



K. L. E. SOCIETY'S  
SHRI MRITYUNJAYA COLLEGE OF ARTS & COMMERCE, DHARWAD  
Accredited with A+ Grade by NAAC at 4<sup>th</sup> Cycle

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M.COM. 1<sup>ST</sup> SEM (CBCS) QUESTION PAPERS , APRIL-MAY 2022

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05-01-2024



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FIRST SEMESTER M.COM. DEGREE EXAMINATION, APRIL/MAY 2022  
**COMMERCE**  
**(CBCS)**

**Paper 1.1 – Marketing Management**

Time : 3 Hours]

[Max. Marks : 75

**SECTION – A**

1. Answer **any six** sub-questions. **Each** sub-question carries **two** marks.

(6×2=12)

- State three layers of product.
- How shopping goods are different from unsought goods ?
- State different types of public in micro environment.
- Define demographic environment.
- What do you mean by product design ?
- What are the reasons for good packaging strategy ?
- Define brand equity.
- What do you mean by perceived value pricing ?
- What are modes of marketing communications ?
- Give meaning of market-skimming pricing.



**SECTION – B**

- Answer **any three** questions. **Each** question carries **six** marks.

(3×6=18)

- How holistic marketing concept is different than other concepts ?
- Explain in brief, factors influencing consumer behaviour.
- Discuss in brief, significance of branding.

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5. What are pricing objectives ? Explain.
6. What is online marketing ? What are its advantages ?

### SECTION – C

Answer **any three** questions. **Each** question carries **fifteen** marks. (3×15=45)

7. Explain in detail, various marketing management tasks.
  8. "Buying and consumption habits of people, their languages, beliefs and values, customs and traditions influence the opportunities of a markets". Discuss.
  9. Discuss in brief stages of product life cycle and strategies.
  10. What are promotional pricing techniques ? Explain.
  11. Explain product/market expansion grid.
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FIRST SEMESTER M.COM. (CBCS) DEGREE EXAMINATION,  
APRIL/MAY 2022

COMMERCE

Paper – 1.2 : Financial Management

Time : 3 Hours]

[Max. Marks : 75

**Instruction :** Use of simple and non-programmable calculator  
and financial tables **permitted**.

SECTION – A

Answer **any six** sub-questions. Each sub-question carries 2 marks. (6×2=12)

1. a) What is wealth in financial management ?
- b) State the technique used in finding present value.
- c) Distinguish between operating leverage and financial leverage.
- d) What is indifference point ?
- e) What is the need of temporary working capital ?
- f) State the approaches of working capital management.
- g) Distinguish between risk and uncertainty.
- h) What is capital rationing ?
- i) State the assumptions of Walter's model of dividend.
- j) What is stable dividend policy ?



[P.T.O.]





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## SECTION – B

Answer any three questions. Each question carries six marks. (3×6=18)

2. Explain as to how the wealth maximisation objective is superior to profit maximisation objective.
3. Discuss the sources of information to be obtained before granting credit to a customer.
4. The following is the data regarding two companies X and Y belonging to the same risk class.

Particulars	X	Y
Number of ordinary shares	90000	150000
Market price per share	₹ 1.20	₹ 1
6% debentures	₹ 60,000	—
Profit before interest	₹ 18,000	₹ 18,000

All profits after debenture interest are distributed as dividends.

Explain how under MM approach, an investor holding 10% of shares in company X will be better off in switching his holding to company Y.

5. ABC Ltd. was started a year back with paid up equity capital of ₹ 40,00,000. The other details are as under :

Earnings of the company	₹ 4,00,000
Price-earnings ratio	12.5
Dividend paid	₹ 3,20,000
Number of shares	40000

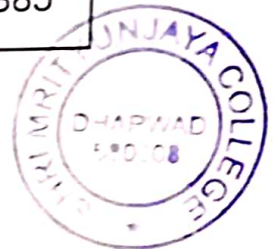
You are required to find out whether the company's dividend payout ratio is optimal using Walter's formula.



6. A company is considering on investment proposal to install new milling controls at a cost of ₹ 50,000. The facility has a life expectancy of 5 years and no salvage value. The tax rate is 35%. Assume the firm uses straight-line method of depreciation and same is allowed for tax purposes. The estimated Cash Flows Before Depreciation and Tax (CFBT) from the investment proposal are as follows.

