed) RS. 5000
3. Profit from rayon business Rs. 25000
4. Income from an agency business Rs. 2000
5. Speculation income Rs. 4,000
6. Short – term capital gain Rs. Rs. 4000
7. Long term capital gain Rs. 9,500

The carry forward items from the assessment year 2018-19.

1. Loss from hosiery business (discounted in 2018-19) Rs. 4,000
2. Loss in agency business Rs. 3,000
3. Loss from rayon business Rs. 3000
4. Speculation loss Rs. 4,000
5. Short – term capital loan Rs. 6,000
6. Long – term capital loss Rs. 6500
7. Current year's depreciation for rayon business Rs. 500.

END

MADANAPALLE INSTITUTE OF TECHNOLOGY & SCIENCE, MADANAPALLE
(UGC-AUTONOMOUS)
MBA II Year I Semester (R18) Supplementary End Semester Examinations– OCT 2020
CONSUMER BEHAVIOR and CRM

Time: 3Hrs   Max Marks: 60

Attempt all the questions. All parts of the question must be answered in one place only.
In Q.no 1 to 5 answer either Part A or Part B only. Q.no 6 which is a case study is compulsory.

Q.1(A)	Define Consumer Behaviour and discuss the features of consumer behavior.	10 M
	OR	
Q.1(B)	'A detailed study of consumer behaviour is essential for the success of any business organization in the present environment'. Examine this statement in the context of India.	10 M
Q.2(A)	Explain Family Life Cycle and its characteristics influencing consumer behavior.	10 M
	OR	
Q.2(B)	Explain Engel Kollat Blackwell Miniard model with suitable example	10 M
Q.3(A)	Discuss the evolution of CRM till present day. How is it strategically important for success of a firm?	10 M
	OR	
Q.3(B)	What is e-CRM? Enumerate its features and advantages.	10 M
Q.4(A)	Define the importance of service failure and service recovery in CRM.	10 M
	OR	
Q.4(B)	Explain – a) Employee – Customer Linkage b) Customer Revenge	10 M
Q.5(A)	Define customer satisfaction. Explain the procedure of measuring customer satisfaction.	10 M
	OR	
Q.5(B)	Define customer Loyalty. Explain different customer satisfaction practices under CRM	10 M
Q.6	**Case Study**	10 M

ABC Co. Ltd., was a company carrying on business in cosmetics and perfumes They were not following the marketing concept and were catering to a target market which was using their products. In other words, they only concentrated on what they would make and did not bother about changes in preferences of their target market. They were later joined by Mr. Raj Neeraj, a marketing graduate who advised the company regarding the changing consumer preferences, and the changes that were necessary to be incorporated in the product. He emphasized upon the income factors, and social factors only. He modernized the products to a great extent, and invested about ₹ 30 lakhs on new packing, etc. Even after six months of these changes brought about by Raj, the company did not seem to have a proportionate increase in sales. The assistant manager and the product manager were not very happy with the changes, and thought that although an effort has

been made in the right direction, some important factors concerning consumer behaviour had been neglected.

Questions
1 Do you agree with the assistant and product managers, if agree why?

2. What other factors, if any, could have been considered in the product? Elaborate in detail

END

MADANAPALLE INSTITUTE OF TECHNOLOGY & SCIENCE, MADANAPALLE
(UGC-AUTONOMOUS)
MBA II Year I Semester (R18) Supplementary End Semester Examinations– OCT 2020
LOGISTICS AND SUPPLY CHAIN MANAGEMENT

Time: 3Hrs   Max Marks: 60

Attempt all the questions. All parts of the question must be answered in one place only.
In Q.no 1 to 5 answer either Part A or Part B only. Q.no 6 which is a case study is compulsory.

