535

Roll No. ....

Time allowed : 3 hours *Maximum marks : 100*

Total number of questions : 6 *Total number of printed pages : 12*

NOTE : *Answer **ALL** Questions.*

PART–I

1. Case Study :

(*a*) Ace Motors Ltd., a leading automobile manufacturer, faced growing competition from global players in the early 2000s. With rising customer expectations for quality and efficiency, the management decided to implement Total Quality Management (TQM) as a strategic approach to improve processes, reduce waste and increase customer satisfaction.

TQM Implementation Steps :

(1) Top Management Commitment :

CEO initiated TQM as a company-wide movement.

Clear communication of quality goals across departments.

(2) Customer Focus :

Feedback systems were improved.

Regular customer satisfaction surveys were conducted.

(3) Employee Involvement :

Quality Circles were established across all production lines.

Employees received Six Sigma and Kaizen training.

(4) Continuous Improvement (Kaizen) :

Introduction of lean practices.

Waste reduction initiatives saved ₹ 150 crores in the first two years.

(5) Use of Quality Tools :

Statistical Process Control (SPC), Pareto Analysis and Fishbone Diagrams used regularly.

ISO 9001 and ISO/TS 16949 certifications obtained.

(6) Supplier Quality Management :

Long-term partnerships with key vendors.

Supplier audits and joint training sessions conducted.

Outcomes After 3 Years :

- Defect rate reduced by 65%
- Production lead time decreased by 20%
- Customer satisfaction score increased from 78% to 91%
- Cost savings of ₹ 320 crores over 3 years

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

(*i*) In context with the Ace Motors Ltd., what is Total Quality Management (TQM) ? Explain any *four* key principles followed by the company.

(*ii*) Mention any *four* major areas of focus for continuous improvement through Total Quality Management (TQM) used by Ace Motors Ltd. ?

(*iii*) What tools did Ace Motors use under its TQM program and also mention two benefits and two challenges Ace Motors faced during TQM implementation.

(5+2+3=10 marks)

(*b*) Kumarakom Organics Pvt. Ltd., established in 2010 in Cochin, Kerala, started as a small organic farming and retail venture. Initially, the company focused on cultivating vegetables and fruits without chemical fertilizers and sold them in local markets. Over time, the firm aspired to expand into packaged organic products, such as juices, spices, and ready-to-cook meals.

Despite having good products, the company faced many challenges. Its growth and sustainability were significantly influenced by environmental factors beyond its direct control. The government introduced subsidies for organic farming, which helped Kumarakom Organics reduce costs. However, frequent changes in food safety regulations and mandatory FSSAI labelling increased compliance costs. Export opportunities opened due to favourable trade policies in the EU for organic produce. As a result, political support boosted domestic sales, but regulatory requirements slowed down scaling.

During 2016-2019, India's growing middle class with higher disposable income increased demand for organic products. Inflation in raw material packaging (like eco-friendly cartons) raised costs. The COVID-19 pandemic (2020) disrupted supply chains, but simultaneously, health-consciousness surged, creating higher demand. In a cyclical growth environment, economic downturns hurt logistics, but rising income and demand trends fuelled expansion.

Consumers became more health-conscious, preferring chemical-free and natural products. Urban lifestyles increased demand for ready-to-cook organic meals. However, price sensitivity in rural areas limited penetration outside cities. The social trends acted as a catalyst for company's urban growth strategy.

Adoption of e-commerce platforms allowed Kumarakom Organics to reach customers nationwide. Mobile payment systems and UPI enabled smooth transactions. Use of blockchain for supply chain traceability enhanced customer trust in authenticity. Hence technology has accelerated Kumarakom's market reach and credibility.

Erratic monsoons and climate change reduced crop yields, affecting supply stability. Sustainable farming practices attracted environmentally conscious buyers. The company invested in solar-powered cold storage to reduce carbon footprint. As a result, environmental risks increased operational challenges, but sustainability initiatives strengthened brand image.

By 2024, Kumarakom Organics grew from a small farm venture into a ₹ 150 crore company, with 40% revenue from exports, 35% from online sales and the rest from retail outlets in metros. Despite facing regulatory, climatic and economic challenges, the business adapted by leveraging technology, changing consumer preferences and global trade opportunities.

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

(*i*) Define environmental factors in the context of business growth. Give *two* examples from the Kumarakom Organics' case study.

(*ii*) How did political and legal factors influence the company's business growth ?

(*iii*) Mention two economic opportunities and two economic challenges faced by the company.

(*iv*) Explain how technological advancements helped the company in expanding its market.

(*v*) State one positive and one negative impact of climate change on Kumarakom Organics' business.

(2×5=10 *marks*)

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

2. (*a*) BPT Ltd. is a listed company liable for CSR (Corporate Social Responsibility Policy) under Section 135 of the Companies Act, 2013. The management has asked the Company Secretary about the certain activities which excludes from the ambit of statutory obligation of CSR.

