

LH-101

April-2014

B.B.A., Sem.-VI**CC-314 : 1 : Advanced Financial Management****Time : 3 Hours]****[Max. Marks : 70**

- Instructions :** (1) Figures on the right indicate full max marks.
 (2) Please attempt all **five** questions.

1. Plato Industries is considering replacement of an old machine which as a current book value of ₹ 8,00,000. This machine can be sold today in the market at ₹ 9,00,000. It still has a remaining useful life of six years after which its salvage value is estimated at ₹ 2,00,000. It is depreciated at the rate of 25 percent using WDV method. The new machine costs ₹ 30,00,000 and its salvage value after six years will be ₹ 15,00,000. It is also depreciated at the rate of 25 per cent using WDV method.

The new machine will lead to cost savings of ₹ 6,50,000 per year. It will require additional net working capital of ₹ 5,00,000. The tax rate applicable to the company is 30 per cent and its required rate of return is 10 percent. Calculate NPV of the replacement project and advise if Plato industries should replace this machine. **14**

OR

Socrates Ltd. has a machine which has been in operation for 2 years. Its remaining estimated useful life is 10 years with no salvage value at the end. Its current market value is ₹ 1,50,000. The management is considering a proposal to purchase an improved model of a machine which gives increased output.

Details are as follows :

Particulars	Existing Machine	New Machine
Purchase Price	4,80,000	8,00,000
Estimated Life	12 years	10 years
Salvage Value	Nil	Nil
Annual Operating hours	2000	2,000
Selling price per unit	₹ 20	₹ 20
Output per hour	15 units	30 units
Material cost per unit	₹ 2	₹ 2
Labour cost per hour	₹ 20	₹ 40
Consumable stores per year	₹ 2,000	₹ 5,000
Repairs and Maintenance per year	₹ 9,000	₹ 6,000
Working capital	₹ 50,000	₹ 80,000

The company follows straight line method of depreciation and is subject to 30% tax. Using NPV, recommend if the existing machine should be replaced ? Required rate of return is 14% . Loss on sale of assets is tax deductible.

2. (a) Smith Ltd. has a manufacturing output of 2,00,000 units per year. Its cost structure is as under : 10

	Cost per unit
	₹
Raw Materials	20
Direct Labour	5
Overheads (including depreciation of ₹ 5)	40
Total Cost	40
Profit	10
Selling Price	50

Additional Information :

- (1) Raw materials are held in stock on an average for two months.
 - (2) The materials are in process on an average for half a month. The degree of completion is 50% in respect of cost elements.
 - (3) Finished goods remain in the warehouse on an average for one month.
 - (4) Time lag in payment of wages is one month and in overheads is one and a half months.
 - (5) Credit allowed to debtors is 2 months and credit allowed by the suppliers is one month.
 - (6) Cash sales amount to 25% of total sales.
 - (7) The company expects to keep cash balance of ₹ 20,000
- Determine the requirement of working capital.

OR

- (a) Prepare a statement of estimation of working capital for Kant Ltd. based on the following information :

(1) Sales at 2 months credit	₹ 54,00,000
(2) Materials consumed (supplier's credit is for 2 months)	₹ 13,50,000
(3) Total wages (paid at the beginning of the next month)	₹ 10,80,000
(4) Manufacturing expenses (paid one month in arrears)	₹ 14,40,000
(5) Total administrative expenses (paid one month in arrears)	₹ 3,60,000
(6) Sales promotion expenses (paid quarterly in advance)	₹ 1,80,000

- (7) Stocks of finished goods and raw materials are kept on an average for one month.
- (8) A safety margin of 15% is to be maintained.
- (9) Cash to be held to the extent of 50% of current liabilities. There will be no work-in-progress.
- (10) Gross profit is 25%. Depreciation is included in cost of production.

(b) Aristotle Ltd's condensed income statement is given below :

Particulars	Amount (₹ lakhs)
Net Sales	500
Operating costs	450
EBIT	50
Interest	20
EBT	30
Tax @ 30%	9
PAT	21

Details of capital structure are as follows :

Particulars	Amount (₹ lakhs)	Cost of capital
Debt	100	14%
Equity	100	20%

Calculate Economic Value Added (EVA) for Aristotle Ltd. 4

3. (a) Define Capital Structure. What are the factors affecting a firm's capital structure ? 7

OR

Explain the Net Income Approach to Capital structure.

- (b) Discuss the assumptions and limitations of M-M Hypothesis. 7

OR

Explain the Traditional Approach to Capital structure.

4. (a) Explain the meaning of financial restructuring. Why is it undertaken ? 6

OR

Explain Takeover and Joint venture as techniques of corporate restructuring.

- (b) Explain any **two** of the following : 8

- (i) Strategic Alliance
- (ii) Going Private
- (iii) Demerger
- (iv) Holding company

5. State whether the following statements are true or false : 14

- (1) While calculating the amount locked up in debtors, sales are taken as the base. (True/False)
 - (2) Expenses paid in advance are added to current liabilities while estimating the working capital requirements. (True/False)
 - (3) At optimal capital structure the value for the firm will be minimum and the cost of capital will be highest. (True/False)
 - (4) Balanced capital structure means a judicious mix of debt and equity. (True/False)
 - (5) M-M hypothesis assumes that there are no transaction costs. (True/False)
 - (6) According to traditional approach, leverage within reasonable limits maximizes the value of the firm. (True/False)
 - (7) Economies of scale are a benefit that can be achieved through corporate restructuring. (True/False)
 - (8) The terms merger and acquisition refers to the same type of situation. (True/False)
 - (9) Financial restructuring is also referred to as financial re-organization of the company. (True/False)
 - (10) Leveraged Buyout is acquisition of an operating company with fund derived from debt financing. (True/False)
 - (11) Mutually exclusive projects refer to projects that compete with one another. (True/False)
 - (12) For a replacement decision, incremental cash flows need to be calculated. (True/False)
 - (13) NPV is the best method for evaluating long-term investment projects. (True/False)
 - (14) Additional net working capital is deducted from cost of project while calculating cash outflows. (True/False)
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Seat No. : _____

