

GENERAL INSTRUCTIONS TO CANDIDATES

1. The question paper comprises two parts, Part I and Part II.
2. Part I comprises Multiple Choice Questions (MCQs).
3. Part II comprises questions which require descriptive answers.
4. Ensure that you receive the question paper relating to both the parts. If you have not received both, bring it to the notice of the invigilator.
5. Answers to Questions of Part I are to be marked on the OMR answer sheet given on the cover page of descriptive answer book of Section-A only. Answers to questions in Part II are to be written in their respective descriptive answer book. Answers to MCQs, if written inside the descriptive answer book or on Part-I Question Paper will not be evaluated.
6. OMR answer sheet given on the cover page of descriptive answer book will be in English only for all candidates, including for Hindi medium candidates.
7. The bar coded sticker provided in the attendance register, is to be affixed only on the descriptive type answer book.
8. You will be allowed to leave the examination hall only after the conclusion of the exam. If you have completed the paper before time, remain in your seat till the conclusion of the exam.
9. Duration of the examination is 3 hours. You will be required to submit the descriptive answer books with OMR cover page to the invigilator before leaving the exam hall, after the conclusion of the exam.
10. The invigilator will give you acknowledgement on Page 2 of the admit card, upon receipt of the descriptive answer books.
11. Candidate found copying or receiving or giving any help or defying instructions of the invigilators or having/using mobile phone or smart watch will be expelled from the examination and will also be liable for further punitive action.

PART-I

38 marks

1. Answer all questions.
2. Use HB pencil only to darken the circles for MCQ answers in the answer sheet.
3. After each question four alternative answers are given. Choose one of the answers and darken the appropriate circle against the question number in the OMR Answer Sheet, completely, as shown below, with HB pencil.

Marking the Answers	
Example : For Question No. 12, if the candidate considers the correct answer to be C, he is to mark as shown below (Correct Method)	Not as shown below (Wrong method) :
12 (A) (B) (C) (D)	12 (A) (B) (C) (D)
	12 (A) (B) (C) (D)
	12 (A) (B) (C) (D)
	12 (A) (B) (C) (D)
	12 (A) (B) (C) (D)

4. Any answer marked in the question booklet or inside descriptive answer book will not be considered and no marks will be awarded.
5. If a candidate wants to change the answer already darkened, he should erase it completely, with good quality eraser and ensure that no mark is visible after erasing.
6. No mark will be awarded if no circle is darkened or more than one circle is darkened for a particular question. There is no negative marking for a wrong answer.
7. Rough work, if any, must be done on the pages, specified as SPACE FOR ROUGH WORK only and nowhere else in the question paper booklet or in the answer sheet.
8. Before commencement of the exam, please fill up the necessary information in the space provided below and also in the answer sheet.

Total No. of Printed Pages : 12

Maximum Marks : 30

Roll No. 543122

Question Paper
Booklet Code

F D T 1

Name of the Candidate

Signature of the Candidate

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EBIT	EB	EPS
(-1 Ind. old new)	7600000	7600000
	(450000)	(450000)
	(910000)	(650000)
EBT		
(-1 Tax)		
EAT	4368000	
(-1 Prof. div)		
EAT		2868000

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PART - I

Section - A

Case Scenario - I :

Coral Ltd. is an agri-business company that operates in two segments – animal feed and crop protection. The company's Research and Development Department has been instrumental in its growth and success.

The existing capital structure of Coral Ltd. is as follows:

Particulars	Amount (₹)
Equity Shares (10,00,000 shares of ₹ 10 each)	1,00,00,000
15% Debentures (30,000 Debentures of ₹ 100 each)	30,00,000

Coral Ltd. desires to expand its horizon in breeding high-yielding and disease-resistant seeds for increasing agricultural productivity. The company requires additional funds amounting ₹ 100 lakh to finance its business expansion plan. The expected earnings before interest and taxes after this additional investment will be ₹ 76 lakh. The applicable corporate income tax rate is 30%.

