

Seat No. : _____

N18-102

December-2014

B.B.A., Sem.-V

CC-307 : Adv. Financial Management

Time : 3 Hours]

[Max. Marks : 70

1. (A) (i) Mr. factor purchases an equity share of X Ltd. X Ltd. has paid dividend of ₹ 2 per share last year. Dividends are growing at a rate of 10%. What is the required rate of return of Mr. X on his equity investment if he purchases an equity share for ₹ 22. 2
- (ii) A company has sold 1000, 10% preference shares of ₹ 100 each. You are required to calculate the cost of preference share capital when they are issued at : 2
- (i) 10% premium and
- (ii) at 10% discount
- (iii) Molu Ltd. (Company) issues ₹ 100 par value of debentures carrying 15% interest. The debentures are repayable after 7 years at face value. The cost of issue is 3% and tax rate is 35%. Calculate cost of debenture. 3

OR

- (A) From the following particulars of capital structure of a company, you are required to calculate the overall cost of capital : 7
- (i) 800, 8% debentures of ₹ 1,000 each issued at par → ₹ 8,00,000.
- (ii) 2000, 9% Preference Shares of ₹ 100 each issued at par → ₹ 2,00,000.
- (iii) 10,000, Equity shares of ₹ 100 each issued at par → ₹ 10,00,000.

New debentures can be sold at par at 10% interest rate. Preference shares will have a 12% dividend rate and can be sold at par. Equity shares can be sold to net ₹ 90 per share. The shareholder's required rate of return is 8%, which is expected to grow at 4%. Retained earnings for the year are estimated to be ₹ 1,00,000. The company is planning to expand its business accordingly and the company's tax rate is 50%. Determine the cost of each source of capital.

- (B) From the following capital structure of a company, you are required to calculate the overall cost of capital : 7

1000, 12% Pref. shares of ₹ 100 each issued at par – ₹ 1,00,000.

10,000, Equity shares of ₹ 10 each issued at par – ₹ 1,00,000.

Retained Earnings – ₹ 1,50,000.

5,000, 10% Debentures of ₹ 100 each issued at par – ₹ 5,00,000.

12% Term loan from SFS → ₹ 2,00,000.

The market price of an equity share is ₹ 30. The next expected dividend is ₹ 3 per share and the dividend per share is expected to grow at 10%. The preference shares are redeemable after 7 years at par and are currently quoted at ₹ 75 per share.

The debentures are redeemable at par after 5 years and are quoted at ₹ 90 per debenture. The tax rate applicable to the company is 40%.

OR

- (B) Golu Ltd. has the following book value capital structure as on March 31, 2005 : 7

	₹
Equity Share Capital (2,00,000 shares)	40,00,000
11.5% Preference Shares	10,00,000
10% Debentures	<u>30,00,000</u>
	80,00,000

The Equity Share of the company sells for ₹ 20. It is expected that the company will pay next year a dividend of ₹ 2 per equity share, which is expected to grow at 5% per annum forever. Assume a 35% corporate tax rate.

Required :

- (1) Compute WACC of the company based on the existing capital structure.
- (2) Compute the New Weighted Average cost of capital, if the company raises an additional ₹ 20 lakhs debt by issuing 12% debentures. This would result in increasing the expected equity dividend to ₹ 2.40 and leave the growth rate unchanged, but the price of equity share will fall to ₹ 16 per share.

2. (A) XYZ company issued 12% perpetual preference stock with a face value of ₹ 100 compute value of preference stock assuring 14% required rate of return. 7

OR

- (A) A company issued 12% preference stock with a face value of ₹ 100, redeemable after 5 years. Required rate of return is 10%. Determine value of preferred stock. 7

- (B) (i) Mr. Holo purchased an equity stock of Gopi Company at ₹ 100 per share. It is expected to provide a dividend of ₹ 10 per share and fetch a price of ₹ 110 after one year. Compute stock value assuming required rate of Return is 14%. 7

- (ii) Cholu Company paid ₹ 5 as dividend per share for the last year and it is expected to remain constant forever. Determine value of stock if investors required rate of return is 20%.