As a Company Secretary, advise the management about such activities.

(*5 marks*)

(*b*) In the context of Ansoff's Product Market Growth Matrix, identify reason for the type of growth strategies followed in the following cases :

(*i*) A leading producer of toothpaste, advises its customers to brush their teeth twice a day to keep their breath fresh.

(*ii*) A business giant in the hotel industry decides to enter into the dairy business.

(*iii*) One of India's premier utility vehicle manufacturing company ventures to foray into foreign markets.

(*iv*) A renowned auto manufacturing company lauches ungeared scooters in the market.

(*5 marks*)

(*c*) "A well-conducted execution of Business Process Reengineering (BPR) can prove to be a game-changer for an organization. BPR can revive a failing entity and lead it to the path of profit maximization. However, executing BPR may not be easy as it involves enforcing a change in the entire organization". What are the steps to be followed in this regard ?

(*5 marks*)

(*d*) What is Strategic Leadership ? What are the benefits of Strategic Planning ?

(*2+3=5 marks*)

OR (Alternative question to Q. No. 2)

2A. (*i*) "Transformational leadership style may be appropriate in turbulent environments, transactional leadership style may be appropriate in settled environments, while charismatic leaders work their charm to persuade others".

Comment on each of the above strategic leadership.

(*5 marks*)

(*ii*) "A mission statement is an enduring statement of purpose that distinguishes one business from other similar firms". What is a mission statement and what are the questions to be considered while preparing a mission statement ?

(*2+3=5 marks*)

(*iii*) In terms of market position, firms may be classified as Market Leader, Market Challenger, Market Follower and Market Nicher. Briefly explain these terms.

(*5 marks*)

(*iv*) Compare PERT and CPM-based on its :

- Meaning
- Orientation
- Model
- Focus
- Suitability.

(*5 marks*)

PART–II

3. (*a*) Norton Ltd. manufactures steel rods and is now considering to purchase a new aluminum smelting plant. This initial cost of the plant is ₹ 20,00,000. It has a useful life of 5 years with a residual value of ₹ 1,00,000. Production and sales from the new plant are expected to be 1,00,000 units per year. Other estimates are as follows :

Selling Price	₹ 150 per unit
Direct Cost	₹ 100 per unit

Fixed cost (including depreciation) is ₹ 8,00,000 per annum. Marketing and promotion cost not included in the above will be ₹ 1,00,000 and ₹ 1,60,000 for years 1 and 2, respectively. Additionally, investment in debtors and stocks will increase in year 1 by ₹ 1,50,000 and ₹ 2,00,000, respectively. Creditors will also increase by ₹ 1,00,000 in year 1. Thus, debtors, stocks and creditors will be recouped at the end of the fifth year.

The cost of capital is 18%. Corporate tax is 30% and is paid in the year in which profits are made. Depreciation is tax deductible. The company follows straight line method of depreciation. Assume working capital is invested at the start of the year.

Required :

(*i*) Estimate the net cash inflows after tax over the useful life of the project.

(*ii*) Calculate the Net Present Value and Profitability Index of the project.

(*iii*) Advise Norton Ltd. whether the plant should be purchased. Justify with reasoning.

The PV factors at 18% are :

Year	1	2	3	4	5
PV Factor	0.847	0.718	0.609	0.516	0.437

(*5+2+1=8 marks*)

(*b*) Compute the Drawing Power for Cash Credit Limit granted to Mukund by Laxmi Bank for the month of March 2025 from the following information :

Particulars	**Amount** (₹)
Value of stocks	50,000
Value of debtors (including debtors of ₹ 5,000 for an invoice dated 18.11.24)	45,000
Value of creditors for goods	15,000
Sanctioned limit	45,000

Margin on stock is 20% and on debtors is 50%

Note : Debtors older than 3 months are ineligible for calculation of drawing power.

(*3 marks*)

(*c*) The following information is available for Vision Ltd. :

Particulars	
Cost of Production	₹ 15,48,000
Cost of goods sold	₹ 14,61,000
Average stock of work-in-progress	₹ 94,600
Average stock of finished goods	₹ 2,43,500
Administration and Selling Expenses	₹ 4,14,000
Receivables collection period	36 days
Raw material storage period	65 days
Creditors payment period	63 days

You are required to calculate the working capital requirement by operating cycle method. Assume 1 year = 360 days.

(*4 marks*)

4. (*a*) A firm has credit sales of ₹ 360 lakh and its average collection period is 30 days. The financial controller estimates that bad debt losses are around 2% of credit sales. The firm spends ₹ 1,40,000 annually on debtor's administration. These are the avoidable costs. A Factoring firm has offered to buy the firm's receivables. The factor will charge 1% commission and will pay an advance against receivables on an interest @ 15% p.a. after withholding 10% as reserve. Advise the firm whether it should avail factoring services. Assume 360 days in a year.

