

Seat No. : _____

MA-125

May-2022

M.B.A., Sem.-X

Financial Derivatives (Finance Specialization)

Time : 2 Hours]

[Max. Marks : 50

- Instructions :**
- (i) All Questions in Section-I carry equal marks.
 - (ii) Attempt any **three** questions in Section-I.
 - (iii) Question 6 in Section-II is compulsory.

Section – I

Attempt any **three** Questions out of 5 Questions.

1. Explain meaning and types of derivatives. Also explain difference between hedging, arbitrage and speculation with reference to derivatives. 14

2. (a) Discuss the advantages and limitations of forward contract. 4
(b) Shares of F Ltd. are currently selling at ₹ 40. A three month futures contract is available on it. Risk free rate is 5% p.a. Design an arbitrage strategy and work out the profit if the futures are currently selling at ₹ 39 or ₹ 43. Assume lot size of 200. 10

3. (a) The current market price of the equity shares of N Ltd. is ₹ 70 per share. It may be either ₹ 90 or ₹ 50 after a year. A call option with strike price of ₹ 66 with one year maturity is available. The rate of interest applicable to the investor is 10%. An investor wants to create a replicating portfolio in order to maintain his pay-off the call option for 100 shares. Find out hedge ratio, amount of borrowing, fair value of the call and his cash flow position after a year. 7
(b) The spot price of share of T Ltd. is ₹ 100 and exercise price of the option is ₹ 90 with a maturity of 3 months. Risk free rate of interest is 6% with continuous compounding. Volatility of return from share is 20%. What will be the price of call option if a dividend of ₹ 5 per share is expected and dividend discount rate is 6% p.a.? 7

4. (a) A Ltd. and B Ltd. have equal requirements of funds of ₹ 500 crore each. They have been offered following rates in the fixed and floating rate markets for debt: **10**

	Fixed rate	Floating rate
A Ltd.	12%	MIBOR + 50 bps
B Ltd.	14%	MIBOR+ 150bps

A Ltd. wants funds at floating rate while B Ltd. wishes to raise funds at fixed rate basis. A foreign bank is willing to act as an intermediary with 20 bps as its remuneration. Depict a swap sharing the gains of swap equally and find out the cost of funds for both the companies. What would be the savings in financing cost to each of the firm ?

- (b) Write a note on commodity derivatives. **4**
5. (a) On 21/1/2015, Mr. C of Chennai sold goods to Mr. W of Washington, USA for an invoice price of \$40,000 when the spot market rate was ₹ 54.20 per US \$. Payment was to be received after 3 months. To mitigate the risk of loss from decline in the exchange rate, Mr. C immediately acquired forward contract to sell US \$ 40,000 @ 53.70. Mr. C closed his books of account on 31st March every year. Exchange rate on 31/3/2015 was ₹ 53.20 per US \$. Assuming that payment has been received on time pass necessary entries in the books of Mr. C to record the above transactions. The exchange rate on the date of receipt was ₹ 52.20 per US \$. **10**
- (b) Give meaning of Caps and Floors and explain their usage. **4**

Section – II

6. Choose the correct options for each of the following. (Any **four**) **8**
1. An option with six months to expiry is to be valued, a dividend is expected at the end of the fourth month, then what will be the value of 't for option premium formulae and for the present value of dividend ?
- (a) 0.50 and 0.333 respectively
 (b) 0.333 and 0.50 respectively
 (c) 0.833 for both
 (d) 0.50 for both

2. If you sell a put options on a share with a strike price of ₹ 245, market price of ₹ 260, and a premium of ₹ 18. What is the maximum loss on expiry of this position ?
- (a) ₹28
 - (b) ₹227
 - (c) ₹309
 - (d) ₹ 242
3. The spot price of share of XYZ is ₹ 700 per share and cost of financing is 15% p.a. with simple compounding. What should be the price of a future contract on this for maturity period of one month ?
- (a) ₹ 708.20
 - (b) ₹ 691.80
 - (c) ₹ 700.00
 - (d) Cannot decide
4. Which of the following is closest to the forward price of a share price if cash price = ₹ 750, forward contract maturity = 6 months from date, market interest rate = 10% ?
- (a) ₹ 837
 - (b) ₹ 787
 - (c) ₹ 712
 - (d) None of the above
5. Theta of an option represents a change in the price of an option with regard to change in which of the following parameters?
- (a) Time
 - (b) Rate of interest
 - (c) Volatility
 - (d) Price of underlying asset
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Seat No. : _____

MA-125

May-2022

M.B.A., Sem.-X

Retail Management

Time : 2 Hours]

[Max. Marks : 50

Section-I

Attempt any **three** questions out of **five**.