OR

- (B) (i) ABC company issues a bond with face value of ₹ 2,000 at 14% coupon rate. The bond is redeemable after 8 years. Required rate of return on this bond is 18%. Determine value of the bond. 3

- (ii) PQ company issues a bond with a face value of ₹ 200 each at an interest rate of 10%. The interest payable is semiannually. The bond is redeemable after 4 years at ₹ 210. Cost of debt is 12%. Determine value of bond. 4

3. (A) Discuss the Walter's Model of dividend policy. 7

OR

Discuss the MM hypothesis – Dividend Irrelevance. 7

- (B) What are the determinants of Dividend policy ? 7

OR

Discuss the Gordon Model of Dividend policy. 7

4. (A) Define derivatives. Discuss its characteristics. 7

OR

Discuss the difference between forwards and futures. 7

- (B) Write a short note on RAD in Capital Budgeting. 7

OR

Explain the meaning of spot, forward contract, future contracts and options in brief. 7

- (1) Cost of capital is the _____ required rate of return expected by investors.
[minimum, maximum, fixed, variable]
- (2) Implicit cost is also called as _____.
[Economic cost, Marginal cost, Opportunity cost, Out of pocket cost]
- (3) There is no cost for internally generated funds. (True / False)
- (4) _____ weights assigned on the basis of values found on the Balance Sheet.
(Book, Market, Marginal, Heavy)
- (5) Market value of an asset is the price at which the asset (security) is bought or sold in the market. (True / False)
- (6) Preference stock is a form of hybrid security. (True / False)
- (7) _____ value, is the value that is realized when a running business is sold.
- (8) Stock dividend is also termed as _____.
 - (a) Interim dividend
 - (b) Bonus shares
 - (c) Cash dividend
 - (d) Regular dividend
- (9) According to Walter's dividend model, optimum dividend Payout Ratio in case of growing firms is 100%. (True / False)
- (10) The term _____ refer to that portion of the profits after tax which is reinvested in the business.
- (11) Derivatives do not have _____ of their own.
- (12) The price of a commodity or financial asset for immediate delivery is known as the _____.
- (13) The RADR for a new product development project will be higher than that of an expansion project. (True / False)
- (14) _____ is the term used for Reducing Risk by using derivatives. (Waiving / Revoking / Hedging)

Seat No. : _____

N18-102
December-2014
B.B.A., Sem.-V
Advanced Marketing Management

Time : 3 Hours]

[Max. Marks : 70

1. (a) Define Brand equity, Brand awareness and Brand image with examples. 7
- (b) Write a detail note on Brand Architecture. 7

OR

- (a) Explain the inner and outer core of brand identity. 7
 - (b) Explain brand identity prism with a relevant example. 7
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2. (a) Explain any four observation method in brief with example. 7
 - (b) Differentiate primary data and secondary data. 7

OR

- (a) Explain in brief Marketing Research Designs. 7
 - (b) Write a short note on Focus Group interview methods. 7
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3. (a) What is the necessity of a questionnaire ? Explain the process of designing on effective questionnaire. 7
 - (b) Explain any two primary scales of measurement in detail with example. 7

OR

- (a) Explain probability sampling technique in brief. 7
 - (b) Explain Likert scale and semantic differential scale with reference to usage, importance and process of designing. 7
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4. (a) Explain GAP model of service quality. 7
 - (b) Explain the varied reasons for variation in demand of services. 7

OR

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P.T.O.

