

Seat No. : _____

DE-115

December-2017

**5th Year MBA Integrated Degree Course
(Mktg) Consumer Behaviour**

Time : 3 Hours]

[Max. Marks : 100

- Instructions :** (1) Attempt **all** questions.
(2) **All** questions carry equal marks.

1. Define consumer behaviour. Discuss in detail the Howard and Sheth's model of consumer decision making. **20**

OR

- (A) Define extended problem solving, limited problem solving and routinized response behaviour. What are the differences in three decision making approaches ? **6**
- (B) What are the roles of primary and secondary data in conducting consumer research ? What are the roles of qualitative and survey research in collecting primary data ? **8**
- (C) Write a note on consumption specific segmentation bases. **6**
2. (A) How can consumers protect their ego and self-esteem if they fail to achieve a goal ? Assume the goal to be European vacation. **8**
- (B) Discuss the principles underlying perceptual organization according to Gestalt Psychology. Use examples (advertisements) to illustrate. **6**
- (C) A working woman sees herself as efficient, competitive and achievement oriented. Ideally, she would like to combine these traits with greater warmth and understanding. Using your understanding of self concept theory, answer the following : **6**
- (a) How would her behaviour differ if she governed her purchases based on her actual image versus her ideal self image ?
- (b) Under what circumstances might she be more likely to buy based on her ideal self rather than on her actual self.
- (c) What purchases will she make for her extended self ?

3. Attempt any **two** :

- (A) Explain in detail the strategic applications of classical conditioning and operant conditioning theories. **10**
- (B) Discuss the various attitude change strategies that the marketer can resort to. **10**
- (C) Differentiate the following : (any **five**) **10**
 - (1) Cognitive learning theory and behavioural learning theories.
 - (2) Positive reinforcement and Negative reinforcement.
 - (3) Central and Peripheral routes to persuasion.
 - (4) Attitude toward object and Attitude toward behaviour Model.
 - (5) Personal impediments and Environmental impediments.
 - (6) Internal and external attributions.

4. (A) Discuss the dynamics of Husband wife decision making and influence of children in family consumption decision making. In what ways is this decision making affected by Family life cycle stages and Traditional/ Non-Traditional family ? **10**
- (B) Discuss the various measures of social class. Based on any of the composite measure used by corporates detail out the various social classes and their lifestyle profiles in India. **10**

OR

- (1) Differentiate between an opinion leader, market maven and surrogate buyer. **5**
- (2) Explain the product characteristics that influence Diffusion. **5**

5. (A) “Marketers argue that the world markets are becoming more and more similar and therefore standardized marketing strategies for MNCs are more feasible. “Do you agree ? What are the alternative marketing strategies available to global marketers ? Use suitable illustrations. **14**

OR

Elaborate on the Indian core values . Is there a shift in values compared to last two decades ? Which new values are emerging ? Give examples of how these new emerging values are being addressed by marketers in their marketing mix.

- (B) Write a note on elderly subculture. **6**

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December-2017

5th Year MBA Integrated Degree Course
Organizational Development and Change Management

Time : 3 Hours]

[Max. Marks : 100

1. (A) Enlist the important OD value and assumption and discuss its implications for dealing with at different levels in an organization. **10**
(B) Discuss the transactional and transformational factors that involved first order and second order change as developed by Burke-Litwin model of organizational change. **10**
2. Attempt any **two** :
(A) Elaborate the important activities involved in entering an OD relationship and developing a contract between the client and OD practitioner. **10**
(B) Define the term “power”. Describe different theories about the sources of social power in detail. **10**
3. (A) Explain the Marvin Weisbord’s six box model with the help of diagram. **10**
(B) “Action research may be described as a process that is an ongoing series of events and action”. Discuss the statement. **10**
4. Attempt any **two** :
(A) Explain any two intervention used within team building session to solve its specific problems. **10**
(B) Which OD invention would be appropriate when the particular organization group wants to take feedback from representative from several other organization groups ? Discuss the intervention. **10**
(C) Write in brief essay on “T” group and behavioural modeling. **10**
5. (A) Enlist all the interventions which are comprehensive in terms of the extent to which the total organization is involved. Discuss any of three relevant interventions in detail. **10**
(B) Write a brief note on work redesign and total quality management. **10**

DE-115

December-2017

5th Year MBA Integrated Degree Course**Strategic Financial Management****Time : 3 Hours]****[Max. Marks : 100**

1. Answer the following questions :

8 + 6 + 6

- (1) 'Strategic financial management is gaining momentum'. Comment on the statement and elaborate on the importance of strategic financial management.
- (2) Discuss the constraints to strategic financial management in detail.
- (3) Following information is given for N Ltd.

