

MALLA REDDY ENGINEERING COLLEGE (AUTONOMOUS)(Affiliated to JAWAHARLAL NEHRU TECHNOLOGICAL UNIVERSITY HYDERABAD)
Gundlapochampally (H), Maisammaguda (V), Medchal (M), Medchal-Malkajgiri (Dist), Hyderabad**MBA II SEMESTER SUPPLEMENTARY EXAMINATIONS, JUNE-2018**Subject: Financial Management

Time: 3 hours

Max. Marks: 60

PART – A

Answer ALL questions of the following

5x4Marks=20 Marks

1. List and explain the reasons for decrease in the value of money over a period of time.
2. “Capital budgeting decisions influence the long-term business prospects of an organisation.” Discuss.
3. It is now January 1, 2002. You plan to make 5 deposits of Rs. 10,000 each, one every 6 months, with the first payment being made today. If the bank pays a nominal interest rate of 12 per cent, but uses semiannual compounding, how much will be in your account after 10 years?
4. What are relevance theories in Dividend Policy? Evaluate their assumptions.
5. “If you do fail to manage your debtors, they will begin to manage your business.” Explain.

PART-B

Answer any FIVE Questions of the following

5x8 Marks= 40Marks

1. Discuss the various steps involved in arriving at Cash Flows After Tax (CFAT).
2. M/s. Albert & Co. has the following capital structure as on 31st March, 2010.

10% Debentures	300,000
9% preference shares	200,000
Equity (5000 shares of Rs. 100 each)	<u>500,000</u>
	<u>10,00,000</u>

The equity shares of the company are quoted at Rs. 102 and the company is expected to declare a dividend of Rs. 9 per share for 2010. Assuming the tax rate applicable to the company at 50%, calculate the weighted average cost of capital. State your assumptions, if any.

3. Bestbuy Auto Ltd. has outstanding 120,000 shares selling at Rs. 20 per share. The company hopes to make a net income of Rs. 350,000 during the year ended 31st March, 2009. The company is considering a pay of a dividend of Rs. 2 per share at the end of current year. The capitalization rate for risk class of this company has been estimated to be 15%. Assuming no taxes, answer the questions listed below on the basis of MM Model – Dividend Valuation Model:

What will be the price of share at the end of 31st March, 2008

- a. If the dividend is paid, and
- b. If the dividend is not paid.

4. Mangal Dass Enterprises is in the business of manufacture and export of garments. Currently in its capital structure it has a debt of Rs 15 crores with cost of 10%. The cost of equity is reckoned at 15%. It has earnings level of Rs 3.75 crores and does not pay any taxes being tax-exempt unit.

The Managing Director of the firm believes that the level of debt is too high and would like to repay the debt by issuing additional shares to the extent of Rs 5 crore. According to him reduced level of leverage would reduce the cost of capital because of two reasons - cost of debt falling from existing 10% to 9%, and cost of equity falling from 15% to 14%.

Evaluate the option of the Managing Director to replace debt with equity. Also find the WACC and value of the firm in both the situations.

5. The following are the extracts from the balance sheet of a company as on 31-03-2009. Compute the additional working capital required by the company for the year ending 31-3-2010.

Balance Sheet Extracts as on 31-3-2009		Rs.
Fixed Assets		
Land & Buildings	500,000	
Plant & Machinery	<u>300,000</u>	800,000
Current Assets		
Stock	800,000	
Debtors	300,000	
Cash and bank	<u>200,000</u>	
	<u>1,300,000</u>	
Less: Current Liabilities		
Creditors	340,000	
Taxation	80,000	
Bank overdraft	140,000	
Bills payable	<u>160,000</u>	
	<u>720,000</u>	580,000
Working Capital		<u>1,380,000</u>

Additional information:

- It is estimated that the sales will increase by 25% next year
- Maximum amount of overdraft that can be availed will be only Rs. 160,000
- There will be no increase in the liability, due to increase in exports
- Period of credit allowed to customers and stock turnover will remain unaltered
- Period of credit allowed by creditors and that for bills payable will remain the same
- There will be no increase in total amount of cash and bank balances.