- (a) Explain the concept of Service Flower. 7
- (b) Write a detail note on reasons growth of service sector. 7
5. (1) The kind of clothes that a service employee wears is a part of the physical evidence. (True / False) 14
- (2) Ordinal scale is the lowest level of measurement and merely measures the difference in kind. (True / False)
- (3) One should use only Primary Data in research. (True / False)
- (4) Research design determines the data collection tool on technique. (True / False)
- (5) Sales analysis is a type of problem identification research. (True / False)
- (6) Police provide low contact services. (True / False)
- (7) Brand has no expiry date. (True / False)
- (8) Competition information is kind of internal records. (True / False)
- (9) Accessibility is not an important factor with respect to services. (True / False)
- (10) Cross-sectional design involves the collection of information from any given of samples of population only once.
- (11) Define any **two** : (2 marks each)
- (1) Interactive Marketing
 - (2) Causal Research
 - (3) Market Research
 - (4) Brand equity
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December-2014

B.B.A., Sem.-V

Advanced Human Resource Management

Time : 3 Hours]

[Max. Marks : 70

1. (a) What is SHRM ? Discuss all the components of SHRM in detail. 7

OR

What is Personnel Management ? Discuss the evolution of Personnel Management to Human Resource Management and strategic Human Resource Management.

- (b) What determines the investment orientation towards Human Resource in an organisation ? Kindly elaborate. 7

OR

Do you believe it to be risky to invest in human resource ? Please justify why. Also discuss the investment perspective.

2. (a) Is human resource management changing as a function ? How and why ? 7

OR

Please explain the essential element of strategic Human Resource Management. Also discuss the competencies required by HR dept. to be a strategic partner to the organisation in brief.

- (b) Discuss any three environmental trends affecting Human Resource Management. 7

OR

Explain the benefits of strategic Human Resource Management and bring out the barriers to it.

3. (a) Why is performance management better than performance appraisal. Discuss in detail. 7

OR

How can the appraiser / supervisor avoid the performance appraisal related errors ?

- (b) Discuss any two methods of performance appraisal in detail along with advantages and disadvantages. 7

OR

Compare performance appraisal and performance management with appropriate examples. Discuss the supervisor's role in appraising performance.

4. (a) Discuss the process of establishing pay rates. 7

OR

What are the basic factors considered in determining pay rates ?

- (b) What is competency based pay ? Why is it given ? Discuss the advantages and disadvantages. 7

OR

Discuss flexible benefit programme. Discuss cafeteria approach, job sharing, work sharing and telecommuting in detail.

5. Please answer the following : 14

- (1) Skill mobility makes it _____ risky for an organisation to invest in human resource. (more / less)
- (2) Traditional HRM believes in _____ control, while SHRM believes in _____ control. (organic / bureaucratic)
- (3) Performance Appraisal is carried out at longer intervals which makes it _____ to modify employee's performance. (easy / difficult)
- (4) If the experts outside the organisation are more cost efficient than the internal employee then, investment in human resource should be _____. (increased / decreased)
- (5) The changing role of HRM has led to a change in the role of HR manager. The changed role also involves _____ role. (Administrative / strategic)
- (6) Non-conventional work weeks are also called _____. (complex weeks / compressed work weeks)
- (7) Mergers and acquisitions often result in _____ among employees. (confidence / insecurity)
- (8) If a firm increases its efficiency cuts costs and attempts to offer lowest price in the market then it is _____ business strategy. (cost leadership / differentiation)
- (9) Performance Management is a _____ term. (Comprehensive/Conservative)
- (10) Managing morale and commitment of survivors is a challenge posed by _____. (downsizing / work force diversity)
- (11) _____ method of PA helps the appraiser to evaluate each trait of an employee in comparison with other. (Alteration Ranking / Paired Comparison)
- (12) _____ approach of flexible work arrangements offers flexible spending accounts and flexible benefit fund. (Cafeteria / Job sharing)
- (13) In order to ensure that HR strategies facilitate the achievement of business strategies, _____ is required. (strategic fit / capital)
- (14) Benchmark jobs are also called _____ jobs. (Anchor / Flexible)