

MADANAPALLE INSTITUTE OF TECHNOLOGY & SCIENCE, MADANAPALLE
(UGC-AUTONOMOUS)
MBA I Year II Semester (R14) Supplementary End Semester Examinations – May 2017
(Regulations: R14)
FINANCIAL MANEGEMENT

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 'financial management'. Briefly explain the four functions / decisions of financial management. 10M

OR

Q.1(B) Define agency problem. How does wealth maximization goal take care of this conflict? 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.)	- 50,000	10,000	15,000	20,000	25,000	15,000 0

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

- (a) Net Present Value.
- (b) Benefit-Cost Ratio.
- (c) Internal Rate of Return.
- (d) Payback Period.
- (e) Discounted Payback period.

OR

Q.2(B) Define weighted average cost of capital. How is it calculated? Should you use book value or market value based weights? Why? 10M

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

OR

Q.3(B) The following information is available in respect of Beta Ltd., 10M

Equity capitalization rate (k_e) = 10 per cent

Earnings per share (E) = Rs.10

Assumed rate of return on investment (r) = (a) 15%, (b) 10% and (c) 8% respectively.

Show the effect of dividend policy on the market price of shares, using Walter's Model.

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 (%)
4,500 – 5,999	2
6,000 and above	3

OR

Q.4(B) What are the assumptions of Baumol's Model? How is optimum cash balance determined under this model? 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) What is the significance of share exchange ratio, P/E ratio and earnings per share (EPS) in merger negotiations? 10M

Q.6

10M

CASE STUDY

ABC Ltd is presently operating at 60 per cent level, producing 36,000 packets of snack foods and proposes to increase its capacity utilization in the coming year by 33.33 per cent over the existing level of production. The following data has been supplied:

Unit Cost Structure of the Product at Current Level

Raw materials	Rs.40
Wages (variable)	Rs.20
Overheads (variable)	Rs.20
Fixed Overheads	Rs.10
Profit	Rs.30
Selling Price	Rs.120

- Raw materials will remain in stores for 1 month before being issued for production. Material will remain in process for further 1 month. Suppliers grant 3 months credit to the company.
- Finished goods remain in godown for 1 month.
- Debtors are allowed credit for 2 months.
- Average time-lag in wages and overhead payments is 1 month and these expenses accrue evenly throughout the production cycle.

Prepare a statement showing working capital requirement at the new level, assuming that a minimum cash balance of Rs 19,500 has to be maintained.

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Hall Ticket No:

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Course Code: 14MBA12T10

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PRODUCTION & OPERATIONS MANAGEMENT

Time: 3Hrs

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Attempt all the questions. All parts of the question must be answered in one place only.
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Q.1(A) Define POM? Explain its scope, objectives and its present scenario. 10M

OR

Q.1(B) Explain the importance of Break Even Analysis. From the following data calculate BEP Units and in Rupees, and P/V ratio of the firm. 10M

A firm has a fixed cost of ₹ 50000;
Selling Price per unit is ₹ 10 and
Variable cost per unit is ₹ 5

Q.2(A) Define the term Plant layout. Differentiate Product Vs. Process Layout. 10M

OR

Q.2(B) i. Define the term Aggregate Planning and state its objectives. 5M

ii. A steel plant has a design capacity of 5000 tons of steel per day, effective capacity of 40000 tons of steel per day and an actual output of 36000 tons of steel per day. Compute the efficiency of the plant and its utilization. 5M

Q.3(A) What is LINE OF Balance? Explain the LOB Techniques with an illustration. 10M

OR

Q.3(B) Determine the optimum project duration and cost for the following data. 10M

Activity		1-2	1-3	2-4	3-4	C	4-5
Normal	Time	3	3	3	4	3	4
	Cost (in ₹)	100	150	50	100	100	80
Crash	Time	2	2	1	3	2	2
	Cost (in ₹)	200	200	150	200	150	120

Indirect Cost is = ₹ 100 / Day

Q.4(A) There are five jobs each of which must go through the two machines A and B in the order AB. Processing times are given below 10M

JOB	1	2	3	4	5
Machine A	5	1	9	3	10
Machine B	2	6	7	8	4

Determine a sequence for five jobs that will minimize the total time elapsed.

OR

Q.4(B)	Describe the method of processing 'n' jobs through one and two machines	10M
Q.5(A)	Define SQC. Explain its role related to measure the quality standards in any organisation.	10M

OR

Q.5(B)	What is the significance of control charts with reference to quality control? Explain	10M
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Q.6	Case Study	10M
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JIT in Action

A new phenomenon called 'Apparel on Demand' is slowly making its presence felt. It is an extension of JIT linking retailers and manufacturers for a just-in-time responsiveness. NaaR Clothing Inc., promoted by a young management graduate has recently ventured into the business of making reasonably priced custom jeans for women. It has partnered with many stores selling women garments. In the stores, women are electronically measured and information like colour, fabric, style, etc., is recorded. The information reaches the NaaR manufacturing facility at Ahmedabad almost immediately through a state-of-the-art information system. NaaR guarantees delivery of the custom jeans within 10 days. With the growing acceptance of jeans among the women in India, especially in the urban areas, the market for women's jeans is growing at a fast pace. NaaR with its unique business model hopes to garner a significant share of this market. The promoter of NaaR along with her top executives is confident that their concept of JIT jeans would work.

- (a) Do you think NaaR's strategy would work? Why or why not? What is the importance of retailers in its business strategy?
- (b) Will customers wait for 10 days to have the jeans delivered? What can NaaR do to compete on customer service if delivery takes this much time?
- (c) Comment on the necessity of a robust supply chain in the context of NaaR Clothing Inc

END

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HUMAN RESOURCE MANAGEMENT

Time: 3Hrs

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Q.1(A) Discuss the concept of “Human resource management” and explain the role of H.R.M in present Global scenario? 10M

OR

Q.1(B) Discuss in detail about the growth and development of Human Resource Management. 10M

Q.2(A) Distinguish between recruitment and selection. Discuss the different sources of recruitment. 10M

OR

Q.2(B) Distinguish between (a) Lay off and retrenchment (b) Dismissal and suspension (5x2) 10M

Q.3(A) What is induction and what are its purposes? Explain important features of a good employee induction program. 10M

OR

Q.3(B) Explain different methods of performance appraisal? 10M

Q.4(A) Define employee compensation? Explain the various components of an employee compensation package. 10M

OR

Q.4(B) Distinguish between salary and wage. Explain the components of employee salary. 10M

Q.5(A) What is HR Audit? Explain the scope of HR Audit. 10M

OR

Q.5(B) Distinguish between Merger and Acquisition and discuss the HR issues in Mergers and Acquisitions. 10M

Q.6

Case Study

Mr Ram Lal's good performance at the university has attracted other employers and he has been offered a job with 25 percent increase in emoluments. ILL does not wish to let Ram Lal leave the organization particularly because he was associated with an activity so very important for the organization. But this would displease other executives of ILL who insist that any up graduation in status and salary be on performance and seniority only.

Some executives suggest that ILL be required to sign a bond to serve the organization for 5 years if they avail of the HRD scheme. They also suggest that the scheme be available to executives of all disciplines for all recognized professional

10M

courses even at the graduate level (for undergraduate employees).

Questions:

- a) Should Mr. Ram Lal be given a raise in status to enable him to stay in the organization?
- b) Should ILL insist on execution of a 5-year bond by the employees who avail the benefits under HRD scheme?

*****END*****