



# The Institute of Chartered Accountants of India

Code: IN6BS412263  
Subject : 06B Strategic Management

Total Marks: 35  
Marks Obtained : 24

Subject : Strategic Management

Number of Answer Books used : Main + ..... additional sheets

For use by ICAI only

412263

15 SEP 2025

ICAI

If the Candidate attempts answers of Section - A in this answer book and vice versa, the same shall not be evaluated.

B

THE INSTITUTE OF CHARTERED ACCOUNTANTS OF INDIA  
SEPTEMBER, 2025

Q.No.	To be ticked (✓) by the candidate against the Questions answered	Marks Awarded (To be filled by Examiner)					Total
		a	b	c	d	e	
1							
2							
3							
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## INSTRUCTIONS TO THE CANDIDATE



are not to be written on this page

1. All answers should be written in figures and words in the allotted space at the right hand corner of the answer book/s and nowhere else including additional answer book/s and graph paper.
2. Roll number should be written in the box in numbers and darken the appropriate circles of the OMR provided in the right hand corner of the cover page with **Black / Blue** ball point pen.
3. All particulars such as name of Examination, Paper No. and subject at the appropriate space at the left hand upper corner.
4. Remove the Bar Code sticker of the particular paper from the Attendance sheet and affix the same on the box provided in the right hand corner of the cover page.
5. Since a machine will read the Roll no., please check and ensure that Roll number written in numbers, words and circles darkened are correct. In case any candidate fills this information wrongly, Institute will not take any responsibility for rectifying the mistake.
6. The answers should be written neatly and legibly.
7. The answer to each question must be commenced on a fresh page and question number prominently written at the top of each answer. Alternatively, the question number should be distinctly written in the margin.
8. The answer to each question in all parts should be fully completed in one page or in a consecutive set of pages, before the next question is taken up.
9. **The candidates are required to write answers of Section A in the answer booklet with the marking (A) on the cover page and answers of Section B in the answer booklet with the marking (B) on the cover page. In case a candidate writes the answers in wrong set of answer books the same will be not be valued and no correspondence in this regard will be entertained.**
10. Writing of Roll number in place/s other than the space provided for the purpose or writing distinguishing mark, symbols like "OM", "Sri", "Jesus", "786", etc., will tantamount to adoption of "unfair means"
11. Before submission of answer book to the invigilator take care to score out (X) blank pages, if any, that you might have left.



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03

Q.8 (a)

→ Business Environment includes all those factors, institution, individual, their influences and have an effect on the working of a Business.

→ Business Environment is broadly classified into Micro and Macro Environment

→ Benefits of Interaction with a Business Environment

1. Determining opportunities and threats

Interaction with the Business environment helps the organization to identify various opportunities and threats in the environment and accordingly business can make strategies to grab the opportunities and neutralize the threats



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04

2. Give Direction for growth :



By Interacting with Business environment, the organization become fully aware about the ~~surroundings~~ its surroundings. Now they just have to plan for strategies to ~~exp~~ compete successfully. Hence it provide direction for growth by showcasing various alternative of growth.

3. Continuous learning : Interaction with



Business Environment motivates Managers to learn new skills and obtain new knowledge to meet the new challenges or Requirements of Business environment.

4. Image Building : It helps the

Business to Build their Image in the Society by showcasing that they are sensitive and responsive to the needs and wants of society. Thus By showing its ~~sensi~~ Responsiveness to needs of society they can elevate their image.





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05

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5. Meeting competition : Interaction & with Business Environment helps the organization to ~~an~~ know & about ~~the~~ strategies of their competitors and then plan their strategies accordingly to win over competitors. Because the motive is to Beat competition for its own product & services.

8aStep2 ✓ 3.5

8a ✓ 3.5

8 ✓ 7

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Q. 2 (B)	
Strategic Formulation	Strategic Implementation
1. <input checked="" type="checkbox"/> It is concerned with placing the forces before action.	It is concerned with managing the forces during action.
2. <input checked="" type="checkbox"/> It is an entrepreneurial activity which involves strategic decision making.	It is an administrative task which involves both strategic & operational decision.
3. <input checked="" type="checkbox"/> It is a rational and intellectual process.	It is a operational process.
4. <input checked="" type="checkbox"/> It is more concerned with effectiveness.	It is more concerned with efficiency.
5. <input checked="" type="checkbox"/> It requires analytical, rational, intellectual thinking and skills.	It requires motivational & leadership skills.



