

Roll No.

Time allowed : 3 hours

Maximum marks : 100

Total number of questions : 6

Total number of printed pages : 15

NOTE : Answer ALL Questions.

PART-I

1. Case Study :

- (a) Neel Ltd., is a business organized as three divisions and head office. The divisions are based on market groupings, which are Retail, Wholesale and Government. The divisions do not trade with each other.

The main method of control of the divisions has been the requirement to earn a Return On Investment (ROI) of 18% p.a. The definition of return and capital employed is provided by head office and the criterion ROI rate of 18%.

The recent experience of Neel Ltd., is that the group as a whole has been able to earn the 18% but there have been wide variations between the results obtained by different division. This infringes another group policy that forbids cross-subsidization, i.e., each and every division must earn the criterion ROI.

Neel Ltd. is now considering divestment strategies and this could include the closure of one or more of its divisions.

: 2 :

The head office is aware that the Boston Product Market Portfolio Matrix (BPMPM) is widely used within the divisions in the formulation and review of marketing strategies. As it is so widely known within the group and is generally regarded by the divisions as being useful, the head office is considering employing this approach to assist in the divestment decision.

You are required to :

- (i) Evaluate the use of the concept of ROI by Neel Ltd. and its policy that forbids cross-subsidization.
- (ii) Describe the extent to which BPMPM could be applied by Neel Ltd. in its divestment decision. Evaluate the appropriateness of the use of the BPMPM for this purpose.
- (iii) Recommend and justify, two other models viz., porter's five forces model & the product life cycle model that could be used in making a divestment decision. Demonstrate how Neel Ltd. could utilize these models to make this decision.

(2+4+4=10 marks)

- (b) InfiniTech Systems Ltd., headquartered in Hyderabad, is a mid-sized Indian technology company specializing in enterprise software. The management is considering a ₹ 100 crore investment into developing an AI-powered compliance and HR analytics platform for large corporates and government institutions. The platform promises to automate payroll, employee records, and compliance filings, while also offering predictive insights into workforce productivity.

: 3 :

The Board is aware that Artificial Intelligence (AI) is reshaping the business landscape globally. AI adoption is not just about technology—it requires alignment with business strategy, ethical considerations, data management and competitive positioning. InfiniTech's leadership team has therefore decided to evaluate the project using the nine areas of AI business strategy and competitive positioning principles.

- **Business Strategy Alignment :** The company must ensure that its AI initiative supports its long-term vision of becoming a leader in compliance automation.
- **Strategic AI Priorities :** Key priorities include automating repetitive HR tasks, developing smarter compliance tools and enhancing decision-making for clients.
- **Short-term Adoption :** Quick wins could include automating payroll reconciliation and compliance reporting for small clients to demonstrate value.
- **Data Strategy :** AI requires large volumes of accurate employee and compliance data. InfiniTech must decide whether to collect data internally or partner with third-party providers.
- **Ethical & Legal Issues :** Privacy concerns, bias in algorithms, and legal compliance with Indian data protection laws must be addressed.
- **Technology Issues :** The firm must evaluate whether it has the infrastructure for machine learning and deep learning models.

- **Skills & Capacity** : Skilled AI engineers are scarce in India, and InfiniTech may need to hire or partner with external providers.
- **Implementation** : Clear accountability and phased rollout are essential.
- **Change Management** : Employees and clients may resist AI adoption due to job security concerns, requiring effective communication and training.

The Board must decide whether this investment positions InfiniTech competitively in the Indian market or exposes it to risks of rivalry, substitutes and buyer power.

Based on the above case study, answer the following questions :

- (i) Why must InfiniTech align its AI initiative with overall business strategy before investing ₹ 100 crore ?
- (ii) Identify two strategic AI priorities that InfiniTech should focus on to strengthen competitive positioning.
- (iii) Explain the importance of a data strategy in ensuring successful AI adoption in compliance and HR analytics.
- (iv) What ethical and legal issues must InfiniTech address while deploying AI solutions in India ?
- (v) Based on competitive positioning principles, evaluate whether InfiniTech's AI project is attractive or unattractive for long-term profitability.

(2×5=10 marks)

: 5 :

Attempt all parts of either Q. No. 2 or Q. No. 2A

2. (a) XYZ Ltd., a listed company, has the following net profits (as per Section 198) :

- FY 2021-22 : ₹ 6 crore
- FY 2022-23 : ₹ 9 crore
- FY 2023-24 : ₹ 15 crore

During FY 2024-25, the company undertook CSR activities as follows :

1. ₹ 25 lakh spent on construction of a school building (owned and controlled by the company)
2. ₹ 12 lakh spent on training employees' children
3. ₹ 18 lakh contributed to a registered NGO for rural healthcare
4. ₹ 10 lakh spent on an ongoing project (sanitation project) not completed during the year
5. ₹ 6 lakh transferred to PM CARES Fund
6. ₹ 4 lakh administrative overheads
7. ₹ 5 lakh surplus generated from CSR activities during the year

: 6 :

Additional Information :

- The ongoing project was approved by the Board.
- The company failed to transfer unspent amount (if any) within the prescribed time.
- Assume CSR rules are fully applicable.

