MBAC 2001/MBLC 1003

M.B.A. DEGREE EXAMINATION,

First Year — Second Semester

General

FINANCIAL MANAGEMENT

Time : Three hours Maximum : 100 marks

SECTION A — (5 × 6 = 30 marks)

Answer any FIVE questions.

1. What is cost of capital? Explain the significance of Cost of Capital.

2. Distinguish between Net Present Value (NPV) and Internal Rate Return (IRR) of method in capital budgeting.

3. A company has sales of Rs. 1 lakh. The variable costs are 40% of the sales while the fixed operating costs amount to Rs. 30,000. The amount of interest on long-term debt is Rs. 10,000.

You are required to calculate the composite leverage and illustrate its impact if sales increase by 5%.
4. Write short notes on Walters approach to Dividend policy.

5. What are the factors influencing working capital requirement in an Organisation?

6. Explain the types of Leverage. State their significance.

7. From the following information, extracted from the books of a manufacturing company, compute the operating cycle in days and the amount of working capital required:

   Period covered
   Average period of credit allowed by suppliers
   (Rs. in '000)

<table>
<thead>
<tr>
<th>Description</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Average Total of Debtors Outstanding</td>
<td>480</td>
</tr>
<tr>
<td>Raw Material Consumption cost</td>
<td>4,400</td>
</tr>
<tr>
<td>Total production Cost</td>
<td>10,000</td>
</tr>
<tr>
<td>Total cost of sales</td>
<td>10,500</td>
</tr>
<tr>
<td>Sales for the year</td>
<td>16,000</td>
</tr>
</tbody>
</table>

Value of Average stock maintained:

- Raw Material: 320
- Work-in-progress: 350
- Finished goods: 260
(f) No increase either in cost of inputs or selling price is envisaged.

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

SECTION C — (1 x 20 = 20 marks)

(Compulsory)

17. A firm can make investment in either of the following two projects. The firm anticipates its cost of capital to be 10% and the net (after tax) cash flows of the projects for five years are as follows:

Figures in Rs. ’000

<table>
<thead>
<tr>
<th>Year</th>
<th>0</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
</tr>
</thead>
<tbody>
<tr>
<td>Project-A (500)</td>
<td>85</td>
<td>200</td>
<td>240</td>
<td>220</td>
<td>70</td>
<td></td>
</tr>
<tr>
<td>Project-B (500)</td>
<td>480</td>
<td>100</td>
<td>70</td>
<td>30</td>
<td>20</td>
<td></td>
</tr>
</tbody>
</table>

The discount factors are as under:

<table>
<thead>
<tr>
<th>Year</th>
<th>0</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
</tr>
</thead>
<tbody>
<tr>
<td>PVF (10%)</td>
<td>1</td>
<td>0.91</td>
<td>0.83</td>
<td>0.75</td>
<td>0.68</td>
<td>0.62</td>
</tr>
<tr>
<td>PVF (20%)</td>
<td>1</td>
<td>0.83</td>
<td>0.69</td>
<td>0.58</td>
<td>0.48</td>
<td>0.41</td>
</tr>
</tbody>
</table>

Required
(a) Calculate the NPV and IRR of the project.
(b) State with reasons which project you would recommend.
(c) Explain the inconsistency in ranking of two projects.

8. Each of the following projects requires a cash outlay of Rs.10,000. You are required to suggest which project should be accepted if the standard payback period is 5 years.

<table>
<thead>
<tr>
<th>Year</th>
<th>Cash Inflows</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Project X</td>
</tr>
<tr>
<td></td>
<td>(in Rs.)</td>
</tr>
<tr>
<td>1</td>
<td>2,500</td>
</tr>
<tr>
<td>2</td>
<td>2,500</td>
</tr>
<tr>
<td>3</td>
<td>2,500</td>
</tr>
<tr>
<td>4</td>
<td>2,500</td>
</tr>
<tr>
<td>5</td>
<td>2,500</td>
</tr>
</tbody>
</table>

SECTION B — (5 x 10 = 50 marks)

Answer any FIVE questions.