Q.1(A)	What is Supply Chain Management? Explain the process view of Supply Chain.	8 M
	OR	
Q.1(B)	Explain the Supply Chain Process View of a Company of your Choice.	8 M
Q.2(A)	Elaborate on the salient features of E-Business and Distribution Network.	8 M
	OR	
Q.2(B)	What is E- Business? Explain the factors influencing Distribution Network Design	8 M
Q.3(A)	What is Demand Forecasting? Explain the significance of demand forecasting in supply chain management.	8 M
	OR	
Q.3(B)	What are the functions of forecasting? Elaborate on the role of forecasting in Supply Chain Management.	8 M
Q.4(A)	What is Economies of Scale? Explain the Cycle Inventory and How it is different from safety stock.	8 M
	OR	
Q.4(B)	Write a short notes on:	8 M
Q.5(A)	What is difference between Third Party Logistic and Fourth Party Logistic Providers? Explain their roles.	8 M
	OR	
Q.5(B)	Explain various modes of Transportation with their pros and cons.	8 M
Q.6	**Case Study**	10 M

Whirlpool

Whirlpool Corporation is a leader of the $100 billion global home appliance industry. Ranked sixth in the electronics industry list of FORTUNE magazine's "World's Most Admired Companies", Whirlpool Corporation is a Fortune 500 company and the world's leading manufacturer and marketer of major home appliances. Annual sales are approximately $19 billion, and there are 70,000 employees, with 69 manufacturing and technology research centres around the world. Founded in 1911, the company markets Whirlpool, Maytag, KitchenAid, Jenn-Air, Amana, Brastemp, Consul, Bauknecht and other major brand names to consumers in most countries around the world. Whirlpool manufactures appliances across all major categories, including fabric care, cooking, refrigeration, dishwashers, countertop appliances, garage organization and water filtration.

MADANAPALLE INSTITUTE OF TECHNOLOGY & SCIENCE, MADANAPALLE
(UGC-AUTONOMOUS)
MBA II Year I Semester (R18) Supplementary End Semester Examinations– OCT 2020
INTERNATIONAL FINANCIAL MANAGEMENT

Time: 3Hrs   **Max Marks: 60**

Attempt all the questions. All parts of the question must be answered in one place only.
In Q.no 1 to 5 answer either Part A or Part B only. Q.no 6 which is a case study is compulsory.

Q.1(A)	What are the advantages and limitations of the flexible and fixed exchange rate system.	10 M
	OR	
Q.1(B)	How is the exchange rate determined under the gold standard? What are the limitations of the gold standard.	10 M
Q.2(A)	Define foreign exchange rate and explain spot and forward markets.	10 M
	OR	
Q.2(B)	Who are the participants in foreign exchange market.	10 M
Q.3(A)	What is economic exposure? How can firms manage their economic exposure.	10 M
	OR	
Q.3(B)	What initiatives should a firm's management take to cope with operating exposure.	10 M
Q.4(A)	Define working capital and discuss the decisions that need to be made in managing working capital.	10 M
	OR	
Q.4(B)	What are the objectives of the IMF? What are the different lending facilities available with IMF for member countries.	10 M
Q.5(A)	Discuss about MNC's capital Structure and Cost of capital.	10 M
	OR	
Q.5(B)	What are the different types of risk arises in cross border investment decisions.	10 M
Q.6	**Case Study**	10 M

The Global Financial Crisis of Turkey

During 2008, many countries were hit by the global financial crisis that resulted in a sharp slowdown in the global economy including severe recession and sharp financial distress across international capital markets. Turkey was one of the hardest hit countries by the global crisis. Real GDP decreased sharply for four quarters, reaching a year-on-year contraction of 14.7 per cent during the first quarter of 2009, resulting in a-4.8 per cent annual growth rate for that year. At the same time, anticipating the fallout from the crisis, the Central Bankk of the Republic of Turkey (CBRT) decreased policy rates by an astounding 1025 basis points in the period from November 2008 to November 2009. Turkey had sufferd an intense financial crisis in 2001 as well. Although the 2001 crisis was harsh, but it

was followed by two important reforms: First, the pegs and heavily managed exchange rate regimes of the past were replaced by a flexible exchange rate regime. Second, the policy framework of the CBRT gradually transitioned into a fiull-fledged inflation-targeting regime. After the 2001 crisis, Turkey embarked on a new IMF-supported arrangement.

After the 2001 crisis, the Turkish banking system was completely overhauled. Excessive leverage, maturity and currency mismatches that aggravated the severity of the 2001 crisis declined significantly. The financial, insurance and real estate sectors along with sound public administration improved the risk management practices across the banking system. This is important because a sound financial system increases the effectiveness of the monetary transmission mechanism.