Required :

- (i) Compute minimum CSR obligation
- (ii) Compute eligible CSR expenditure
- (iii) Determine unspent CSR amount
- (iv) State treatment of :
 - capital asset created
 - ongoing project
 - surplus arising
- (v) Explain penal consequences for non-compliance.

(5 marks)

- (b) Mehta Appliances Ltd., a Bengaluru-based home electronics company, plans to expand operations through an e-commerce platform.

As a strategy consultant, explain the three broad questions the company should address under the e-commerce strategy framework.

(5 marks)

: 7 :

- (c) ABC Textiles Ltd., a Coimbatore-based cotton yarn manufacturer, has been facing market fluctuations due to rising competition and changes in export demand. The management is reviewing its strategic options and is considering whether to maintain its current operations, expand into new product lines, or exit unprofitable divisions. Advise the management on the four grand strategic alternatives available to the company according to Glueck and Jauch's framework (1984). Briefly explain each alternative with reference to the given scenario.

(5 marks)

- (d) PQR Ltd. is benchmarking its operational and financial performance against the best-in-class competitor XYZ Ltd. The following data is available :

Particulars	PQR Ltd.	XYZ Ltd.
Sales (₹ crore)	50	50
Operating Cost (₹ crore)	40	32
Operating Profit (₹ crore)	10	18
Inventory Turnover (times)	4	8
Customer Complaint Rate (%)	5%	1%
Employee Utilisation (%)	60%	85%

Additional Information :

- Industry requires minimum operating margin of 30%
- Cost of improvement programme = ₹ 3 crore
- Expected cost reduction potential = 15% of current cost

Required :

- Identify efficiency and profitability gaps
- Evaluate whether PQR Ltd. meets industry standards
- Compute expected benefit from improvement programme
- Recommend strategic actions based on benchmarking

(1+1+1+2=5 marks)

OR (Alternative question to Q. No. 2)

- 2A.** (i) What is Strategic Gap ? Explain the meaning, causes and significance of strategic gap in strategic management theory.

(5 marks)

- (ii) How does PESTLE framework assist the management of a company in analysing the external micro environment of a business ?

(5 marks)

: 9 :

- (iii) Explain Ansoff Growth Matrix. How does it help organisations in choosing growth strategies ? Are there any limitations to this growth strategy ?

(5 marks)

- (iv) Explain the three pillars of Blockchain Technology and discuss how they contribute to its importance in achieving competitive positioning in modern markets.

(5 marks)

PART-II

3. (a) Lotus Chemicals Pvt. Ltd., a newly incorporated company, plans raw material purchases of ₹ 400 crores in FY 2025-26. Out of this, 80% will be routed through Letters of Credit (LC), of which 40% will be imports. The lead time, transit time and usance period are as follows :

- Domestic : Lead time – 1 month; Transit – 1 month; Usance – 1 month
- Import : Lead time – 60 days; Transit – 30 days; Usance – 90 days

- (i) Calculate the total LC limit required for the year.
- (ii) Breakdown the LC requirement into domestic and import components, considering the effective credit cycle.

(2+3=5 Marks)

: 10 :

(b) Sunrise Textiles Ltd., a listed company, has shares that are not frequently traded. For a preferential issue, the merchant banker has provided the following valuation parameters :

- Book Value per share : ₹ 120
- Comparable trading multiples valuation : ₹ 150
- Other customary valuation (DCF method) : ₹ 135

- (i) Calculate the issue price of the shares as per SEBI Regulation 165.
- (ii) Explain one adjustment that may be required under Regulation 166 if the company undertakes a stock split after the preferential issue.

(2+3=5 marks)

(c) A Real Estate Investment Trust (REIT) has the following financial details for FY 2024-25 :

- Total value of real estate assets : ₹ 1,000 crore
- Rental income : ₹ 120 crore
- Operating expenses : ₹ 30 crore
- Interest on borrowings : ₹ 20 crore
- Depreciation : ₹ 10 crore
- Capital gains from sale of property : ₹ 40 crore
- Units outstanding : 10 crore units

: 11 :

Additional Information :

- REIT is required to distribute 90% of net distributable cash flows (NDCF)
- Out of capital gains, only 50% is considered for distribution
- Market price per unit : ₹ 120

Required :

- (i) Compute Net Distributable Cash Flow (NDCF)
- (ii) Calculate minimum distribution to unit holders
- (iii) Determine Distribution Per Unit (DPU)
- (iv) Compute yield to investors.

