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MADANAPALLE INSTITUTE OF TECHNOLOGY & SCIENCE, MADANAPALLE
(UGC-AUTONOMOUS)

MBA I Year II Semester (R14) Supplementary End Semester Examinations – May 2018

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) "Financial Management deals with procurement of funds and their effective utilization in the business". Elaborate. 10M

OR

Q.1(B) Define the terms 'risk free rate' and 'risk-adjusted rate'. Explain the trade-off relationship between risk and return. 10M

Q.2(A) The expected cash flows of an investment project are as follows: 10M

Year	0	1	2	3	4	5
Cash Flows (Rs.)	- 20,000	15,000	10,000	20,000	35,000	15,000

The cost of capital is 12 per cent. Calculate the following:

- (a) Net Present Value.
- (b) Profitability Index.
- (c) Payback Period.
- (d) IRR.

OR

Q.2(B) Discuss the discounted cash flow techniques of capital budgeting. Explain their relative merits and demerits. 10M

Q.3(A) Explain the concept of 'operating leverage', 'financial leverage', and 'combined leverage'. Show the impact of combined financial leverage on the EPS. 10M

OR

Q.3(B) Explain the assumptions of Gordon's Model. State the derivation of Gordon's basic valuation formula. 10M

Q.4(A) New enterprise requires 90,000 units of a certain item annually. It costs Rs.3 per unit. The cost per purchase order is Rs.300 and the inventory carrying cost is 20 per cent per year. 10M

- a. What is the Economic Order Quantity (EOQ), if there is no quantity discount?
- b. What should the firm do if the supplier offers discounts as follows, viz.

Order Quantity	Discount (%)
4000 – 5,999	5
6,000 and above	10

OR

Q.4(B) What factors influence the requirement of working capital of a company? Illustrate with suitable examples. 10M

Q.5(A) What do you mean by a merger and takeover? Explain the important reasons for mergers and takeovers. 10M

OR

Q.5(B) "Good corporate governance creates a transparent set of rules and controls in which shareholders, directors and officers have aligned incentives." Comment. 10M

Q.6

10M

CASE STUDY

From the following information, compute the value of the share using Gordon's Model and comment.

Earnings per share Rs. 5

Cost of capital 15%

Return on investment (a) 20%; (b) 15%; (c) 10%

Other details:

Particulars	I	ii	iii	iv
Dividend Payout Ratio (%)	100	75	50	30
Retention Ratio (%)	-	25	50	70

END

Hall Ticket No:

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Course Code: 14MBA12T10

MADANAPALLE INSTITUTE OF TECHNOLOGY & SCIENCE, MADANAPALLE
(UGC-AUTONOMOUS)

MBA I Year II Semester (R14) Supplementary End Semester Examinations – Dec 2017
Production & Operations 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 product design? Explain its characteristics 10M

OR

Q.1(B) Define POM. Explain its historical development. 10M

Q.2(A) A company has to decide on the location of a new plant. It has narrowed down the choice to 3 locations A, B and C; data in respect of which is furnished bellow: 10M

date	Location (in ₹)		
	a	B	c
Wages And Salaries	20000	20000	20000
Power and Water	20000	30000	25000
Raw Material	80000	75000	60000
Initial Investment	200000	300000	250000
Distribution Expenses	50000	40000	60000
Miscellaneous Expenses	40000	25000	30000
Expected Sales	225000	250000	225000

Use a suitable criterion and advise the company on the best choice.

OR

Q.2(B) What is meant by plant layout? Differentiate product and process layout 10M

Q.3(A) Describe the various elements of an operations planning and scheduling system? Distinguish forward and backward scheduling. 10M

OR

Q.3(B) A project consists of a series of tasks labelled A, B,...., H, I with the following constructions. You are required to construct a network using the bellow data. Also find the minimum time of completion of the project when the time of completion of each task is given as follows. 10M

TASK	A	B	C	D	E	F	G	H	I
TIME (Days)	23	8	20	16	24	18	19	4	10

Q.4(A) Solve the following assignment problem 10M

Typist	P	Q	R	S
A	85	50	30	40
B	90	40	70	45
C	70	60	60	50
D	75	45	35	55

OR

Q.4(B) Define work study? Explain the different basic procedures of method study 10M

Q.5(A) Define Total Quality Management. Explain its principles, characterises and its benefits. 10M

OR

Q.5(B) Define control charts. Discuss the steps in construction of p-chart and c-chart. 10M

Q.6

Case Study

10M

Project Delays

The Assam Gas Cracker Project conceived as part of the Assam Accord signed in 1985 is yet to see the light of the day. It has been plagued by a host of problems starting from location to economic viability. Originally planned at Tengakhat, it was later shifted to a place called Lepetkata. The project is now being implemented by GAIL (a Government of India enterprise) as the lead promoter (70 per cent share) with another public enterprise OIL (20 per cent share) and the Government of Assam as minor partners. GAIL had to be brought in after India's largest private sector enterprise Reliance Industries backed out of the project saying that it was economically unviable. The land acquisition for the project (as of mid 2008) is yet to be completed and there is still a lot of uncertainty regarding the availability of raw materials for production. In the meantime, the project cost has spiraled many times over to INR 50 billion, which is likely to go up further.

- (a) Discuss the importance of Project Management in the light of the above situation.
- (b) As a project manager employed with GAIL, what would be your line of action to see to it that the project is not delayed any further?
- (c) Why do projects suffer from time and cost overruns?

END