Over the next six years, from the first quarter of 2002 to mid-2008, the Turkish economy grew by over 5 per cent (year-over-year), and inflation declined. The global economic and financial conditions were favourable, so it was clear that the reforms contributed positively towards achieving growth. With the intensification of the global financial crisis during the fall of 2008, synchronised downturns along with acute financial stress affected international capital markets and economies across the world significantly. As expected, the Turkish economy was also severely affected by this abrupt collapse of the world economy. In fact, the contraction in world demand severely hit Turkish exports. At the same time, the shock to global financial markets resulted in a collapse of asset prices (including the currency), an increase in spreads, and sizeable capital outflows. In addition, the increased uncertainty associated with the unprecedented nature of this global financial crisis reinforced the foreign demand and financial distress and acted as another channel suppressing consumption, investment and credit extension.

Discussion Questions

1. What was the impact of the flexible exchange rate regime after the crisis of 2001?

2. In contrast to the fixed exchange rate regimes of the past, what was the role of exchange rate flexibility in helping the Turkish economy recover from the crisis?

3. If an inflation targeting framework underpinned by a flexible exchange rate regime had not been adopted, how much deeper would the recent recession have been?

END

Hall Ticket No: ☐☐☐☐☐☐☐☐☐☐☐   Course Code:18MBAP406

MADANAPALLE INSTITUTE OF TECHNOLOGY & SCIENCE, MADANAPALLE
(UGC-AUTONOMOUS)
MBA II Year I Semester (R18) Supplementary End Semester Examinations – OCT 2020
FINANCIAL INSTITUTION MARKETS AND SERVICES

Time: 3Hrs   Max Marks: 60

> Attempt all the questions. All parts of the question must be answered in one place only.
> **In Q.no 1 to 5 answer either Part A or Part B only. Q.no 6 which is a case study is compulsory.**

Q.1(A)	Discuss the role of the financial system in the economic development of a country.	10 M
	OR	
Q.1(B)	Discuss the various techniques used by the RBI for monetary control in India.	10 M
Q.2(A)	Explain the banking innovations in India.	10 M
	OR	
Q.2(B)	Discuss the present state of the mutual funds in India and outline the causes for their slow growth.	10 M
Q.3(A)	Discuss the various components of a money market and bring out their features.	10 M
	OR	
Q.3(B)	Explain listing, trading and settlement procedure in stock exchange markets.	10 M
Q.4(A)	Define leasing and explain the advantages and disadvantages of leasing.	10 M
	OR	
Q.4(B)	What are the important developments have taken place in the field of housing finance in India.	10 M
Q.5(A)	Define credit rating and explain functions and benefits to rated companies.	10 M
	OR	
Q.5(B)	What is meant by depository and explain the benefits of depository system.	10 M
Q.6	**Case Study**	10 M

Infrastructure Financing: NBFCs for enlarging Global Lenders' Pool

Elimination of the restrictive condition, whereby overseas lenders are required to have a direct exposure to infrastructure projects amounting to three times of what is being lent to NBFCs, has been sought.

Mumbai, April 7 Non-banking finance companies, dedicated to financing infrastructure projects, have moved the Reserve Bank of India to enlarge the pool of global lenders from whom they can borrow. They have also sought elimination of the restrictive condition whereby overseas lenders are required to have a direct exposure to infrastructure projects amounting to three times of what is being lent to NBFCs.

NBFCs in the infrastructure financing space want the pool of overseas lenders, from whom they can borrow, expanded to include reputed banks and bilateral financial institutions so that they can source loans on favourable terms and conditions.

The big NBFC players in the infrastructure space include Infrastructure Development Finance Company, SREI Infrastructure Finance, Power Finance

Corporation and Rural Electrification Corporation, among others.

ECB Restrictions:

As per RBI's External Commercial Borrowings (ECBs) policy, sourcing of funds has been restricted to multilateral/regional financial institutions and government-owned financial institutions.

Under the ECB policy, NBFCs can avail themselves of ECB up to $500 millions per financial year under the 'approval route' to finance import of equipments for leasing to infrastructure projects in India. The average maturity of the borrowing should be five years. The requirement of all-in-cost ceilings on ECB has been dispensed with until June 30, 2009.