9. What is optimum capital structure? Explain the different types of Capital Structure theories.

10. "Wealth maximisation is redefined as value maximization" — comment.

11. What is Capital Budgeting? Why is it necessary? What are its essential features?

12. Explain the different forms of dividend.
13. Following are the details regarding three companies:

<table>
<thead>
<tr>
<th></th>
<th>A Ltd.</th>
<th>B Ltd.</th>
<th>C Ltd</th>
</tr>
</thead>
<tbody>
<tr>
<td>r (%)</td>
<td>15%</td>
<td>10%</td>
<td>8%</td>
</tr>
<tr>
<td>k (%)</td>
<td>10%</td>
<td>10%</td>
<td>10%</td>
</tr>
<tr>
<td>E (Rs.)</td>
<td>10</td>
<td>10</td>
<td>10</td>
</tr>
</tbody>
</table>

You are required to calculate the effect of dividend payment on the profits of each of the above companies under the following different situations:
(a) When no dividend is paid;
(b) When dividend is paid at Rs. 4 per share;
(c) When dividend is paid at Rs. 8 per share;
(d) When dividend is paid at Rs. 10 per share.

14. Calculate the degree of Operating Leverage, Degree of Financial leverage and the Degree of Combined Leverage for the following firms and interpret the results:

<table>
<thead>
<tr>
<th></th>
<th>P</th>
<th>Q</th>
<th>R</th>
</tr>
</thead>
<tbody>
<tr>
<td>Outputs (Units)</td>
<td>3,00,000</td>
<td>75,000</td>
<td>50,000</td>
</tr>
<tr>
<td>Fixed costs (Rs.)</td>
<td>3,50,000</td>
<td>7,00,000</td>
<td>75,000</td>
</tr>
<tr>
<td>Unit Variable cost (Rs.)</td>
<td>1.00</td>
<td>7.50</td>
<td>0.10</td>
</tr>
<tr>
<td>Interest Expenses (Rs.)</td>
<td>25,000</td>
<td>40,000</td>
<td>Nil</td>
</tr>
<tr>
<td>Selling price (Rs.)</td>
<td>3.00</td>
<td>25.00</td>
<td>0.50</td>
</tr>
</tbody>
</table>

15. What are the different sources of Working Capital requirement of an Organization?

16. Food Ltd. is presently operating at 60% level producing 36,000 packets of snack food and proposes to increase capacity utilization in the coming year by $33\frac{1}{3}\%$ over the existing level of production.

The following data has been supplied:
(a) Unit cost structure of the product at current level:

<table>
<thead>
<tr>
<th></th>
<th>Rs.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Raw material</td>
<td>4</td>
</tr>
<tr>
<td>Wages (Variable)</td>
<td>2</td>
</tr>
<tr>
<td>Overheads (Variable)</td>
<td>2</td>
</tr>
<tr>
<td>Fixed Overheads</td>
<td>1</td>
</tr>
<tr>
<td>Profit</td>
<td>3</td>
</tr>
<tr>
<td>Selling price</td>
<td>12</td>
</tr>
</tbody>
</table>

(b) 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 36 months credit to the company.

(c) Finished goods remain in the godown for 1 month.

(d) Debtors are allowed credit for 2 months.

(e) Lag in wages and overhead payments is 1 month and these expenses accrue evenly throughout the production cycle.
MBAC 2002/MBLC 1006

M.B.A. DEGREE EXAMINATION,

Second Semester

General

MARKETING MANAGEMENT

Time: Three hours  Maximum: 100 marks

SECTION A — (5 × 6 = 30 marks)

Answer any FIVE questions.

1. Explain the four environmental variables of marketing.

2. What is marketing mix? Explain in short the 4 P's of marketing mix.

3. List out the various sources of new product idea.

4. Explain briefly the concept of price adjustment strategy.

5. List out the various pricing methods.

6. Explain in short the terms: Channel conflict, Channel co-operation and Channel Competition.
7. Explain in brief the factors to be considered while making a promotion decision.

8. How can the advertisement effectiveness be measured?

SECTION B — (5 × 10 = 50 marks)

Answer any FIVE questions.

