

**MBA-II / SEM-IV / CURRENT TRENDS AND CASES IN FINANCE (2021-22)****COMPREHENSIVE CONCURRENT EVALUATION****Faculty Name: Prof. Nilofar Sayyad****Subject: Current Trends & Cases in Finance****Subject Code: 404**

<b>Sr. No.</b>	<b>Component</b>	<b>Marks</b>	<b>Date of Exam/Submission</b>
<b>1</b>	Caselet	50	18 <sup>th</sup> July 2022
<b>2</b>	Term End Exam	50	23 <sup>rd</sup> July 2022
<b>3</b>	Online MCQ Test	50	25 <sup>th</sup> July onwards

**CT & CF (404)****Caselet 1**

Mega Ltd manufactured water heaters. In the first year of its operations, the revenue earned by the company was just sufficient to meet its costs. To increase the revenue, the company analysed the reasons behind the less revenues. After analysis, the company decided:

- To reduce the labour costs by shifting the manufacturing unit to a backward area where labour was available at a very low rate
- To start manufacturing solar water-heaters and reduce the production of electric water heaters slowly.

This will not only help in covering the risks but also help in meeting other objectives.

- a) Identify and explain the objectives of management discussed above.
- b) State any two values which the company wanted to communicate to society.

**Caselet 2**

Mr. Nithin Singhania's father has a good business of iron and steel. He wants to go to USA for his MBA but his father thinks that he should join the business.

On the basis of emerging trends, do you think that Mr. Singhania should send his son to USA?

Give any three reasons in support of your answer.

In order to achieve target production of 50,000 units per month, the Production Manager of Action Shoes Ltd had to operate on double shifts. The workers are paid overtime charges.

To earn higher wages workers try to go slow during normal working hours and complete their targets during overtime hours.

---

Though the manager could achieve his target and produced 5000 units but at a higher production cost.

- a. In your point of view, what is lacking in management?
- b. Identify the values missing in the production manager and the employees of the organization.

### **Caselet 3**

Trilok Ltd was established with a total capitalisation of Rs 25.20 crores. The company maintained a good balance between debt equity by having a debt equity ratio of almost 2:1. It was established with a mission of generating employment and producing quality goods with fair prices. It hired qualified and experienced staff even then, it organised training programmes to improve the skill level of employees. Managers at different levels were of the opinion that everything was organised very well, so subordinates can do everything, at their own level. So they decentralised the authority till lowest level and restricted themselves to policy making. At the end of the financial year, results were shocking. Annual target of production of 5, 00,000 units could not be achieved.

- a) Name the functions of management practiced by managers.
- b) Which management function was totally ignored by the managers at different levels?
- c) What would be the benefits, Trilok Ltd could get, by adopting this missed Function.

### **Caselet 4**

Mr. Vaibhav Garg holds the designation of finance manager in “Jai shree Limited”. Last year performance of his department was as per expectation. Currently, he is preparing financial blue print of the next five years. To Begin with he tried to forecast the sales in the next five years. It is so because it is the sales on which depends the need for the fixed and working capital. Thus an estimate was made with regard to both these items. Similarly he collected data in respect of possible profits in the coming years. In this way one can know how much of capital will be available from within the business. The rest of the funds will be arranged from outside the business. He is also thinking about the sources of finance to be adopted outside the business.

- 1) Identify the concept referred to in the above paragraph.
- 2) Write any two points of importance of the financial concept, so identified.

**Caselet 5**

Radhika Ltd manufactures blankets. Company's history has been satisfactory, but for the past sometime its cash flow position in a bad shape. That is why the company has not been able to pay sufficient dividend to its equity shareholders. When Mrs Rakhi Khetarpal the finance manager, tried to find out the causes of poor financial situation of the company, she observed that the control of the company was in the hands of several persons who are unable to take any concrete decision. To come out of this financial crisis, Mrs Khetarpal has been deliberating on the source of finance that needs to be tapped to arrange funds. She wants to make use of such a source as does not prove to be a fixed burden on the company. She has also keep in mind that company has got its premises on rent and the rent in exorbitant. Similarly it has to bear the burden of fixed salaries. She is also worried about the fact that in future control of the company should not be in the hands of too many persons.

- 1) Identify the two sources of finance discussed in the above para.
- 2) Identify and explain the advantages of both source by quoting lines from the above paragraph.