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07

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6.	<input checked="" type="checkbox"/>	It Requires co-ordination among few individual at top	It Requires co-ordination among many individual at middle & lower level.
7.	<input checked="" type="checkbox"/>	Strategic formulation always precedes strategic implementation	Strategic implementation follows strategic formulation.
8bStep1	<input checked="" type="checkbox"/>	3.5	
8b	<input checked="" type="checkbox"/>	3.5	

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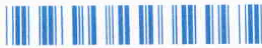
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08

Q. 6(B)

→ Experience Curve

→ Experience curve also akin to learning curve explains the efficiency gained by workers through repetitive production work leading to cost reduction

6bStep1



1

→ It is based on commonly understood phenomena is that cost per unit ~~are~~ decreases as the business due to cumulative volume of production as the business accumulates experience

Features of Experience curve

① It is based on the concept "we learn as we grow"

② ~~It's~~ Its relevance is based on learning effect, economies of scale, and Research and technology upgradation and product improvement

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As Business grow it gains Experience

(4)



Experience gained helps the organization to compete successfully and over its competitors and build competitive advantage by developing certain core competence



It helps in creating ~~Bar~~ Barrier to entry

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6

6b



Generally larger and successful organization have more experience than smaller firms.

6bStep2



The effect is that larger organization tends to have lower per unit cost as compared to smaller firms.

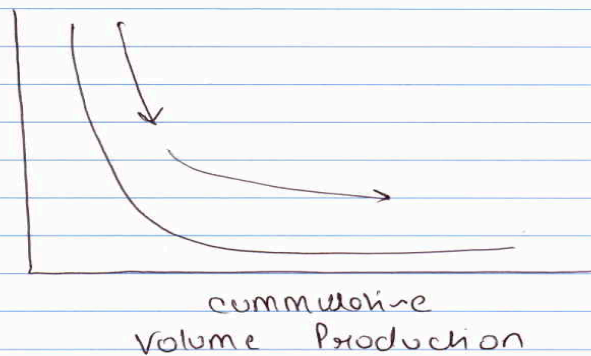
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7

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Per unit cost





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10

Q.6 (a)

### Significance of Vision Statement

- ☒ Vision statement describes the firm's future business position, where it wants to land in the future
- ☒ It helps to explain the aspiration of various managers to various stakeholders
- ☒ ~~It is~~ A good mission vision statement or steer the energies of various employees in the organization to a common direction
- A well articulated vision statement clearly illuminates the direction in which organization is headed towards
- A ~~use~~ best worded vision statement motivates the people in the organization to move towards common goal
- ☒ ~~It is~~ The entrepreneurial knowl challenge in this is to think creatively about how to ~~prepare~~ prepare the compo. Business for its future

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12

(0.5(9))



5aStep1



1

The strategy we recommended is known as Best cost Provider Strategy. It is an ~~extent~~ extension of Porter's strategy that focus ~~on~~ Both providing customers more value for their money,

5aStep2



1

by emphasizing on Both low cost and upscale differentiation.

→



Since ARP Motors focus Both on affordability and premium features, it is following Best cost Provider strategies.

Achieving Best cost Provider Strategy



It is Based on providing customer more value for their money by Reduced cost as well as Quality products by following eight.

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charging similar Prices as charged by the competitors but for Better and more improved product features and Quality

charging less Prices as compared to competitors by providing products of comparable features and Quality as those provided by its competitors

5aStep3 ✓ 1

5a ✓ 3



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0.5 (B)



5bStep1



1

As CFO, ~~to~~ we would suggest  
Divestment strategy

This strategy is followed when the  
Business has following ~~turnover~~ turnaround  
strategy but failed or when the  
option was not even consider as it was  
obvious that Business would not survive

→ It is a Retrenchment strategy which  
involves liquidation or selling  
a part of Business or a SBU or a  
diviz division

Major Reasons for Divestment strategy

(1) Continuous Business losses or negative cash  
flows from a particular Business  
causing problem for whole organization  
thus it is better to liquidate that  
particular loss making division

(2) Stiff & Intense competition present in  
Market and Business is unable to  
complete with it or cope up with  
this



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5b Step 2

5b

3

2

3

Better Alternative for investing funds elsewhere is available

It requires technological upgradation but Business is unable to do it for its survival, etc

As the above features are currently faced by the corporation i.e. negative cash flows, intense competition, losses, etc. we can justify

Divers Investment decision



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Q.5(c)

☒ The ~~the~~ function of Strategic Management ~~is~~ suitable in this situation

5cStep1 ☒ 1 is Strategic control

☒ Strategic control involves monitoring and evaluating the current performance of business and comparing them with the set standards and evaluating and identifying deviation, and to take ~~a~~ corrective action to make sure the planned actions translate into successful achievement of goals and results

Elements of strategic control:

1) ☒ ~~a~~ Defining the organizational Objective and converting them into measurable and control controllable standards

2) ☒ A mechanism for measuring the current performance of business





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3) A mechanism for

a) comparing the actual Performance with the standards

b) evaluating and identifying the deviation with the standards

c) obtaining insights into the standards itself.

4) A framework for providing and suggesting corrective actions and improvements so that the organization stays on the right path on achievement of its goals and objectives.

5cStep2 3

5c 4

5 10

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