1. (A) Write a detailed note on Rural retailing and its challenges. 6
(B) Explain in detail about Retail Life Cycle. 8

2. Food trucks have become very popular in Ahmedabad as it offers multiple cuisines from different vendors/food stalls often in the exciting setup of a truck converted into a food delivery stall. Most of these food parks are in West Ahmedabad, the more developed part of the city. City youth have taken it is so much that they frequent these places in hordes. From a humble beginning, food parks now offer a lot more in terms of entertainment from live music, games, live theatre, lots of open seating spaces and parking spaces and the competition is intense. But a lot of the attraction is the variety of food that one can get in a single place and most of them are also on the outskirts of the city so it makes for a great outing to visit these food parks. The food is prepared in the truck and is served to the customers out in the open area with stools and chairs laid in a chic manner. Many remain open till late in the night.
(A) Help the company in the 'Trade Area Analysis' and 'Site Selection'. 7
(B) Explain the issues related to the design of the Organization structure for such a food retail format. 7

3. Write short notes on any **two**. 14
 - A. Merchandise Budgeting and its steps
 - B. Visual Merchandising and Atmospherics
 - C. Private label with adequate examples

4. Generic drugs have been a great challenge to the marketing of branded drugs by renowned multinational companies. Once the patent expires, other manufacturers duplicate and market their own versions of the drug. Since the manufacture of these generic drugs do not involve a repeat of the extensive clinical trials to prove their safety and efficacy, it costs less to develop them. Generic drugs are, therefore, cheaper. According to the FDA, generic drugs are just as effective as their branded counterparts. Generic name drugs typically cost about 80% to 85% less than branded drugs. **14**

The branded (Generic) medicines are sold at significantly higher prices than their un-branded generic equivalents, though are identical in the therapeutic value. Given the widespread poverty across the country, making available reasonably priced quality generic medicines in the market would benefit everyone. With this objective, the Pharma Advisory Forum in its meeting held on 23rd April, 2008, decided to launch the Jan Aushadhi Campaign - starting with the sale of generic medicines through dedicated sales outlets called Pradhan Mantri Bhartiya Janaushadhi Kendra in various districts of the country. It is proposed that at least one PMBJK will be opened in each of the 630 districts of the country to be extended to sub-divisional levels as well as major towns and village centres. Ensuring availability of quality medicines at affordable prices to all has been the key objective of the Department of Pharmaceuticals, Government of India. Thus, the Department has decided to launch a nation-wide campaign viz. 'Jan Aushadhi' as a direct market intervention strategy.

Write a detailed note on the issues that will be faced in the Store Operations of a generic medical store.

5. In India, Lenskart is the one of the fastest growing eyewear business today which was started in the year 2010 by Peyush Bansal. Lenskart owns a range of eyewear from eyeglasses, sunglasses and contact lenses and is present in more than 1,000 locations. Also, Lenskart provides franchise opportunities for entrepreneurs and those wishing to establish a business in the eyewear industry. **14**

The eyewear industry in India has today turned into one of the fastest growing retail sectors in the country. In 2016, the Indian eyewear market was estimated around ₹ 8,400 crores and is projected to grow to ₹12,600 crores in the coming years. So, taking advantage of the above exponential growth in the eyewear industry, entrepreneurs can start a Lenskart franchise to make use of franchise opportunities.

While franchising seems to be a profitable proposition for profitability, what are the key concerns that have to be considered by the franchisor while opting for a franchise model of business ? How are these concerns different for the franchisees ? Explain.

