

Case Scenario - I

RG Limited has estimated that number of operating cycle in year 2025-26 will be 3. The amount of working capital required after taking an estimated 5% unforeseen contingency is ₹ 1,01,850. Other information is as under :

- Opening stock of Finished goods is ₹ 31,100 and the closing stock will be lesser by ₹ 4,200 from the opening stock.
- Opening stock of Raw Material is ₹ 24,450 and Closing stock of Raw material will be ₹ 28,200.
- Opening stock of Work in Progress is ₹ 20,500 and Closing stock of Work in Progress will be more by ₹ 1,800 from the Opening stock.
- Wages and Manufacturing expenses during the year will be ₹ 1,12,800.
- Selling and Distribution expenses during the year will be ₹ 30,000.
- Average Creditors for the year is ₹ 26,170.
- All Purchases will be done on credit basis only.

Assume a 360 days year.

Using above information, you are required to answer the following questions 1 to 5 :

1. What will be the Raw material storage period and Work in Progress conversion period ?
(A) 62 Days and 32 Days
(B) 65 Days and 30 Days
(C) 63 Days and 33 Days
(D) 63 Days and 45 Days

(4)

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2. What will be the Creditors Payment period and Debtors Collection period ? 2

(A) 60 Days and 50 Days

(B) 63 Days and 48 Days

(C) 62 Days and 45 Days

(D) 65 Days and 47 Days

3. What will be the Total Operating Expenses and Cost of Goods Sold for the year ? 2

(A) ₹ 2,61,000 and ₹ 2,91,000

(B) ₹ 2,91,000 and ₹ 2,61,000

(C) ₹ 2,75,500 and ₹ 2,61,000

(D) ₹ 2,58,500 and ₹ 2,88,000

4. What will be the Cost of Production and Finished Goods storage period ? 2

(A) ₹ 2,58,600 and 45 Days

(B) ₹ 2,58,600 and 40 Days

(C) ₹ 2,56,800 and 45 Days

(D) ₹ 2,56,800 and 40 Days

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(5)

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5. What will be the Raw Material Consumed and Credit purchases ?

2

(A) ₹ 1,52,500 and ₹ 1,50,550

(B) ₹ 1,49,500 and ₹ 1,52,500

(C) ₹ 1,45,800 and ₹ 1,49,550

(D) ₹ 1,52,000 and ₹ 1,45,800

6. ABC Limited gives you the following information as on 31st March, 2025 :

Current Liability : ₹ 1,60,000

Current ratio : 2.5

Liquid ratio (Quick ratio) : 2

What will be the value of Stock ?

1

(A) ₹ 80,000

(B) ₹ 1,20,000

(C) ₹ 1,60,000

(D) ₹ 64,000

7. PRAX Ltd. is an all-equity financed company, currently valued at ₹ 2,100 lakhs, with a cost of capital of 18%. The company is contemplating a strategic financial restructuring by :

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(i) Repurchasing ₹ 325 lakhs of equity shares.

(ii) Replacing the repurchased equity with 16% debentures.

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The Company maintains constant Earnings Before Interest and Taxes (EBIT) and following a policy of distributing entire earnings as dividend.

Corporate tax rate is 35%.

What would be the market value of Equity after structure modification as per Modigliani and Miller (MM) Approach ?

- (A) ₹ 1,888.75 Lakh
- (B) ₹ 2,213.75 Lakh
- (C) ₹ 1,456.75 Lakh
- (D) ₹ 2,538.75 Lakh

8. KL Limited is replacing an existing machine. The replacement cost of the machine is ₹ 1,00,000 now and it requires maintenance of ₹ 20,000 at the end of every year for five years. At the end of Fifth year, it would have a salvage value of ₹ 10,000. The cost of capital is 14%.

$PVIFA_{0.14,5}$ is 3.433 and $PVIF_{0.14,5}$ is 0.519.

What will be the Equivalent Annual Cost (EAC) for the machine ?

2

- (A) ₹ 57,617
- (B) ₹ 45,217
- (C) ₹ 47,617
- (D) ₹ 60,217

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SECTION – B

Case Scenario – II

Solar Tech Innovation, a start-up specialization in next-generation solar panels entered the highly competitive renewable energy sector with a mission to make solar power more accessible and efficient. However, the company faced significant challenges, including high R&D costs, limited consumer awareness, regulatory compliance hurdles and stiff competition from established energy providers. To navigate these challenges, Solar Tech conducted an in-depth market analysis, identifying a strong demand for residential and commercial solar solution due to rising electricity cost and government incentives on green energy. However, it also noted threats from lower-cost alternatives and slow adoption in some regions.