Asset to sales ratio	0.80
Profit margin	5%
Spontaneous liabilities to sales ratio	0.50
Previous year's sales	3000
Dividend payout ratio	60%
Debt -equity ratio	50%

Find out the maximum sales growth rate that can be financed without raising external funds. Also calculate sustainable growth rate.

OR

The comparative balance sheets and comparative Profit and Loss accounts for TM Ltd. are given below :

20**Comparative Balance Sheets****(₹ in million)**

	2015	2016	2017
Liabilities			
Share capital	1.8	1.8	2
Reserves and surplus	2.4	2.3	3
Long-term debt	1.8	1.6	1.4
Short-term bank borrowing	1.7	1.5	1.2
Current liabilities	1.5	1.6	1.8
Total	9.2	8.8	9.4
Assets			
Net fixed assets	2	1.7	2
Current assets			
Cash and bank	0.2	0.4	0.3
Receivables	2.5	2.4	2.5
Inventories	2.8	2.4	2.8
Other current assets	1.7	1.9	1.8
Total	9.2	8.8	9.4

Comparative Profit and Loss Accounts

(₹ in million)

	2015	2016	2017
Net sales	5.3	6.5	7.8
Cost of goods sold	3.9	4	4.8
Gross profit	1.4	2.5	3
Operating expenses	0.4	0.6	0.6
Operating profit	1	1.9	2.4
Non-operating surplus deficit	0.1	0.3	0.3
Profit before interest and tax	1.1	2.2	2.7
Interest	0.2	0.1	0.1
Profit before tax	0.9	2.1	2.6
Tax	1	1.2	1.2
Profit after tax	−0.1	0.9	1.4

Required :

Compute the following ratios for TM Ltd. for the years 2015-2017 and give your analysis about financial health of the company.

- | | |
|---------------------------------|-----------------------|
| (a) Current ratio | (d) Net profit margin |
| (b) Debt-equity ratio | (e) Return on equity |
| (c) Total assets turnover ratio | |

2. A publishing house has got a proposal to publish a new book on computer. Due to rapid change in technology, it is expected that this book may not have any market after three years. The demand forecast made by the marketing department of the company is given below :

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Year – 1		Year – 2		Year – 3	
Sales (copies)	Probability	Sales (copies)	Probability	Sales (copies)	Probability
10000	0.2	10000	0.4	10000	0.8
20000	0.5	20000	0.6	20000	0.2
40000	0.3				

Required :

- Calculate the expected total sales of copies over the period of three years.
- The book's price is fixed at ₹ 100 and the variable cost of producing each book will be ₹ 20, ₹ 30 and ₹ 40 in year 1, 2 and 3 respectively.

Calculate the present value of the contribution at the beginning of the period using discount rate of 10%.

- (3) There is possibility of an updated version of the book being published at the beginning of year-2 with the following estimates of sales : (the original version would then be taken off the market at the end of year-1)

Year-1		Year-2		Year-3	
Sales (copies)	Probability	Sales (copies)	Probability	Sales (copies)	Probability
40000	0.5	20000	0.8	10000	0.9
60000	0.5	40000	0.2	20000	0.1

The sales will be extended by one year due to the updating. The updated version will be priced at ₹ 50 and the variable cost of producing each book will be ₹ 10, ₹ 20 and ₹ 30 in year 2, 3 and 4 respectively. Advise the company whether it should take up the option to produce the updated version of the book.