(*5 marks*)

(*b*) What are the conditions to issue Redeemable Preference Shares ? Which are the companies that are permitted to issue Redeemable Preference Shares ?

(*3+2=5 marks*)

(*c*) ABC Ltd. wants to make an Initial Public Offer (IPO) and to list its shares on NSE in April 2025.

The following information is available :

(1) Net Tangible Assets :

- 2022 : ₹ 4 crore
- 2023 : ₹ 3.5 crore
- 2024 : ₹ 2.8 crore

(2) Average Operating Profits (last 3 years) :

- 2022 : ₹ 5 crore
- 2023 : ₹ 6 crore
- 2024 : ₹ 4 crore

(3) Net Worth :

- 2022 : ₹ 1.5 crore
- 2023 : ₹ 1.2 crore
- 2024 : ₹ 1.3 crore

(4) The company changed its name in 2024. In FY 2024, 55% of total revenue came from the new line of business.

(5) Proposed IPO size : ₹ 20 crore.

(6) Pre-issue Net Worth = ₹ 1.3 crore.

Based on the above details answer the following questions :

(*i*) Analyse whether ABC Ltd. satisfies the conditions under Regulation 6(1) (Track Record Route) of SEBI (ICDR) Regulations, 2018 to bring IPO in April 2025 ?

(*ii*) Under what circumstances, IPO can be brought under Regulation 6(2) of SEBI (ICDR) Regulations, 2018 (Book Building Route) by ABC Ltd. ?

(*4+1=5 marks*)

5. (*a*) What are the amendments made by SEBI vide amendment to Master Circular for Real Estate Investment Trusts (REITs) and Infrastructure Investment Trusts (InvITs) dated May 15, 2024, related to :

(*i*) The board nomination rights to unitholders of REITs and InvITs (August 06, 2024),

(*ii*) Review of statement of investor complaints and timeline for disclosure of statement of deviations(s) (August 22, 2024).

(*2+3=5 marks*)

(*b*) Info Tech Ltd., an unlisted public company, has a paid-up equity share capital of ₹ 10 Crores (1 Crore shares of ₹ 10 each fully paid-up).

The company wishes to reward its Chief Technology Officer (CTO) for developing a patented software which has significantly improved the performance and revenues of the company. The company decides to issue sweat equity shares to the CTO. The company has not issued sweat equity shares so far.

Following details are available :

- Current Market Price of share = ₹ 250
- Face Value of share = ₹ 10
- Number of sweat equity shares to be issued = 1,00,000 shares
- These shares will be issued to the CTO at a premium of 50%.

Based on the above information answer the following :

(*i*) Verify whether the proposed issue is within statutory limits or not.

(*ii*) Compute the post-issue share capital and percentage holding of sweat equity in it.

(*iii*) Explain any *two* conditions for the issue of sweat equity shares under Section 54 of Companies Act, 2013.

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

(*c*) SEBI vide its circular dated (July 09, 2024) specified the Information to be filed by schemes of Alternative Investment Funds (AIFs) availing dissolution period/additional liquidation period and conditions for in-specie distribution of assets of AIFs.

What are the informations to be filed by schemes of AIFs availing dissolution period/ additional liquidation period and conditions for in-specie distribution of assets of AIFs ?

(*5 marks*)

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

6. (*a*) Explain the changes made by SEBI vide its circular dated 3rd July, 2024 in the provisions pertaining to denomination of issuance and trading of non-convertible securities.

(*5 marks*)

(*b*) List the documents required for listing approval for equity shares allotted upon conversion of FCCBs issued by the Companies.

(*5 marks*)

(*c*) SEBI vide circular "SEBI (Research Analysts) (Third Amendment) Regulations, 2024 [Notification No. SEBI/LAD-NRO/GN/2024/220 dated December 16, 2024]" has made certain changes in the provisions related to the following :

(*i*) The capital adequacy requirement for the research analyst

(*ii*) Appointment of compliance officer.

Explain the changes made in this context.

(*2+3=5 marks*)

OR (Alternative question to Q. No. 6)

6A. (*i*) Calculate Current ratio from the following information of a trading concern :

- Projected Annual Sales : ₹ 6,50,000
- Percentage of Net Profit on sales : 25%
- Average Credit period allowed to debtors : 10 Weeks
- Average Credit period allowed by creditors : 4 Weeks
- Average Stock holding in terms of sales requirement : 8 Weeks
- Company operates 52 weeks per year

(*4 marks*)

(*ii*) What is meant by Securitization ? Which parties are involved in the process of Securitization ?

(*2+4=6 marks*)

(*iii*) Explain the following methods used by banks to assess working capital requirements of a borrower :

(*a*) Maximum Permissible Banking Finance Method (Tandon Committee)

(*b*) Turnover Method (Nayak Committee).

(*3+2=5 marks*)

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