Analysts say that the ECB policy encourages import of capital equipment by infrastructure developers/financiers to the detriment of domestic capital goods manufacturers.

"As it is, very few lending agencies are willing to invest in the infrastructure sector in emerging economies. Even if they do, they have their unique set of problems such as lengthy appraisal process, pre-condition like sourcing of inputs from lending countries, etc. This reduces the number of viable sourcing options for NBFCs," said a senior official with a leading NBFC.

NBFCs want the twin conditions whereby overseas lenders, at all times, are required to maintain the ratio of their direct lending to the infrastructure sector in India to their total ECB lending to NBFCs at 3:1 and that Authorised Dealer Category - I banks should obtain a certificate lenders to this effect, completely eliminated.

Smaller Players

"There are smaller regional/bilateral financial institutions which do not have the wherewithal to lend directly to infrastructure projects. They depend on domestic financial intermediaries (FIs) who have the expertise in financing such projects. Hence, they prefer to route their funds through local FIs for on-lending to small and medium infrastructure projects. Such overseas lenders will not be able to comply with the 3:1 ratio," the official explained.

~~The non-banking financiers want a level playing field vis-À-vis infrastructure~~ companies when it comes to tapping ECB under the 'automatic route' so that the credit needs of the smaller infrastructure developers can be met without much ado.

While larger infrastructure players are able to source ECBs on their own, the smaller players are not in a position to tap the overseas market. Hence, the smaller project developers' bank on NBFCs for financing and the approval route causes unnecessary delays.

Question

1. Discuss the role of NBFCs in infrastructure development in India?

END

MADANAPALLE INSTITUTE OF TECHNOLOGY & SCIENCE, MADANAPALLE
(UGC-AUTONOMOUS)
MBA II Year I Semester (R18) Regular End Semester Examinations – January 2020
ORGANIZATIONAL CHANGE & DEVELOPMENT

Time: 3Hrs   Max Marks: 60

Attempt all the questions. All parts of the question must be answered in one place only.
In Q.no 1 to 5 answer either Part A or Part B only. Q.no 6 which is a case study is compulsory.

Q.1(A)   Explain the alternate change technique process in managing resistance to change   10 M

OR

Q.1(B)   Discuss the differences and implications of Incremental Vs Disruptive Change   10 M

Q.2(A)   Evaluate the Kotter's 8 steps model for managing the transaction   10 M

OR

Q.2(B)   Discuss the strategies involved in managing change   10 M

Q.3(A)   Elucidate the values, assumptions and beliefs to be considered for organization   10 M
development

OR

Q.3(B)   Explain the contributory stems in the process of organization development   10 M

Q.4(A)   Discuss the role and implications of power policies in the organization   10 M
development process

OR

Q.4(B)   Discuss action research orientation in OD process.   10 M

Q.5(A)   Discuss the significance of third party peace intervention and structural   10 M
interventions in organization development

OR

Q.5(B)   Explain the process of evaluating OD effectiveness?   10 M

Q.6   **Case Study**   10 M

OD Intervention in a Private Company Taken Over by the Government
Background
The Celesian Air Lines flew the first Asian plane across the Arabian Gulf in the fifties. A few months later, it flew its first flight to the United Kingdom of Susan. This was made possible by virtue of an agreement between the governments of the Celesian and the United Kingdom Susana. The flag carriers were CAL and Andy for Pan-Ramon and Nestor di Rellie Air Lines for the United Kingdom of Susana.

This event was preceded by the Celesian participation in the International Air Traffic Convention in Chicoco in Febraury, 1940. The convention established the "five freedom" by which nations would exchange rights in the conduct of international transportation. In order to secure two weekly flights across the Arabian Gulf, CAL became a member of the International Air Transport Assocaites

(IATA).

In May, 1947, CAL purchased Andy P3.3. million and absorbed many of its employees. CAL thus became one of the ten leading international air carriers in the world in terms of unduplicated route miles which covered Asia, the United States, Europe.