The company has two alternatives for raising this additional fund :

Particulars	Plan - I	Plan - II
Equity shares of ₹ 10 each to be issued at a premium of ₹ 15 per share	30%	10%
13% Debentures of ₹ 100 each to be issued at par	70%	50%
7.15 % Preference Shares of ₹ 10 each to be issued at par	-	40%

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You are required to answer the following questions 1 to 5 :

1. What would be the Earnings Per Share (EPS) of the company in Plan-I and Plan-II ? 2

- (A) ₹ 4.37 and ₹ 4.26
(B) ₹ 3.36 and ₹ 3.88
(C) ₹ 3.90 and ₹ 4.10
(D) ₹ 4.25 and ₹ 4.50

2. What would be the Market Price per Share (MPS) of the company if Price Earnings Ratio (PE ratio) in Plan-I is 12 times and Plan-II is 15 times ? 2

- (A) ₹ 46.80 and ₹ 61.50
(B) ₹ 40.32 and ₹ 58.20
(C) ₹ 51.00 and ₹ 67.50
(D) ₹ 52.44 and ₹ 63.90

3. What would be the financial Break Even Point (BEP) in Plan-I and Plan-II ? 2

- (A) ₹ 13,75,000 and ₹ 15,10,000
(B) ₹ 13,70,000 and ₹ 15,00,000
(C) ₹ 13,65,000 and ₹ 15,15,000
(D) ₹ 13,60,000 and ₹ 15,08,571



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4. What would be the indifference point between Plan-I and Plan-II ?

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(A) ₹ 34,33,333

(B) ₹ 34,40,000

(C) ₹ 35,15,000

(D) ₹ 35,22,222

$$\begin{aligned} \text{EPS (I)} &= \text{EPS (II)} \\ \frac{(\text{EBIT} - \text{Int})(1 - t)}{100} &= \frac{\text{EBIT} - \text{Int} - \text{Div}}{100} \\ \text{EBIT} - 200000 &= \text{EBIT} - 200000 \end{aligned}$$

5. What would be the Earnings Per Share (EPS) in Plan-I and Plan-II at the indifference point as calculated by you above ?

2

(A) ₹ 1.30 and ₹ 1.30

(B) ₹ 1.65 and ₹ 1.75

(C) ₹ 1.50 and ₹ 1.50

(D) ₹ 1.80 and ₹ 1.90

Case Scenario – II :

VP Ltd. provides the following financial information :

Current Ratio	1.5 : 1
Sales (80% Credit Sales)	₹ 150 Lakh
Inventory Turnover Ratio	6 Times
Average Collection Period	2 months
Gross Profit Ratio	20 %
Quick Ratio	1 : 1

$$\begin{aligned} \text{CA} &= \text{CL} \\ \text{CA} &= 1.5 \text{CL} \\ \text{CA} &= \text{CL} + \text{Stock} \\ \text{CL} &= \text{CL} + \text{Stock} \\ \text{Stock} &= 0 \end{aligned}$$

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From the information given above, choose the correct answer to the following Q. No. 6 and 7 :

6. Inventory and Receivables would be :
- (A) ₹ 20 Lakh and ₹ 20 Lakh
 - (B) ₹ 10 Lakh and ₹ 10 Lakh
 - (C) ₹ 10 Lakh and ₹ 20 Lakh
 - (D) ₹ 20 Lakh and ₹ 10 Lakh
7. Current Assets and Current Liabilities would be :
- (A) ₹ 30 Lakh and ₹ 20 Lakh
 - (B) ₹ 45 Lakh and ₹ 30 Lakh
 - (C) ₹ 60 Lakh and ₹ 40 Lakh
 - (D) ₹ 75 Lakh and ₹ 50 Lakh
8. JKL Company Ltd. has current assets of ₹ 1,00,00,000 and current liabilities of ₹ 50,00,000. The Financial manager of the company desires to make a provision for contingencies @20% of working capital. Accordingly, what would be the amount of working capital requirement for the company ?
- (A) ₹ 55 Lakh
 - (B) ₹ 60 Lakh
 - (C) ₹ 65 Lakh
 - (D) ₹ 70 Lakh