(5 marks)

4. (a) Ace Tech Pvt. Ltd., is a start up that requires funding of ₹ 5 crore for expansion.

The promoters approach the following :

- An Angel Fund willing to invest ₹ 1 crore at a pre-money valuation of ₹ 4 crore
- A Venture Capital Fund (VCF) willing to invest the remaining amount at a post-money valuation of ₹ 10 crore.

Additional Information :

- Existing promoters hold 100% equity (1,00,000 shares)
- Face value per share = ₹ 10

: 12 :

Required :

- (i) Calculate the post-investment shareholding pattern
- (ii) Determine the price per share for Angel Fund and VCF
- (iii) Analyse the control implications for promoters.

(1+2+2=5 marks)

- (b) Rural Health Impact Foundation (NPO) plans to raise funds through the Social Stock Exchange (SSE).

Part A : NPO (ZCZP Instruments)

- Project cost : ₹ 3 crore
- Funds raised via Zero Coupon Zero Principal (ZCZP) : ₹ 2.4 crore
- Minimum subscription required : 75%
- Administrative overheads : ₹ 50 lakh
- Actual project spending : ₹ 1.6 crore
- Unutilised funds transferred after 8 months to a separate account

Required :

- (i) Evaluate whether NPO issue is successful
- (ii) Check compliance of fund utilisation & transfer rules
- (iii) Identify non-compliance and consequences.

(1+2+2=5 marks)

: 13 :

- (c) InvITs issue units to the investors for the amount of investments made by them. However these units differ from traditional investments. Explain.

(5 marks)

5. (a) Arjun Patel wants to apply for shares in the public issue of Surya Limited. The company is offering 4 crore specified securities at ₹ 400 per share, out of which 2.5 crore are reserved for Qualified Institutional Buyers (QIBs) and 40 lakh for Retail Individual Investors (RIIs).

The offer document specifies that the minimum application value is ₹ 12,000, and applications must be made in multiples of this value.

Based on SEBI ICDR Regulations, answer the following :

- (i) What is the maximum number of specified securities Arjun Patel can apply for in the net offer category ?
- (ii) What is the maximum number of specified securities that non-institutional investors can apply for in this issue ?
- (iii) How many shares must an investor apply for at minimum, given the application value of ₹ 12,000 and issue price of ₹ 400 per share ?

(1+2+2=5 marks)

(b) (i) Define a dissenting shareholder in the context of SEBI (ICDR) Regulations, 2018.

(ii) Explain the conditions under which promoters or controlling shareholders are required to provide an exit opportunity to dissenting shareholders.

(2+3=5 marks)

(c) (i) Explain Fund Based and Non-Fund Based Credit Facilities.

(ii) Calculate the amount of fund-based and non-fund-based credit facilities availed by Veena Ltd. from Bank from the following details :

Sr. No.	Credit Facilities Provided by	₹ In Lakhs
1.	Standby Letter of Credit	2.50
2.	Clean Overdraft	9.80
3.	Bank Guarantee	12.50
4.	Car Loan	60.95
5.	Letter of Credit	22.50
6.	Key Cash Credit	35.50
7.	Post Shipment Packing Credit	80.40
8.	Suppliers Credit	30.50
	Total Credit Facilities	254.65

(2+3=5 marks)

: 15 :

Attempt all parts of either Q. No. 6 or Q. No. 6A

6. (a) SEBI vide its notification dated October 31, 2025, made certain amendments in Schedule XIII of ICDR Regulations, 2018 pertaining to the allocation of equity shares to the anchor investors. Briefly explain the changes envisaged.
- (b) SEBI Vide circular dated September 09, 2025, introduced a new framework enabling Category I and II Alternative Investment Funds (AIFs) to offer co-investment opportunities to accredited investors within the AIF structure itself, through the launch of separate Co-Investment Schemes (CIV schemes). Explain any 5 key highlights of this circular.
- (c) Explain the changes made by SEBI vide its notification Dated 25th November 2025 in the provisions pertaining to qualification and certification requirement for Investment Advisers.

(5 marks each)

OR (Alternative question to Q. No. 6)

6A. Distinguish between the following :

- (i) Letter of Credit (LC) and Letter of Guarantee (LG).
- (ii) Hire purchase and Hypothecation.
- (iii) Bill Discounting and Factoring.

(5 marks each)

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