Section – II

6. Attempt any **eight** questions out of **ten**. Each carries **1** mark.

8

1. Material and Finishes of Store depend upon_____ .
 - (A) Market image
 - (B) Ease of Replacement
 - (C) Cost of store
 - (D) All

2. If a new Product has been launched and is sold at a reduced price to induce customer to purchase, it is kind of_____ markdown.
 - (A) Correctional
 - (B) Operational
 - (C) Promotional
 - (D) All

3. _____are one of the most famous and convenient media in urban areas to communicate to people in catchment area and an effective medium for type of business deals with travelling people.
 - (A) Local cable channels
 - (B) Billboard
 - (C) Mobile phone
 - (D) Magazines

4. Taj Hotel group has done tie up with prominent airlines to provide members of their frequent flyers programmes with a host of special benefits. This is _____ type of loyalty programmes.
 - (A) Partner Programmes
 - (B) Single Operator Multi Partner Programmes
 - (C) True coalition Programmes
 - (D) Affinity Loyalty Programmes

5. Private labelling is a great challenge to _____ brand.
 - (A) Retailer's
 - (B) Manufacturer's
 - (C) End user's
 - (D) Online

6. _____ refers to the design on an environment through visual communication, lights, colour, scent, etc.
- (A) Theme
 - (B) Visual Merchandising
 - (C) Planograms
 - (D) Atmospheric
7. _____ layout has a single main walkway run from the front to the back of the store .
- (A) Straight plan
 - (B) Race track
 - (C) Diagonal
 - (D) Curved
8. _____ policy is framed by DIPP and implemented by RBI.
- (A) FII
 - (B) FDI
 - (C) FID
 - (D) FIG
9. Just Dogs, India's #1 pet retail store is the largest specialty retailer of services and solutions for the lifetime needs of the pets. Their stores offers a broad range of pet food and products as well as pet training, grooming and even boarding services. They are an online provider of pet products and also guide pet parents with the correct information when it comes to taking care of their furry friends. Their business structure is _____.
- (A) Click and Portal Structure
 - (B) Brick and Mortar Structure
 - (C) Brick and Click Structure
 - (D) Virtual store structure
10. The process by which a retailer attempts to offer the right quantity of the right merchandise in the right place at the right time and meet the company's financial goals is known as _____.
- (A) Merchandise management
 - (B) Procurement
 - (C) Distribution
 - (D) Sales

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MA-125

May-2022

M.B.A., Sem.-X

Performance Management

Time : 2 Hours]

[Max. Marks : 50

Section – I

Attempt any **three** questions out of **five** questions.

1. (a) As a Manager at ABC company, elaborate all essential conditions required for successful institutionalization of PMS in organization. 7
(b) Recently the world has gone through pandemic and your company has moved to Electronic Performance Management from manual PMS. Discuss the statement. 7
2. (a) As an HR Manager of an Organization suggest principles and characteristics for setting performance criteria. 7
(b) Explain importances and Objectives of Performance Planning at different levels in an Organization. 7
3. (a) Discuss the Importance of 360 degree appraisal system also explain the advantages and disadvantages for the same. 7
(b) As a supervisor of XYZ company explain the importance and process of Performance Monitoring. 7
4. (a) Lawler and Mc Dermont stated that the establishment of PMS is a major challenge to most organization. As a manager, examine the bottlenecks in the implementation of PMS in the company. 7
(b) Explain Performance Based Reward System. Also elaborate the statement in support and against the Performance Based Reward System. 7

INTRODUCTION

Shirish was surprised to find out when his name was not mentioned in the final draft of the learning material project. He took meticulous effort to complete the draft and was expecting appreciation from the client as well as from the project manager. He was proud that he had authored and submitted his first full-fledged training material. When he received the final version, to his shock, he could find his team leader, Gautam's, name was mentioned in the author's field. He knew that this will have an impact over his performance review for the current quarters. He wanted to discuss this issue with Gautam; but was also worried whether this may lead to conflicting situation. As he had just started his career, confrontations with his team leader may negatively influence his growth. He went back to his workplace with a consolation that it is not always possible to get justice. He understood that human interventions can crisscross the systems in organizations.

ABOUT THE COMPANY

ABC technologies was a start-up business process outsourcing firm in Bangalore, India. Its major sources of business were publishing houses and website designing companies. It does transcribing, editing, proofing, and designing of learning and training materials. There were 70 employees working in the company and were working under nine different teams on various projects. Six team leaders were managing various project teams and reported to two project managers who were also the proprietor of the company.

