

Seat No. : _____

AF-114

April-2023

Int. M.B.A., Sem.-VI

Financial Management – II

Time : 2½ Hours]

[Max. Marks : 70

1. DM Ltd. intends to raise ₹ 40,00,000 of equity capital through a rights offering. It currently has 10,00,000 shares outstanding which have been most recently selling for ₹ 50 to ₹ 56 per share. In consultation with the SEBI Caps, the DM has set the subscription price for the rights at ₹ 50 per share. 14

Required :

- (1) How many new shares should DM Ltd. sell to raise the desired amount ?
- (2) How many shares will each right entitle a holder of one share to purchase ?
- (3) What is the theoretical value of a right if the current market price is ₹ 54 with rights and the subscription price is ₹ 50 ? Answer for both shares selling with rights and shares selling ex-rights ?

OR

- (a) Describe briefly the features of term loans and term loan procedure. 7
- (b) What is the difference between private placement and preferential allotment ? 7

2. ABC Machine Tool Company Ltd. is considering the acquisition of a large equipment to set up its factory for ₹ 12,00,000. The equipment is expected to have an economic life of 8 years. The equipment can be financed with 14% rate of interest repayable in equal instalments of ₹ 2,58,676 per year or by an equivalent amount of lease rent per year. In both cases, payments are due at the end of the year. The equipment is subject to the straight-line method of depreciation for tax purposes. Assuming no salvage value after the 8 years useful life and 50% tax rate, which of the financing alternatives should it select ? 14

OR

- (a) Distinguish between Finance lease and operating lease. 7
- (b) What are the essential steps for a business plan to raise funds from Venture Capitalists ? 7

3. The management of Urmila Ltd. is considering an investment project costing ₹ 10 lakhs and would last for 5 years. It would be depreciated using straight line method. The expected salvage value is ₹ 50,000. Annual revenue for the project is expected to be ₹ 15,00,000. Project will incur cash cost of ₹ 2,50,000 each year if project is undertaken. The variable costs are estimated to be ₹ 5,00,000. The tax rate is 30%. Should the proposed investment be accepted ? Assume 20% cost of capital and additional working capital requirement of ₹ 5 lakhs. 14

OR

Cost of machine : ₹ 5,00,000 14
 Estimated life : 5 years
 Estimated Scrap value : ₹ 1,00,000
 Working capital investment : ₹ 50,000

Expected sales :

Year	Sales (Qty.)
1	40,000
2	50,000
3	70,000
4	80,000
5	1,00,000

Additional information :

- (1) Selling price per unit will be ₹ 40
- (2) Variable cost per unit will be 20% of sales
- (3) Fixed cost would be ₹ 50,000
- (4) Depreciation will be charged based on SLM
- (5) Tax rate is 20%
- (6) Cost of capital is 10%

Calculate PBP, ARR, NPV and PI.

4. Answer any **two** from a, b and c below :

14

- (a) A project involves an outlay of ₹ 1,00,000. Its expected cash inflow at the end of the year 1 is ₹ 40,000. Thereafter it decreases every year by ₹ 2,000.

Year	Certainty-equivalent quotient
1	0.95
2	0.90
3	0.85
4	0.80
5	0.75
6	0.70

The firm's riskless rate of interest is 10 percent. Should the project be accepted ?

- (b) A project requiring an investment of ₹ 3,00,000. It is estimated that cash inflow associated with project would be ₹ 1,80,000 or ₹ 2,20,000 each with probability of 0.5 in 1st year. If ₹ 1,80,000 received in the 1st year, the cashflow for the second year is likely to be ₹ 1,50,000 (probability of 0.3), ₹ 1,80,000 (probability of 0.4) and ₹ 2,00,000 (probability of 0.3). In case the first year's likely cash inflows ₹ 2,20,000, the second year's likely cash inflows would be ₹ 1,80,000 and ₹ 2,70,000 (each with probability of 0.3) and ₹ 2,20,000 (probability of 0.4). Required rate of return is 14%. Calculate the risk adjusted NPV as per Decision Tree approach.
- (c) Discuss the sensitivity analysis and risk adjusted discount method of risk analysis.

5. Answer any **two** from a, b and c below :

14

- (a) What are the implications of the Walter model ? State the valuation with the relevancy of dividend payment.
- (b) Explain the dividend theory suggested by Modigliani and Miller.
- (c) The following information is available in respect of Hypothetical Ltd.