9. Explain the various methods by which Market can be segmented.

10. Explain what product life cycle (PLC) is and the various stages in PLC.

11. Explain in detail the various steps in Product Development.

12. Explain in detail the various pricing methods with their specific objectives.

13. What is product positioning? How it can be done effectively?

14. Explain in detail the functions performed by Distribution Channels.

15. Explain the role of Media in Advertising.

16. Describe the various techniques of Sales promotion with live example.

SECTON C — (1 × 20 = 20 marks)

Compulsory

17. Cadbury’s had found that their sales had a decreasing trend for the past 5 months and they have come to a conclusion that a sales promotion campaign has to be arranged to ensure that the sales gets increased.

(a) How can the company go about organizing the sales promotion campaign?

(b) How can the company go about promoting the sales promotion campaign?
Questions:
(a) How should this problem be handled?
(b) Is there any need to revise its job evaluation programme?
(c) How should management deal with the reactions of other workers if it decides to increase for day wages but not other wages?

MBAC 2003/MBLC 1004

Fourth Semester
General

Paper VIII — HUMAN RESOURCE MANAGEMENT

Time: Three hours Maximum: 100 marks

PART A — (5 × 6 = 30 marks)
Answer any FIVE questions.


2. What are the functions of Human Resource Information System?

3. What is meant by delegation? Explain the principles of Delegation.

4. What are factors contribute to morale? Explain the indices of low morale.

5. What is meant by Collective bargaining? State the importance of collective bargaining.
6. What do you mean by outsourcing? State the basic services offered by HR outsourcing firms.

7. What are the importance of labour productivity?

8. Define Recruitment. Explain the factors affecting recruitment policy of a company.

   PART B — (5 × 10 = 50 marks)

   Answer any FIVE questions.

9. Describe the functions of HRM.

10. Discuss the various methods of performance appraisal.

11. Describe the different types of training methods. Highlight the purposes of training in an organization.

12. Discuss the objectives and procedure of job evaluation.

13. Discuss the characteristics and functions of Trade union Movement in India.

14. Explain in detail the process of selection with significance of each process.

15. Explain the different forms of Workers' Participation in India.

16. What is work stress management? What are its various types? Explain the different sources of stress.

   PART C — (1 × 20 = 20 marks)

   (Compulsory)

17. The foundry has always been regarded as one of the worst places to work in Bhim Steel Manufacturing Co. The work in foundry was hot, dirty, and heavy. Brawn rather than brain is considered the chief requirement to get the job done. Yet according to the job evaluation plan “physical ability” and “working conditions” are weighted relatively lower than “responsibility”, “training” and “skill”. As a consequence, most of the foundry jobs are rated at the bottom of the wage scale. In recent years it has been increasingly difficult to get men for working in the foundry. Management has had to take men who could not get jobs elsewhere—thus further lowering the already low social status of the foundry in the eyes of other men in the plant. The whole matter has now reached a crisis. There are now sixteen vacancies in the foundry and it is impossible to hire new men at the evaluated rate.
MBAC 2004

M.B.A. DEGREE EXAMINATION,

Second Semester

General

OPERATIONS RESEARCH AND MANAGEMENT /
OPERATION MANAGEMENT

Time : Three hours       Maximum : 100 marks

PART A — (5 x 6 = 30 marks)

Answer any FIVE questions.

1. Define Plant Layout. Explain the Principles of a good plant layout.

2. Describe the procedure for production planning.


4. Use the Simplex method to solve the following LPP problem.

Maximize \( z = X_1 + 2X_2 \)

Subject to :

\[
-X_1 + 2X_2 \leq 8,
X_1 + 2X_2 \leq 12,
X_1 - X_2 \leq 3;
X_1 \geq 0 \text{ and } X_2 \geq 0
\]
5. Solve the following transportation problem using north-west corner method:

<table>
<thead>
<tr>
<th></th>
<th>A1</th>
<th>A2</th>
<th>A3</th>
<th>A4</th>
<th>Supply</th>
</tr>
</thead>
<tbody>
<tr>
<td>F1</td>
<td>19</td>
<td>30</td>
<td>50</td>
<td>10</td>
<td>7</td>
</tr>
<tr>
<td>F2</td>
<td>70</td>
<td>30</td>
<td>40</td>
<td>60</td>
<td>9</td>
</tr>
<tr>
<td>F3</td>
<td>40</td>
<td>8</td>
<td>70</td>
<td>20</td>
<td>18</td>
</tr>
<tr>
<td>Demand</td>
<td>5</td>
<td>8</td>
<td>7</td>
<td>14</td>
<td>34</td>
</tr>
</tbody>
</table>

6. Four jobs are to be done on four different machines. Assign the jobs so as to maximize the total profit:

<table>
<thead>
<tr>
<th></th>
<th>M1</th>
<th>M2</th>
<th>M3</th>
<th>M4</th>
</tr>
</thead>
<tbody>
<tr>
<td>J1</td>
<td>15</td>
<td>11</td>
<td>13</td>
<td>15</td>
</tr>
<tr>
<td>J2</td>
<td>17</td>
<td>12</td>
<td>12</td>
<td>13</td>
</tr>
<tr>
<td>J3</td>
<td>14</td>
<td>15</td>
<td>10</td>
<td>14</td>
</tr>
<tr>
<td>J4</td>
<td>16</td>
<td>13</td>
<td>11</td>
<td>17</td>
</tr>
</tbody>
</table>

7. Draw the network diagram and determine the critical path for the following project:

<table>
<thead>
<tr>
<th>Activity</th>
<th>Time estimate (Weeks)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1-2</td>
<td>5</td>
</tr>
<tr>
<td>1-3</td>
<td>6</td>
</tr>
<tr>
<td>1-4</td>
<td>3</td>
</tr>
<tr>
<td>2-5</td>
<td>5</td>
</tr>
<tr>
<td>3-6</td>
<td>7</td>
</tr>
</tbody>
</table>

| 2 | MBAC 2004 |
(a) What is the probability that the cashier is idle?
(b) What is the average number of customer in the queuing system?
(c) What is the average time a customer spends in the system?
(d) What is the average time a customer in the queue?

<table>
<thead>
<tr>
<th>Activity</th>
<th>Time estimate (Weeks)</th>
</tr>
</thead>
<tbody>
<tr>
<td>3-7</td>
<td>10</td>
</tr>
<tr>
<td>4-7</td>
<td>4</td>
</tr>
<tr>
<td>5-8</td>
<td>2</td>
</tr>
<tr>
<td>6-8</td>
<td>5</td>
</tr>
<tr>
<td>7-9</td>
<td>6</td>
</tr>
<tr>
<td>8-9</td>
<td>4</td>
</tr>
</tbody>
</table>

8. The arrivals and services in a service center follow Poisson distribution. The arrival rate of the customer is 8 per hour, The service rate is 10 customers per hour. Find out the following:

(a) The average number of the customer waiting for service.
(b) The average time a customer has to wait in the queue.
(c) The average time a customer has to be in the system.

PART B — (5 x 10 = 50 marks)
Answer any FIVE questions.

9. What are the types of layout?

10. Explain the factors considered in selecting plant location.
11. Enumerate the stages of operation research,

12. Use the graphical method to solve the following LPP problem:

Maximize $z = 15X_1 + 10X_2$

Subject to constraints

$4X_1 + 6X_2 \leq 360$

$3X_1 + 0X_2 \leq 180$

$0X_1 + 5X_2 \leq 200$

$X_1, X_2 \geq 0.$

13. Discuss the terms associated with Inventory Management.

14. Preethi Computers purchases 22,000 silicon chips every year and each unit cost Rs. 22/-. as they are Purchasing in bulk quantity such a low price is possible. Cost of each order is Rs. 350/-. Its inventory carrying cost is 18% of average inventory, What should be EOQ. What is the optimum number of day's supply for optimum order? What is the annual cost on Inventory including cost of the material?