ABOUT THE JOB

The project involves transcription of spoken as well as written documents into a digital document. In addition to transcription, the documents were edited and proof-read for the client's specification. Later, documents that were comprised of different modules were sent to the clients for the approval. The team member whoever was responsible for the respective work was entitled to mention her/his name as the author of the work. The entitlement helps the client to interact frequently during the final phase of the work. Additionally, entitlement helps in performance review of employees, too. Once client approves, the modules were arranged and organized as a digital publication.

CLAIMING AUTHORSHIP

Shirish who was in Gautam's team was working on a training module for a North American client. Shirish after completing his under graduation in English and joined ABC Info Tech. He was working in the firm for past nine months. Current project was his third one and he knew that on successful completion of sixth project, he may be allotted "work-from-home" projects. He aimed to work from home as he was planning to pursue his higher studies. He believed that he could have save time in travelling and also enjoy convenience of flexi-time while he work from home. He had also conveyed his intention to Gautam. Though, Shirish found Gautam's initial signs of resistance; but finally agreed to his idea. Gautam noticed Shirish as a competent and committed person. He had also appreciated him as fast learner in a previous performance review.

THE ISSUE

Normally, after completion, Shirish needed to get the approval of his work from Gautam. Once Gautam approves, Shirish could mention his name as author of the document and send it to client for their approval. This time, Gautam's approval was delayed than normal time. When enquired, Gautam informed Shirish that he himself had forwarded the document, as document was free from any recognizable errors. On hearing this, Shirish felt puzzled about Gautam's act of forwarding the document direct to the client. Although, it was not a norm; Shirish believed that he would have done it in a right attitude. The report which were sent to the clients, normally returns in two working days. When his report took longer than two days, Shirish contacted Gautam and verified about the status. Gautam told that he had received it and mentioned that he will mail him the document. On receipt of the mail, Shirish was shocked to notice Gautam's name as author; while his name was mentioned as a co-author. He knew that this was not the practice. Shirish felt that all effort that was putforth have gone waste. He had worked over-time, prepared the document and passed it on the right time to Gautam; but he had taken all the credits and recognition. Shirish wanted to escalate the issue to the senior level in the company; he also shared with one of his team mate. His teammate warned him that he will not get any justice except for a few consoling words. He also added that Gautam had been working for past five years and also been treated as close ally to project –managers. Shirish was also suggested that if he press the issue further, his performance review may be affected.

QUESTIONS

1. What kind of leadership style Gautam should have exercised to support Shirish ?
2. Can the incident be related with the ethics ?

Section – II

6. Attempt any **eight** out of **ten** questions. **8**
1. _____ capabilities are those that can be bought or created by competitors, and thus by themselves cannot be a source of competitive advantage
(A) Reproducible (B) Distinctive
(C) Effective Leadership (D) Tacit knowledge
 2. Which of below is filling up of appraisal form by manager for annual assessment in performance management system in an Indian company ?
(A) self evaluating of achievements and assigning selfscore
(B) discussion with employee
(C) not reviewing performance against KRAs
(D) not agreeing on performance achievements of employees
 3. _____ is used to collect critical behaviours for building competency model.
(A) Flexible job competency model method
(B) Customised generic model method
(C) Job competence assessment method
(D) Modified job competence assessment method
 4. Developed by Gary Craig in 1990 _____ is a technique that helps individual to take control of their thoughts.
(A) Emotional freedom technique
(B) Observation
(C) Performance counselling
(D) Training
 5. Which phase of competency development matrix means (after becoming consciously incompetent, individual makes efforts to improve)
(A) Phase 1 unconsciously incompetent
(B) Phase 2 consciously incompetent
(C) Phase 3 unconsciously competent
(D) Phase 4 consciously competent

6. _____ refers to an organization's integrated policies, processes and practices for rewarding its employees in accordance with their contribution, skill and competence, and their market worth.
- (A) Compensation system (B) Employee reward system
(C) Employee reward (D) Financial reward
7. The emotional competence framework required by HR professional is/are ?
- (A) Empathy (B) Demotivation
(C) Unsocial skills (D) Instability
8. What are/is the source of Organizational ethics ?
- (A) Friends (B) Society
(C) Peer group (D) Family
9. Misleading customers about product features or services differentiations is part of unethical behaviour in ?
- (A) Distribution (B) Marketing
(C) Customer care (D) Manufacturing
10. Which of the following is not ethical issue in Performance Management ?
- (A) Managerial Malpractice (B) Moral maze
(C) Value Conflict (D) Proper Feedback
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