Rate of return = 12%, EPS = ₹ 20, Cost of capital = 10%

Determine the value of its shares, assuming the following retention ratios under Gordon's model.

- (1) 20%
- (2) 40%
- (3) 80%

AF-114

April-2023

Int. M.B.A., Sem.-VI**Marketing Management
(Theory and Practice – II)****Time : 2½ Hours]****[Max. Marks : 70**

1. Beauty care products for both males and females have a large market in India. There are various reasons responsible for the overall increase in demand for grooming products and cosmetics in the last few years with high exposure to advertisements, social media influencers, availability of foreign cosmetic brands in India, increasing need to 'look good and presentable' in social circles and for instant selfies and an increasing personal income category. **14**

As a marketer explain how PEST factors work in favour of the Beauty/Cosmetic industry in India with relevant points and examples.

OR

Sugar Cosmetics is one of the premium beauty brand in India. Sugar Cosmetics founded by Vineeta Singh and Kaushik Mukherjee in 2012, headquarters in Mumbai, Maharashtra, India. Sugar cosmetics is a fairly new company, but it is already making waves in the cosmetics industry. It is known for its affordable, vegan, and cruelty-free cosmetic products. High-quality natural ingredients and unique packaging are important parameters for its success story. Sugar cosmetics has achieved massive success since its launch in 2012. In just a few short years, the brand has become a favourite among celebrities and makeup artists alike. Slowly paving its way to becoming a global brand, explain what care should be taken in designing its Global marketing mix elements. **14**

2. (A) Explain the major steps that are involved in the marketing research process for a firm taking the following research project. **8**
- ‘To understand the customer perception and preference for a brand new electric scooter amongst the college students in Ahmedabad’.
- (B) Explain the segmentation bases and target markets for the following products. **6**
- [Any **TWO** from the following]
- (a) Cold drinks
 - (b) Mobile phones
 - (c) Bathing Soaps

3. Write a detailed note on any **TWO** of the following : **14**
- (A) Benefits of Supply chain management
 - (B) Any seven types of retail operations/formats
 - (C) Supply chain integraion

4. Explain the steps in the personal selling process for a company dealing with an online educational course for school children like Byju's. **14**

OR

Explain the Customer Relationship Management cycle in detail for a telecom company like Vodafone-Idea. **14**

5. (A) Manish Malhotra is a leading designer in India best known for hi-end designer wear. His customers include the top business families, cricketers, Bollywood celebrities and many others. Assume Manish Malhotra introduces his new clothing range for the kids in the range of '5 to 15 years' mainly covering the Indian ethnic range like Lahengas, Chaniya choli, readymade drape-sarees, Sherwanis, Pathanis etc. **7**

If you were handling the social media marketing for his new launch of this ethnic wear, which different social media tools would you use ? Also specify what brand name do you suggest for this range.

- (B) Define BOP market and discuss the major challenges related to BOP marketing in India. **7**

AF-114

April-2023

Int. M.B.A., Sem.-VI

Human Resource Management – II (HR elective)

Time : 2½ Hours]

[Max. Marks : 70

1. “Communication is a process by which all forms of information are transferred from one person to the other”. Explain the statement with the help of process of communication and barriers to communication. 14

2. Attempt any **two** : 14
 - (a) “HRD is more essential under globalisation and in the fast technological changing environment”. Justify the statement and explain the need for HRD in the organisation.
 - (b) Explain the term human resource audit, also explain objectives in human resource audit in detail.
 - (c) What are the different types of absenteeism ? Explain the varied causes of absenteeism.

3. Attempt any **two** : 14
 - (a) Explain the different reasons for employee transfer.
 - (b) Define the term demotion and enlist the reasons for demotion.
 - (c) Explain in detail various causes of accidents in the company as per the factories act.

4. (a) “Career plan is a process by which one select career goals and path to achieve the goals”. Explain in a detailed manner about various advantages and limitations of career planning /problems. 14
 - (b) Define the word performance appraisal. Also throw a light on major problems in the performance appraisal system in the company.

OR

- (a) Define the word performance appraisal and state several uses of data collected through performance appraisal system in the company. **14**
- (b) “Counselling occasionally is necessary for employees due to job and personal problems that subject them to excessive stress”, with respect to the statement explain the functions for effectively controlling the stress in the work place.
5. In this fast changing world the companies have started using technology at its best possible way. Express your view with the help of E-recruitment /application tracking and E training and development with suitable examples. **14**
-

