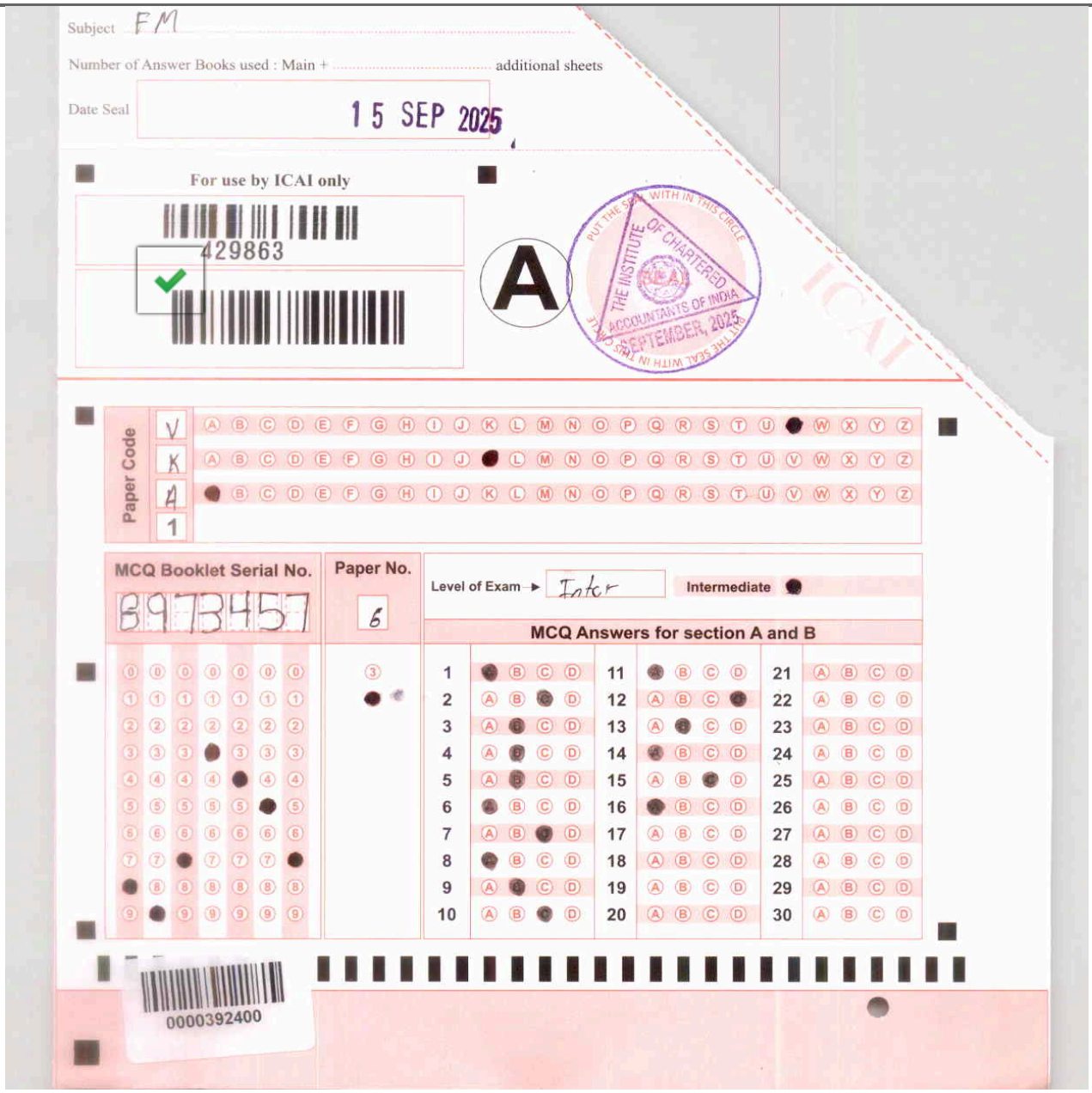
The Institute of Chartered Accountants of India

Code:	**IN6AF429863**	**Total Marks:**	**35**
Subject :	**06A Financial Management**	**Marks Obtained :**	**25**



The Institute of Chartered Accountants of India

Code:	**IN6AF429863**	**Total Marks:**	**35**
Subject :	**06A Financial Management**	**Marks Obtained :**	**25**

number prominently written at the top of each answer.

one page or in a consecutive set of pages, before the next question

n A in the answer booklet with the marking Ⓐ on the cover page and marking Ⓑ on the cover page. In case a candidate writes the answers in oe valued and no correspondence in this regard will be entertained.

the space provided for the purpose or writing distinguishing mark, symbols like "OM", unt to adoption of "unfair means"

book to the invigilator take care to score out (X) blank pages, if any, that you might have left.