Year	1	2	3	4	5
CFBT (₹)	10,000	10,692	12,769	13,462	20,385

Compute payback period and accounting rate of return.



SECTION – C

Answer **any three** questions. **Each** question carries **15** marks. (3×15=45)

7. "Financial Management is a managerial decision making on asset mix, capital mix and profit allocation". Explain.
8. Critically examine the assumptions underlying the irrelevance hypothesis of MM regarding dividend distribution.
9. The following figures of Krish Ltd. are presented to you :

Earnings before interest and tax	₹ 23,00,000
Less : Debentures interest @ 8%	₹ 80,000
Long term loan interest @ 11%	<u>₹ 2,20,000</u>
	<u>₹ 3,00,000</u>
	₹ 20,00,000



	₹ 10,00,000
Less : Income Tax	
Earnings after tax	₹ 10,00,000
No. of equity shares of ₹ 10 each	5,00,000
Earnings per share	₹ 2
Market price per share	₹ 20
P/E ratio	10

The company has undistributed reserves and surplus of ₹ 20 lakhs. It is in need of ₹ 30 lakhs to pay off debentures and modernise its plants. It seeks your advise on the following alternative modes of raising finance.

Alternative 1 : Raising entire amount as term loan from banks @ 12%.

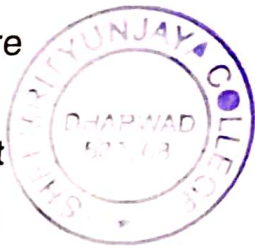
Alternative 2 : Raising part of funds by issue of 100000 shares of ₹ 20 each and rest by term loan at 12%.

The company expects to improve its rate of return by 2% as a result of modernisation, but P/E ratio is likely to go down to 8 if the entire amount is raised as term loan.

- Advise the company on the financial plan.
- If it is assumed that there will be no change in the P/E ratio if either of the two alternatives are adopted, would your advise still hold good ?



10. ABC company is attempting to decide whether or not to invest in a project that requires an initial outlay of ₹ 4,00,000. The cash flows of the project are known to be made up of two parts one of which varies independently over time and other which display perfect positive correlation. The cash flows of the six year life of the project are



Year	Perfectly correlated components		Independent components	
	Mean	Standard Deviation	Mean	Standard Deviation
1	40000	4400	42000	4000
2	50000	4500	50000	4400
3	48000	3000	50000	4800
4	48000	3200	50000	4000
5	55000	4000	52000	4000
6	60000	4000	52000	3600

- a) Find out the expected value of NPV and standard deviation using a discount rate of 10%.
- b) Also find out the probability that project will be successful i.e.  $P(NPV \geq 0)$  and state the assumptions under which this probability can be determined.





11. A newly formed company has applied for a loan to a commercial bank for financing its working capital requirements. You are requested by the bank to prepare an estimate of the requirements of the working capital for the company. Add 10% to your estimated figure to cover unforeseen contingencies. The information about the projected Profit and Loss account of this company is as under.

	₹
Sales	21,00,000
Cost of goods sold	<u>15,30,000</u>
Gross profit	5,70,000
Administrative expenses	₹ 1,40,000
Selling expense	<u>₹ 1,30,000</u> <u>2,70,000</u>
Profit before tax	<u>3,00,000</u>
Provision for tax	<u>1,00,000</u>
Cost of goods is as follows :	
Materials used	8,40,000
Wages and manufacturing expenses	6,25,000
Depreciation	<u>2,35,000</u>
	17,00,000
Less : Stock of finished (10% not yet sold)	1,70,000
	<b>15,30,000</b>



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The figures given above relate only to the goods that have been finished and not to work in progress; goods equal to 15% of the years production (in terms of physical units) are in progress on an average requiring full of materials but only 40% of other expenses. The company believes in keeping two months consumption at materials in stock; desired balance of cash is ₹ 40,000. Average time lag in payment of all expenses is 1 month; suppliers of materials extend 1.5 months credit; sales are 20% cash rest are two months credit; 70% of the income tax has to be paid in advance in quarterly installments.