6. a. What is Weighted Average Cost of Capital? How does it influence investment decisions?
 b. ASP Limited has issued 200000 debentures carrying an interest of 11% p.a. for a period of 10 years. The cost of flotation for the issue amounted to 50000 and the firm promised to redeem the debentures at 2% premium. Find the cost of debt assuming a tax rate of 38%. What would be impact if the firm is to issue the debentures at a discount of 3%, considering all other items unchanged?
7. a. Under which type of market condition(s) does the management of a company opt for payment of higher dividends?
 b. Considering the following information, what is the price of the share as per Gordon's Model? Net sales ` 120 lakhs; Net profit margin 12.5%; Outstanding preference shares ` 50 lakhs @ 12% dividend; No. of equity shares 250000; Cost of equity shares 12%; Retention ratio 40%; ROI 16%.

8. Answer any **ONE of the following questions:**

- a. A company is engaged in evaluating an investment project which requires an initial cash outlay of ` 250,000 on equipment. The project's economic life is 10 years and its salvage value ` 30,000. It would require current assets of ` 50,000. An additional investment of ` 60,000 would also be necessary at the end of five years to restore the efficiency of the equipment. This would be written off completely over the last five years. The project is expected to yield annual (before tax) cash inflow of ` 100,000. The company follows diminishing value method of depreciation @12% p.a. Income-tax rate is assumed to be 40%. Should the project be accepted if the minimum required rate of return is 20%?
- b. Ship Logistics, a company dealing in chartering has the following capital structure:

Source	Amount INR
Equity (Rs. 10 per share)	20,00,000
12% Redeemable Debentures	8,00,000
14% Redeemable Preference Shares	5,00,000
13% Secured Bank Loan	4,00,000
Reserves & Surplus	3,00,000

The firm paid a dividend of Rs. 6 per share in the previous year. The dividend of the firm is increasing at a steady rate of 5% every year. The current market price of the shares is Rs. 28/ per share. The debentures were issued for 6 years and at a discount of 3% with the firm incurring 1% flotation costs while issuing debentures. The debentures are to be redeemed at a discount of 2%. The preference shares are redeemable at the end of 5 years at par. They were issued at a premium of 2% with 1% flotation cost. The Bank Loan is to be repaid in 5 years.

Calculate the WACC assuming the tax rate to be constant at 40%. Assume the values given in the table good for the calculation.

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MBA II SEMESTER SUPPLEMENTARY EXAMINATIONS, JUNE-2018

Subject: **Business Environment**

Time: 3 hours

Max. Marks: 60

PART – A

Answer ALL questions of the following

5x4Marks=20 Marks

1. 'Industrial Policies stimulate industrialization'. Comment.
2. What measures government takes to control inflation in a country?
3. Write functions of RBI.
4. Explain objectives of WTO.
5. What role FEMA plays in regulating and managing foreign exchange in India?

PART-B

Answer any FIVE Questions of the following

5x8 Marks= 40Marks

1. Write objectives and critically evaluate Industrial Policy, 1991.
2. What is a Monetary Policy and how it promotes industrial growth and development?
3. What is capital market? What are the factors influence fluctuations in capital market?
4. Explain main objectives of India's new Trade Policy.
5. Critically evaluate new EXIM policy of India.
6. Write short notes on
 - a) Industrial Finance
 - b) Globalisation
7. Write short notes on
 - a) SEBI
 - b) Service Sector
8. Write any **ONE** of the following
 - a) What are the factors which influence derivatives market?
 - b) How and why Union Budget affect stock market?

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Gundlapochampally (H), Maisammaguda (V), Medchal (M), Medchal-Malkajgiri (Dist), Hyderabad**MBA II SEMESTER SUPPLEMENTARY EXAMINATIONS, JUNE-2018**Subject: Quantitative Analysis and Decision Making

Time: 3 hours

Max. Marks: 60

PART – A

Answer ALL questions of the following

5x4Marks=20 Marks

- 1) Explain the phases in the Operations Research development process.
- 2) Discuss advantages and limitations of linear programming models.
- 3) Write in brief various types of transportation models
- 4) Under what condition is a decision tree preferable to take decision?
- 5) Write short notes on application of queuing theory in management with suitable examples.

PART-B

Answer any FIVE Questions of the following

5x8 Marks= 40Marks

1. Mint Pharmaceuticals Company produces two popular drugs A and B which are sold at the rate of Rs.9.60 and Rs.7.80 respectively. The main ingredients are X, Y and Z and they are required in the following proportions:

Drugs	X	Y	Z
A	50%	30%	20%
B	30%	30%	40%

The total available quantities (gms) and costs of different ingredients are as follows.