OR

A company is considering acquiring additional computers to supplement its services to the clients. It has following two options :

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- (a) To purchase the computers for ₹ 44,00,000.
- (b) To lease the computer for 3 years for ₹ 10, 00,000 annual lease rent plus 10% of gross service revenue. The agreement also requires an additional payment of ₹ 12,00,000 at the end of the third year. Lease rent are payable at the year end and the computers are to be reverted to the lessor after the contract period.

The company estimates that the computer under review now will be worth ₹ 20 lakhs at the end of the third year. Forecast revenues are:

Year	₹
1	45,00,000
2	50,00,000
3	55,00,000

Annual operating costs (excluding depreciation and lease rent of computer) are estimated at ₹ 18 lakhs with an additional ₹ 2 lakhs for start-up and training costs at the beginning of the first year.

The company will borrow at 16% interest to finance the acquisition of the computer; repayments are to be made according to the following schedule:

Year end	Principal (₹)
1	10,00,000
2	17,00,000
3	17,00,000

The company uses the straight line method of depreciation and pays 50% tax on its income. Advise the company about the option to be chosen to acquire computers.

3. (a) A company is growing at an above average rate. It foresees a growth rate of 20% p.a. in free cash flows to equity shareholders in the next 4 years. Then after for next 2 years, the growth rate is likely to fall down to 12% p.a. After that, the growth rate is expected to stabilize at 5% p.a. The amount of free cash flow per equity share at the beginning of current year is ₹ 10. Find out the maximum price at which an investor, follower of the free cash flow approach, will be prepared to buy the company's shares as on date, assuming an equity capitalization rate of 14%. 12
- (b) Discuss the factors which are relevant for determining the dividend payout ratio. Discuss various approaches of dividend policy. Also discuss briefly the procedural aspects of dividends. 8

OR

- (a) FIB Ltd. has a ₹ 2,000 million 11 percent (coupon rate) bond issue outstanding which has 4 of residual maturity. The bonds were issued four years ago at par for ₹ 2,000 million and the company incurred floatation costs of ₹ 48 million which are being amortized for tax purposes at the rate of ₹ 6 million per year. If the bonds are called, the unamortized portion of the floatation costs (₹ 24.0 million) can be deducted for tax purposes. Tax rate is 30 percent. The company can call the bonds for ₹ 2100 million. Assume that the call premium of ₹ 100 million can be treated as a tax-deductible expense.

The company has been advised by its merchant bankers that the firm can issue ₹ 2,000 million of new bonds at an interest rate of 9 percent and use the proceeds for refunding the old bonds. The new issue will have a maturity of 4 years and involve a floatation cost of ₹ 40 million, which can be amortized in 4 equal instalments for tax purposes. 12

- (i) What will be the initial outlay ?
- (ii) What will be the annual net cash savings ?
- (iii) What is the NPV of refunding the bond ?
- (b) Discuss Walter Model and Gordon Model of dividend. 8

4. Answer any **two** from a, b and c below : **20**

(a) Biotech International earns a return on equity of 20 percent. The dividend payout ratio is 0.25. Equity shareholders of Biotech require a return of 16 percent. The book value per share is ₹ 60.

(i) What is the market price per share, according to the Marakon model ?

(ii) If the return on equity falls to 19 percent, what should be the payout ratio be to ensure that the market price per share remains unchanged.

(b) MB Limited is considering a capital project for which the following information is available :

Initial outlay	: 50000	Depreciation method	: SLM
Project life	: 5 years	(for tax purposes)	
Salvage value	: 0	Tax rate	: 30%
Annual revenues	: 60000	Debt-equity ratio	: 1 : 1
Annual costs	: 30000	Cost of equity	: 14%
(excluding depreciation, interest, and taxes)		Cost of debt	: 6%
		(post-tax)	

Calculate the EVA of the project over its life.

(c) What is meant by Financial Risk Management ? Explain risk management process with example.

5. (a) What is meant by financial distress ? Which are reasons for financial distress ?
Discuss Altman model of bankruptcy. **10**

(b) Discuss various challenges of financial management in detail. **10**

OR

What is the meaning of core competence ? Discuss steps involved in financial feasibility. **10**