Estimate the amount of working capital requirements.

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FIRST SEMESTER M.COM. DEGREE EXAMINATION, APRIL/MAY 2022  
(CBCS)

COMMERCE

Paper – 1.3 : Organizational Behaviour

Time : 3 Hours]

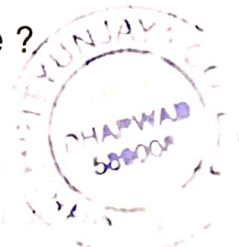
[Max. Marks : 75

SECTION – A

(6×2=12)

1. Answer **any six** sub-questions. **Each** sub-question carries **2** marks.

- a) How you understand the term cognitive component of attitude ?
- b) What is meant by intuition ?
- c) What do you mean by self efficacy ?
- d) Who is a conciliator ?
- e) Give any two physical symptoms of stress.
- f) How you understand the term behavioural component of attitude ?
- g) What do you mean by organizational citizenship behaviour ?
- h) How horns effect is different from halo effect ?
- i) State the meaning of team cohesion.
- j) How an introvert is different from extravert ?



SECTION – B

(3×6=18)

Answer **any three** of the following. **Each** question carries **6** marks.

2. What are the challenges and opportunities for managers in using OB concepts ?
3. What is the difference between perception and decision making ?
4. How do group norms influence an individual behaviour ?

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5. Do you think knowledge of personality similarities or differences can help employees reduce conflict and get along better ? Or does this knowledge have the potential to cause harm ? Explain your answer.
6. What do you mean by bargaining ? Explain different types of bargaining.

SECTION – C

(3×15=45)

Answer **any three** of the following. **Each** question carries **15** marks.

7. Do you think it is possible for the affective, cognitive or behavioral components of job attitudes to conflict with another ? Why or why not ?
8. What are the major science disciplines that contribute to organizational behavior ?
9. Define the term personality. Identify and explain different personality classification you find as per Myers-Briggs Type Indicator (MBTI).
10. Explain different types of teams and discuss their work pattern attain objectives.
11. Define the term creativity and describe the three stage model of creativity.



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FIRST SEMESTER M.COM. DEGREE EXAMINATION, APRIL/MAY 2022  
(CBCS)

COMMERCE

Paper – 1.4 : Strategic Management

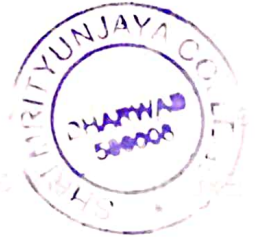
Time : 3 Hours]

[Max. Marks : 75

SECTION – A

Answer **any six** sub-questions. **Each** question carries **2** marks. (6×2=12)

1. a) Define strategic management.
- b) Write characteristics of mission statement.
- c) What do you mean by SWOT analysis ?
- d) State the meaning of Systematic Approach.
- e) What is Strategic Advantage ?
- f) Write importance of Retrenchment Strategy.
- g) What are the five forces that affect the industry structure ?
- h) State the meaning of the term Strategic Budgeting.
- i) Why is strategy evaluation important to organizations ?
- j) Which type of auditing technique can be used in operational control ?



[P.T.O.]

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SECTION – B

Answer **any three** of the following. **Each** question carries **6** marks. **(3×6=18)**

2. How can the concept of GAP analysis help in exercising strategic choice at the business level ?
3. Briefly discuss how corporate governance influence strategy.
4. Briefly explain PEST analysis.
5. What is corporate culture ? Briefly explain impact of Culture on corporate strategies.
6. Write a note on key factor rating.

SECTION – C

Answer **any three** of the following. **Each** question carries **15** marks. **(3×15=45)**

7. Explain nature and scope of strategic management.
8. "Objectives provide the standards for performance appraisal". Discuss.
9. Discuss Value Chain analysis with example.
10. Explain the different types of strategies under Corporate level with examples.
11. Discuss process of Strategic Evaluation.