Drugs	X	Y	Z
Availability (gms)	1600	1400	1200
Cost (Rs.)	8	6	4

Estimate the most profitable quantities of A and B produced, using the simplex method.

2. A company received a contract to supply gravel for three new construction projects located in three town LC1, LC2 and LC3. Construction Engineers have estimated the required amounts of gravel which will be needed at these construction projects. The company has three gravel pits located in town T1, T2 and T3 respectively. The gravel required by the construction projects can be supplied by these three plants. The amount of gravel supplied by the each pit is also given.

Project location	LC1	LC2	LC3
Weekly requirement (Truck loads)	144	204	82

Pit	P1	P2	P3
Amount available (Truck loads)	152	164	154

The company has also calculated the delivery cost from each pit to each project site. The costs are given under.

Pit	LC1	LC2	LC3
P1	8	16	16
P2	32	48	32
P3	16	32	48

schedule the shipment from each plant to each project to minimize the total transportation cost within the constraints imposed by plant capacities and project requirements.

3. What is an unbalanced assignment problem? How the Hungarian Assignment Method applied to such problem?
4. A producer of boats has estimated the following distribution of demand for a particular kind of boat:

No.of demand	0	1	2	3	4	5	6
Probability	0.14	0.27	0.27	0.18	0.09	0.04	0.01

Each boat cost him Rs.7000 and he sells them for Rs.10,000 each. Any boat that is left unsold at the end of the season must be disposed for Rs.6000 each. How many boats should be in stock so as to maximize his expected profit?

5. At a service counter of a fast food centre, the customers arrive at the average interval of 6 minutes. Whereas the counter clerk takes on an average of 5 minutes for preparation of bill and delivery of the item. Calculate the following.
 - (a) Counter utilization level
 - (b) Average waiting time of the customer at the fast food centre
 - (c) Average number of customers in the service counter area
 - (d) Average number of customers in line
 - (e) Probability that the counter clerk is idle
 - (f) Probability of finding the clerk busy
 - (g) Chances that customer is required to wait more than 30 minutes in the system
 - (h) Probability of having more than 3 customers in the system.
6. a) Write a short notes on shortcomings of using Operation Research models
 b) Solve the following Linear Programming problem using graphical method

$$\text{Maximize } Z = 2x_1 + x_2$$

Subject to constraints

$$x_1 + 2x_2 \leq 10$$

$$x_1 + x_2 \leq 8$$

$$x_1 - x_2 \leq 2$$

$$x_1 - 2x_2 \leq 2$$

$$\text{where } x_1, x_2 \geq 0$$

7. a) A business man has two independent investments A and B available to him, but he lacks the capital to undertake both of them simultaneously. He can choose to take A first and then stop, or if A is successful then take B or vice versa. The probability of success on A is 0.7 while for B is 0.4. Both the investments require an initial capital outlay of Rs.20,000 and both return nothing if the venture is unsuccessful. Successful completion of A will return Rs. 30000(over cost) and successful completion of B will return Rs.50000 (over cost). Draw the decision tree and determine the best strategy.
 b) Discuss benefits and limitation of queuing theory.
8. Answer any **ONE** of the following.

- a) Construct a dual for the following primal

$$\text{Minimize } Z = 6x_1 - 4x_2 + 4x_3$$

Subject to constraints,

$$6x_1 - 10x_2 + 4x_3 \geq 14$$

$$6x_1 + 2x_2 + 6x_3 \geq 10$$

$$7x_1 - 2x_2 + 5x_3 \leq 20$$

$$x_1 - 4x_2 + 5x_3 \geq 3$$

$$4x_1 + 7x_2 - 4x_3 \geq 20$$

$$\text{where } x_1, x_2, x_3 \geq 0$$

- b) Discuss the following methods of solving transportation problem

- 1) North- West Corner Rule
- 2) Least Cost Method
- 3) Vogel's Approximation Method

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MBA II SEMESTER SUPPLEMENTARY EXAMINATIONS, JUNE-2018

Subject: Marketing Management

Time: 3 hours

Max. Marks: 60

PART – A

Answer ALL questions of the following

5x4Mark=20 Marks

1. Developed vs. Developing Marketing
2. Product Life Cycle (PLC)
3. Positioning Maps
4. Advertising vs. Public Relations
5. What are the major decisions involved in Global Marketing?