15. Find out the time, variance and standard deviation of the project with the following time estimates in week:

<table>
<thead>
<tr>
<th>Activity</th>
<th>Optimistic time estimate (to)</th>
<th>Most likely time estimate (tm)</th>
<th>Pessimistic time estimate (tp)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1-2</td>
<td>3</td>
<td>6</td>
<td>9</td>
</tr>
<tr>
<td>1-6</td>
<td>2</td>
<td>5</td>
<td>8</td>
</tr>
<tr>
<td>2-3</td>
<td>6</td>
<td>12</td>
<td>18</td>
</tr>
<tr>
<td>2-4</td>
<td>4</td>
<td>5</td>
<td>6</td>
</tr>
<tr>
<td>3-5</td>
<td>8</td>
<td>11</td>
<td>14</td>
</tr>
<tr>
<td>4-5</td>
<td>3</td>
<td>7</td>
<td>11</td>
</tr>
<tr>
<td>6-7</td>
<td>3</td>
<td>9</td>
<td>15</td>
</tr>
<tr>
<td>5-8</td>
<td>2</td>
<td>4</td>
<td>6</td>
</tr>
<tr>
<td>7-8</td>
<td>8</td>
<td>16</td>
<td>18</td>
</tr>
</tbody>
</table>

16. State the managerial applications of the theory of games.

PART C — (1 x 20 = 20 marks)

Compulsory

17. A departmental store has single cashier. During the rush hours, customers arrive at a rate of 20 customers per hour. The average number of customers that can be handled by the cashier is 24 per hour. Assume the conditions for use of the single – channel queuing model Apply.
specification could be delivered in as little as 15 days. Such a quick delivery schedule would not be possible for a large, integrated steel manufacturer. In this manner, analogous to small gunboats that could effectively torpedo a large, slow-moving ship, Lloyds carved out a niche in the highly competitive steel market.

Question:
Comment on the nature of the business of Lloyds. What are the conditions in which such a strategy would succeed? Could fail?

**MBAC 2005/MBLF 3001**

**M.B.A. DEGREE EXAMINATION,**
**DECEMBER 2016/JANUARY 2017.**

**General/Finance**

**STRATEGIC MANAGEMENT**

**Time:** Three hours  
**Maximum:** 100 marks

**SECTION A — (5 x 6 = 30 marks)**

Answer any FIVE questions.

1. State the various levels of strategy.
2. Distinguish between mission, purpose and goals.
3. List out the advantages of diagnosis.
4. Write a note on SWOT analysis.
5. State the need for modernization.
6. Write a short note on:
   (a) Bench marking
   (b) Value chain analysis.
7. What are the need for R and D strategic plan?
8. State the importance of strategic control.
SECTION B — (5 × 10 = 50 marks)

Answer any FIVE questions.

9. Explain the various approaches to strategic decision making.

10. What are the components of environmental analysis?

11. List out the factors affecting strategic choice.

12. Explain the personnel strategic plans and polices of an organization.

13. What are the issues in strategy implementation?

14. Explain the various techniques of strategic implementation.

15. Bring out the strategies of liquidation.

16. Explain various methods of strategic appraisals.

SECTION C — (1 × 20 = 20 marks)

(Compulsory)

17. Case Study:

In a market dominated by behemoths like SAIL and TISCO, finding a niche is of crucial importance for a small player. What could a Lloyds do with a meager annual capacity of making six lakh tones of HR coils while SAIL sold over 1,600 lakh tones in the same time? Should Lloyds follow the market leader or adopt its own unique approach to its business strategy? It is in the context of such questions that Lloyds' attention came to rest on the manufacturing process.

Almost all steel producers adopt the blast furnace technology. In this, the process starts with a clear differentiation among the ultimate products to be manufactured. So, manufacturing batch size has to be large enough to take up customized orders. The raw material, iron ore, has to pass through several complex stages of manufacturing.

Lloyds looked for an alternative technology that could suit its requirements. The solution lay in the electric Arc Furnace technology where the unique feature was that initial manufacturing stages need not differentiate among different products. Such a different ion came at a much later stage. It translated into a business proposition, what it meant was that Lloyds could operate with much smaller batch size of, say, 100 tones and deliver quickly. For instance, a 1,000 tones small order of specialized product custom-made to buyer's