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FIRST SEMESTER M.COM. (CBCS) DEGREE  
EXAMINATION, APRIL/MAY 2022  
**COMMERCE**

**Paper – 1.5: Security Analysis and Portfolio Management**

Time : 3 Hours]

[Max. Marks : 75

**Instruction :** *Use of simple calculators and present value table is permitted.*

**SECTION – A**

Answer **any six** of the following sub-questions. **Each** sub-question carries **two** marks :

(6×2=12)

1. a) State various classification of equity shares.
- b) What is index ? Why it is computed ?
- c) What is moving average ? Classify moving averages.
- d) Mention the usefulness of head and shoulder and inverted head and shoulder charts.
- e) Why Markowitz model is called 'full variance and covariances model' ?
- f) What is beta ? Can beta be negative ?
- g) Give meaning of alpha.
- h) What is market portfolio ? Is it efficient portfolio ?
- i) State the assumptions of single factor model.
- j) How multi-factor models are useful over single factor model ?



[P.T.O.]



## SECTION – B

Answer **any three** of the following questions. **Each** question carries **six** marks : **(3×6=18)**

2. Discuss various initiatives taken by SEBI to develop stock markets in India.
3. How Single Index Model overcomes the data requirement of MPT model ?
4. Consider an asset with :  
Annual volatility ( $\sigma$ ) of 40%  
Market beta of 1.2  
Suppose that the market volatility of the market is 25%. What percentage of the total variance of the asset is attributable to non-systematic risk ?
5. The risk-free rate of return is 5%. The expected rate of return on the market portfolio is 11%. The expected rate of growth in dividend of X Ltd. is 8%. The last dividend paid was Rs. 2 per share. The beta of X Ltd. equity stock is 1.5.
  - a) What is the present price of the equity stock of X Ltd. ?
  - b) How would the price change when :
    - The inflation premium increases by 3%
    - The expected growth rate decreases by 3%
    - The beta decreases to 1.3 ?
6. Consider the following limit-order book of a specialist. The last trade in the stock occurred at a price of \$ 50.

Limit Buy Orders		Limit Sell Orders	
\$ 49.75	500	\$ 50.25	100
49.50	800	51.50	100
49.25	500	54.75	300
49.00	200	58.25	100
48.50	600		

- a) If a market buy order for 100 shares comes in, at what price will it be filled ?
- b) At what price would the next market buy order be filled ?
- c) If you were the specialist, would you want to increase or decrease your inventory of this stock ?





## SECTION – C

Answer **any three** of the following questions. **Each** question carries

15 marks :

(3×15=45)

7. Discuss the nature and scope of industry analysis and company analysis.
8. Explain the assumptions of Arbitrage Pricing Model. How does it overcome the limitations of CAPM ?
9. Following are risk and return estimates for two stocks :

Stock	Expected return (%)	Beta	Specific SD of expected return (%)
A	14	0.8	35
B	18	1.2	45



The market index has a Standard Deviation (SD) of 25% and risk free rate on treasury bill is 6%. You are required to calculate :

- i) The standard deviation of expected returns on A and B
  - ii) Suppose a portfolio is to be constructed with the proportion of 25%, 40% and 35% in stock A, B and Treasury Bills respectively, what would be the expected return, standard deviation of expected return of the portfolio ?
10. The following are the details of three stocks :

Stock	Market capitalization	Beta	Risk Premium (%)	SD (%)
A	Rs. 4.000 billion	1.05	11.00	38
B	Rs. 1.356 billion	0.27	5.00	36
C	Rs. 1.644 billion	1.79	17.50	57

Market SD = 24%

- i) What is the mean (%) of risk premium of the three stocks ?
- ii) What is the covariance between stock A and the market ?
- iii) Decompose the variance of C into systematic and unsystematic components.



11. Kareena, a portfolio manager at Pataudi Asset Management is using the CAPM for making recommendations to her clients. Her research department has developed the information shown in the following table :

	Forecast Return	Standard Deviation	Beta
Stock – X	14.0%	36%	0.8
Stock – Y	17.0%	25%	1.5
Market Index	14.0%	15%	1.0
Risk-free rate	5.0%		

- Calculate expected return and alpha for each stock.
  - Identify and justify which stock would be more appropriate for an investor who wants to :
    - Add this stock to a well-diversified equity portfolio.
    - Hold this stock as a single-stock portfolio.
-