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B.B.A., Sem.-VI

CC-314 : 2 : Advanced Marketing Management

Time : 3 Hours]

[Max. Marks : 70

1. (a) Explain the difference between Business and Customer markets. 7
- OR**
- Discuss the factors affecting business buying behaviour.
- (b) Explain the business buying process with a suitable example. 7
- OR**
- “Customers in Business markets are unique.” Discuss the statement with respect to characteristics of business buyers.
2. (a) Discuss the various advertising objectives in detail. 7
- OR**
- Explain the message decisions in Advertising.
- (b) Discuss the various Media decisions in advertising. 7
- OR**
- Explain how effectiveness of advertising is evaluated.
3. (a) Discuss the characteristics of Rural Marketing in Indian context. 7
- OR**
- Explain Rural marketing mix with a suitable example.
- (b) What are the reasons for rural market boom in India ? 7
- OR**
- “There are several problems and challenges in rural marketing in India.” Comment.
4. (a) Discuss the benefits of Customer Relationship Management. 7
- OR**
- Explain how customer centric marketing and process will help a business in Customer Relationship Management.
- (b) Discuss the road map for Customer Relationship Management. 7
- OR**
- ‘Building organizational capabilities through internal marketing is crucial to successful Customer Relationship Management.’ Comment.

5. Fill in the blanks :

14

- (1) Two primary objectives of business supplier are _____ and _____.
- (2) Four methods to set advertising budget are _____, _____, _____ and _____. (affordability method or adjustability method, cost parity method or competitive parity method, objective and task method or segment and share method, percentage of sales method or percentage of employees method)
- (3) Two theories for the impact of advertising are _____ and _____. (positive and negative/strong and weak)
- (4) AIDA means _____ for the impact of advertising.
- (5) Rural marketing is important as it leads to _____ and _____. (price stability / rigidity / improved living standard / predictability)
- (6) Customer Relationship Management evolved mainly due to these three reasons _____, _____ and _____. (Growing importance of service sector / Role of government in business / Advances in technology / Intense competition / Advertising effectiveness / Balanced industrial growth)

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April-2014

B.B.A., Sem.-VI

CC-314 : 3 : Advanced Human Resource Management

Time : 3 Hours]

[Max. Marks : 70

- Instructions :** (1) Figures on the right indicate full marks.
(2) Attempt all **five** questions.

1. (a) Discuss the code of discipline as formulated at the Indian Labour Conference in July 1957. 7

OR

What kind of actions can be called indiscipline or misconduct in an industrial set up ?

- (b) What are the objectives of industrial discipline ? Discuss the different types of discipline. 7

OR

What role can an HR Manager play in maintaining discipline ? Discuss the essentials / guidelines of a good disciplinary system.

2. (a) Discuss the reasons behind the emergence of training as a strategic organizational activity. 7

OR

What are 'defender' and 'prospector' strategies ? What are the HRM requirements under each strategy and how do staffing and training practices fulfill these requirements ?

- (b) Explain 'diversity training' and 'training for global assignments'. 7

OR

What is focus of 'Talent Management' ? Discuss the challenge for HR professionals under the same.

3. (a) Define 'Mentoring'. Who are 'Mentors' and 'protégés' ? Discuss the different roles of mentors. 7

OR

Bring out the differences between 'formal' and 'informal' mentoring.

- (b) Discuss the various negative experiences that may arise out of mentoring relationships. 7

OR

Discuss cross-gender mentoring and re-mentoring as special mentoring challenges.

4. (a) With reference to international staffing, write a detailed note on pre-departure training for international assignments. 7

OR

Explain the issues involved in Performance Management in International assignments.

- (b) Discuss the role of HRM in managing culture change. 7

OR

What key strategies should be adopted for enhancing innovation efficiency of an organization ?

5. Do as Directed : 14

- (i) Due to increasing competition, employees are required to take cross-functional training. (T/F)
- (ii) Reduced productivity or poor job performance does not indicate need for training. (T/F)
- (iii) _____ and _____ are two criteria for training programme evaluation. (02 marks)
- (iv) More women, older workers, minorities, regional groups are opting for joining the workforce. This accounts for workforce _____ (adversity/diversity)
- (v) Successful talent management requires a talent management strategy that aligns with the business strategy. (T/F)
- (vi) _____ is a domestic firm that builds on its existing capabilities to penetrate overseas market. (International corporation / Ethnocentric firm)
- (vii) _____ are citizens of the country in which the headquarters of the MNC is located. (PCN/TCN)
- (viii) Cultural adjustment of the expatriate and of the accompanying family members, affects performance of the expatriate. (T/F)
- (ix) In international staffing, the HR Manager has a greater involvement in employee's personal life as compared to domestic HR. (T/F)
- (x) Generally, discipline has a _____ approach (rewarding / punitive)
- (xi) State any one objective of discipline in an organizational set up.
- (xii) An employees' off-the-job behaviour can also be a disciplinary issue. (T/F)
- (xiii) State any one method / practice of career planning.