To differentiate itself, Solar Tech developed ultra-thin, high efficiency solar panels that could generate more power in less space. This innovation appealed to homeowners and businesses looking for cost-effective grand space-saving solutions. The company also adopted a strategic expansion model, first targeting urban centers with high energy consumption and gradually moving to rural areas. Internally, the leadership headed by CEO Mr. Rajiv, implemented structural changes to improve decision making. The company embraced a decentralized approach enabling regional teams adapt their sales and marketing strategies to local market conditions. Additionally, Solar Tech partnered with financial institutions to offer easy financing options, making solar energy more affordable.

To enhance operational efficiency, Solar Tech streamlined its supply chain and secured bulk raw material procurement deals, reducing cost without compromising quality. Simultaneously, the company focused on customer education through digital marketing and community outreach programs, increasing awareness and adoption. Over four years, these strategic initiatives led to Solar Tech's expansion across multiple states, partnerships with real estate developers, and a 60% increase in annual revenue. By aligning technological innovation, operational efficiency and market expansion, the company successfully positioned itself in the renewable energy sector.

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

9. Solar Tech is considering expanding into a developing country where electricity access is low. Which external factor is the primary reason for this decision ?

2

(A) Low production costs in the target country

(B) Strong competition from global solar brands

☒ (C) Availability of skilled solar engineers

(D) High demand for alternative energy sources

10. A leading real estate developer, Green Habitat Constructions, wants to integrate Solar Tech's next-generation panels into its residential and commercial projects.

Where would Green Habitat Constructions fall in Mendelow Matrix ?

2

(A) High power, High interest (Key Players)

(B) Low power, Low interest (Low Priority)

(C) Low power, High interest (Keep informed)

(D) High power, Low interest (Keep Satisfied)

11. A company's core values are essential for decision making and strategic alignment. Which of the following would be considered a violation of Solar Tech Innovation's values ?

2

- (A) Investing in high-efficiency solar panels that reduce carbon emissions.
- (B) Partnering with fossil fuel companies to increase short term profitability.
- (C) Launching an initiative to make solar energy more affordable for rural areas.
- (D) Encouraging employees to participate in sustainability programs.

12. Solar Tech expands its distribution network by forming partnerships with retail chains. This directly affects which value chain activity ?

2

- (A) Firms infrastructure
- (B) Inbound logistics
- (C) Outbound logistics
- (D) Technology development

13. Solar Tech innovation partnered with financial institutions to offer easy financing options to make solar energy more affordable.

This decision falls under which strategic level ?

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- (A) Corporate Level
- (B) Business Level
- (C) Functional Level
- (D) Operational Level

14. In General Electric Matrix, what strategy is recommended for business units with high market attractiveness and strong business strength ?

1

(A) Invest / Expand

(B) Select / Earn

(C) Harvest / Divest

(D) Liquidate

15. Bio Cure is pioneer in low-cost rapid diagnostic kits and commands strong brand loyalty in Tier-2 and Tier-3 Indian cities. The company holds a leading competitive position, thanks to its proprietary technology and wide distribution network. However, the rapid diagnostic industry is maturing, with new regulations, consolidation, and slowing growth rates. Many firms are shifting their focus to AI-powered health platforms, making it harder for traditional players to innovate without high R&D spend.

Based on the ADL matrix, where is Bio Cure positioned ?

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(A) Dominant position in a declining industry

(B) Strong position in a mature industry

(C) Tenable position in a growing industry

(D) Weak position in an ageing industry

16. Edu Edge Learning a digital education start-up, struggled with inconsistent communication and poor integration across departments. Although the strategy and talent were in place, collaboration was ineffective. In order to resolve this issue, the leadership launched a centralized knowledge-sharing platform and defined clear internal communication protocols. Performance appraisal systems were linked to teamwork and collaboration goals, ensuring alignment of all the processes with strategic intent.

Which aspects of the McKinsey 7-S Framework is being strengthened at Edu Edge ?

2

- (A) Strategy
 - (B) Structure
 - (C) System
 - (D) Skills
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