PART-B

Answer any FIVE Questions of the following

5x8 Marks= 40Marks

1. Distinguish between various concepts of Marketing.
2. Discuss the stages of buying decision process.
3. Discuss major market segmentation variables for the toothpaste market, highlighting benefit segments.
4. What is Sales Promotion? What are the various tools used in Sales Promotion?
5. Explain the importance of pricing in a Marketing mix. What are the determinants in pricing a product?
6. What are the challenges faced by the rural marketers? Discuss the challenge of proper pricing.
7. What are the various factors, which must be considered while making channel selection?
8. **Case:**

Six to Seven is a telecommunications company marketing state of the art telecommunications equipment. The company is currently in the process of developing a new generation type of mobile phones. When developed, this phone will enable users not only to make standard telephone calls and connect to the Web, but will have a small screen which will enable users to view the person at the other end of the line in high definition, unlike competitors' models whose definition characteristics leave a lot to be desired. Needless to say, investment to develop the technology and market the product is substantial.

As part of the development process, the company is eager to find out more about potential customers for this product. In particular, they are interested in finding out if there is a market for the product, how big this market might be, and how customers will respond to this concept. They propose hiring a specialist market research agency with skills in the area of researching buyer behavior, particularly for new product concepts.

Questions

1. What areas of buyer behavior should this proposed research encompass, and why?
2. What types of research techniques might be useful in researching these areas?

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MBA II SEMESTER SUPPLEMENTARY EXAMINATIONS, JUNE-2018

Subject: Production and Operations Management

Time: 3 hours

Max. Marks: 60

PART – A

Answer ALL questions of the following

5x4Marks=20 Marks

1. Briefly discuss different ways of improving productivity?
2. Discuss the aims and steps of value engineering?
3. Explain the computerized relationship layout planning?
4. What is meant by work design? Explain briefly the method study.
5. Discuss the steps in ABC analysis?

PART-B

Answer any FIVE Questions of the following

5x8 Marks= 40Marks

1. Explain different types of production systems?
2. Explain the role of product development in competitive environment?
3. Distinguish between total covering problem and partial covering problem?
4. What is master production scheduling? Explain the cut and fit techniques in master production scheduling?
5. "Quality determines your market share". Discuss?
6. Write a short note on
 - a. Job shop
 - b. Value engineering procedures
7. Write a short note on
 - a. Standardization of procedures
 - b. Group technology layout
8. Write a short note on any one of the following
 - a. what are the advantages and disadvantages of centralized stores facilities?
 - b. R Ltd. Produces a product which has a monthly demand of 4000 units. The product requires a component X which is purchased at Rs. 20. For every finished product, one unit of a component is required. The ordering cost is Rs. 120 per order and the holding cost is 10% p.a. you are required to calculate:
 - i. Economic order quantity
 - ii. If the minimum lot of size to be supplied is 4000 units, what is the extra cost the company has to incur?
 - iii. What is minimum carrying cost, the company has incurred?

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MBA II SEMESTER SUPPLEMENTARY EXAMINATIONS, JUNE-2018Subject: Human Resource Management

Time: 3 hours

Max. Marks: 60

PART – A

Answer ALL questions of the following

5x4Mark=20 Marks

1. Write duties of a HR manager.
2. Write different sources of recruitment.
3. What is training and how it helps to impart skills to employees?
4. List out employee benefits an organization provides to their employees.
5. Explain grievance procedure with help of diagram.

PART-B

Answer any FIVE Questions of the following

5x8 Marks= 40Marks

1. What is HRP and explain different methods of assessment of manpower requirement?
2. What are the different methods collecting Job Analysis information?
3. What is performance appraisal? Explain different techniques of appraising performance?
4. What are the factors influence pay structures in an *organization?*
5. What is collective bargaining? Explain the process of collective bargaining?
6. Write short notes on
 - a) HR Score Card
 - b) Job Enrichment
7. Write short notes on
 - a) Management Development Programmes.
 - b) Minimum Wages Act
8. Write any **ONE** of the following
 - a) Explain different methods of training.
 - b) Write salient features of Industrial Disputes Act, 1947.