Government Takeover

For a time, CAL was the leader in international air transport until changes in government policy affected it operations. In August, 1965, the government, then the majority stockholder of the airline, suspended CAL international services. Only the domestic services and the Hongkong routes were retained. After eight years of limited, it had suffered continued worsening financial crisis until April 21, 1979 when its owners, then headed by Virgilio Cruz, Jr. and Rizaldy Victor, offered the majority ownership and control of CAL to the government.

In 1980, Celesia government assumed full ownership and control of CAL. The government increased its authorized capital from P25 million to P250 million with the Genrous Fund Insurance System (GFIS) subscribing the entire increase of P225 million. GFIS General Manager Eduardo Gonzales, Jr. became the chairman of the board and the president.

It may be noted that in spite of government takeover, CAL remained a private company insofar as its employee benefits are concerned. CAL continued to pay its Social Security Contributions.

With the government takeover, it expanded its operations from a limited domestic area to one with a fairly extensive regional and international networks. CAL's rapid growth reflected in the expansion of flight equipment acquired was not accompanied with the acquisition of necessary equipment, materials, facilities, and manpower. Likewise, it failed to provide the necessary improvements and developments in its domestic and international reservation systems.

Furthermore, growth was financed almost entirely by loans with some minimal financing from retained earnings. There was no external infusion of fresh equity funds. This situation remitted a lot of capital equipment insufficiently supported by the company's working capital levels. Before the government takeover, the more than P1 billion assets of the company was based on a paid up capital of P25 million and a net worth slightly in excess of P100 million.

Questions

1. **Analyze the Short-Range and Long-Range Problems of Government Takeover**
2. **Diagnosis of Government Takeover**
3. **Recommended OD Intervention to Be Used in Effective Takeover**

END

MADANAPALLE INSTITUTE OF TECHNOLOGY & SCIENCE, MADANAPALLE
(UGC-AUTONOMOUS)
MBA II Year I Semester (R18) Supplementary End Semester Examinations –OCT 2020
SECURITY ANALYSIS AND PORTFOLIO MANAGEMENT

Time: 3Hrs   Max Marks: 60

> Attempt all the questions. All parts of the question must be answered in one place only.
> **In Q.no 1 to 5 answer either Part A or Part B only. Q.no 6 which is a case study is compulsory.**

Q.1(A)	Write a note on (a) Investment, Gambling and Speculation (b) Online, Mock and Virtual trading.	10 M
	OR	
Q.1(B)	(a) Distinguish between primary market and secondary market. (b) Write a brief note on trading mechanism.	10 M

Q.2(A)	Explain different approaches of valuation and give examples for bond valuation & equity stock Valuation	10 M
	OR	
Q.2(B)	The return from security 'A' in different time periods are as follows.	10 M

Time Period (2015)	Return	Probability
January	0.25	0.10
February	0.15	0.40
March	0.10	0.30
April	0.15	0.20

What would be the expected return & risk of the security?

Q.3(A)	(a) In relation to Security analysis, what is the difference between Fundamental analysis and Technical analysis? (b) Write a note on Equity and Bond Valuation.	10 M
	OR	
Q.3(B)	Define risk. What are the different kinds of risks in corporate investment.	10 M

Q.4(A)	Write a detailed note on formulation of portfolio strategy.	10 M
	OR	
Q.4(B)	Explain the basic assumptions of Markowitz efficient frontier theory.	10 M

Q.5(A)	Elucidate Equity Portfolio Management Strategies with suitable examples.	10 M
	OR	
Q.5(B)	How do you judge a fund's performance through Sharpe and Treynor's methods?	10 M

Q.6	**Case Study**	10 M

Sigma Steel and Chi Cement are listed on the stock exchange for the last several years. The stocks behave in tandem depending upon the state of economy but to varying degrees. An analyst has conducted a study to find out how the interrelationships of the return of the two stocks. He segregated different economic conditions and calculated

the returns offered by each firm during such periods. The summary of findings is as follows:

Situation	Problem Probability	Past returns % SS	Past returns % CC
Excellent	0.15	20	15
Good	0.15	15	12
Normal	0.50	12	9
Poor	0.20	-3	-1

Find out the following:
1. The expected return of each of the stock
2. Standard Deviation of each stock.
3. Covariance and Coefficient of correlation between return of stock X and Y

END