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Section – B

Case Scenario – III :

Primo Neo Logistics (PNL) is engaged in transportation of goods in India. It has its operational presence across the country since the year 2010. In addition to transporting goods by road, company is also taking services of private airways as its logistics partner. However, there is a sharp decline in business through airways as sales and profits have declined steeply.

Company also wants to ascertain the market positions of rival companies having similar competitive approaches in the market with the intent to identify the strongest or the weakest players in view of the tough competitive landscape. Once the market position is ascertained, company would like to modify its strategy to adapt according to the changing circumstances.

Technology, means and ways of transporting goods are also changing. Company wants to utilize its resources and capabilities, not only to compete and survive but to grow efficiently. Multidimensional expansion with new and improved means of transportation and marketing seems inevitable. Company has strong presence in transporting goods by road and wants to collaborate with some other operator who can bring expertise in transporting goods using improved technology.

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Cargo Movers Plc. (CMP) is a well-known transporter of goods using state of art technology in the Asia Pacific region. Banking upon their respective core competencies, PNL and CMP would like to develop close and collaborative relationship where both will continue to maintain their respective independent existence. Once collaboration is in place, marketing team of both the companies would like to cater to the needs of transporting goods with speed and agility. In line with basic principles, the team will also focus on best long-run performance of the marketing system. In view of the same the team is planning to rope in various social media influencers with intent to create a brand image with customer orientation and spreading a word about its distinctive services to its present and prospective customers.

Based on the above case scenario, choose the correct answer to Q. Nos. 9 to 13.

9. The business through private airways is at which phase of product life cycle ? 2
- (A) Introduction
 - (B) Growth
 - (C) Maturity
 - (D) Decline
10. Tool for identifying the strongest and weakest competitors is known as : 2
- (A) Strategic Group Mapping
 - (B) Portfolio Analysis
 - (C) Strategic Surveillance
 - (D) Strategic Audit



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11. The strategy being followed by PNL is :

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- (A) Adaptive strategy
- (B) Proactive strategy
- (C) Reactive strategy
- (D) Blend of proactive and reactive strategy

12. Relationship being considered between PNL and CMP is indicating :

2

- (A) Horizontal Integration
- (B) Merger and Acquisition
- (C) Strategic Alliance
- (D) Vertical Integration

13. The activity of marketing team will be called as :

2

- (A) Enlightened marketing
- (B) Augmented marketing
- (C) Differential marketing
- (D) Synchro marketing

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14. Farm Fresh Ltd., a family- owned organic farming business has been operating successfully over the past 10 years. Currently the company is facing stiff competition from the large farming houses. Hence to maintain status quo, the management of the company decided to adopt stability strategy. Which of the following initiatives best support Farm Fresh Ltd.'s stability strategy ?

- (A) Develop a new range of organic produce to attract a new segment of customers.
- (B) Improve functional efficiency of its farm equipment to increase productivity and reduce cost of production.
- (C) Purchase a number of farms to increase production.
- (D) Add a few channels of distribution to attract customers in related market areas.

15. The role played by middle management is diminishing as the tasks performed by them are increasingly being replaced by new and improved technological tools. As a result, in a three layer organizational structure, middle level is constricted.

Which one of the following is a suitable name to such structure ?

- (A) Hourglass structure
- (B) Network Structure
- (C) Matrix structure
- (D) Divisional structure



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16. In the framework of strategic analysis, which one is a constituent of internal analysis ?

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- (A) Competitor analysis
- (B) Determinants analysis
- (C) Market analysis
- (D) Scenario analysis

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