CTIONS TO THE CANDIDATE FOR FILLING THE **MCQ ANSWER FIELDS**

. Pencil to Darken the appropriate Circle.

darken the correct MCQ Booklet Serial No. as printed on your question booklet which will be taken as final for evaluation. any candidate fills in this information wrongly, Institute will not take any responsibility for rectifying the mistake.

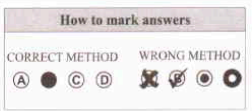
ease darken the complete circle.

. If you want to change your Answer, erase the all darkened circle completely and make a fresh mark.

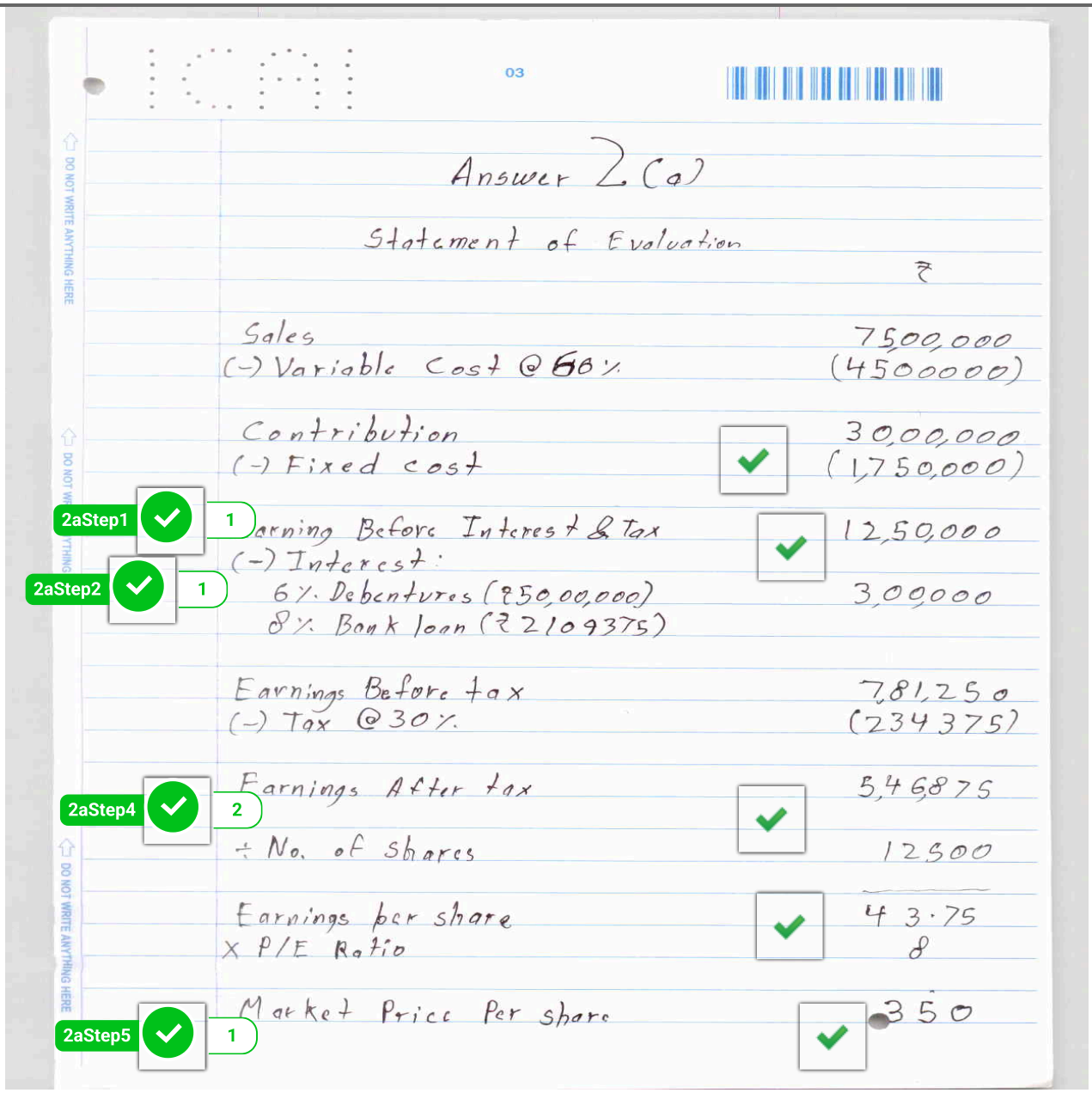
5. Please do NOT make any stray marks on the OMR cover page.

6. Rough work must NOT be done on the OMR cover page.

7. Mark your answer only in the appropriate space against the number corresponding to the question.



Q. No.	To be ticked ✓ by the candidate against the Questions answered (Descriptive Type)		
1	☐	8	☐
2	☐	9	☐
3	☐	10	☐
4	☐	11	☐
5	☐	12	☐
6	☐	13	☐
7	☐	14	☐
Total	●	Total	



03

Answer 2 (a)

Statement of Evaluation

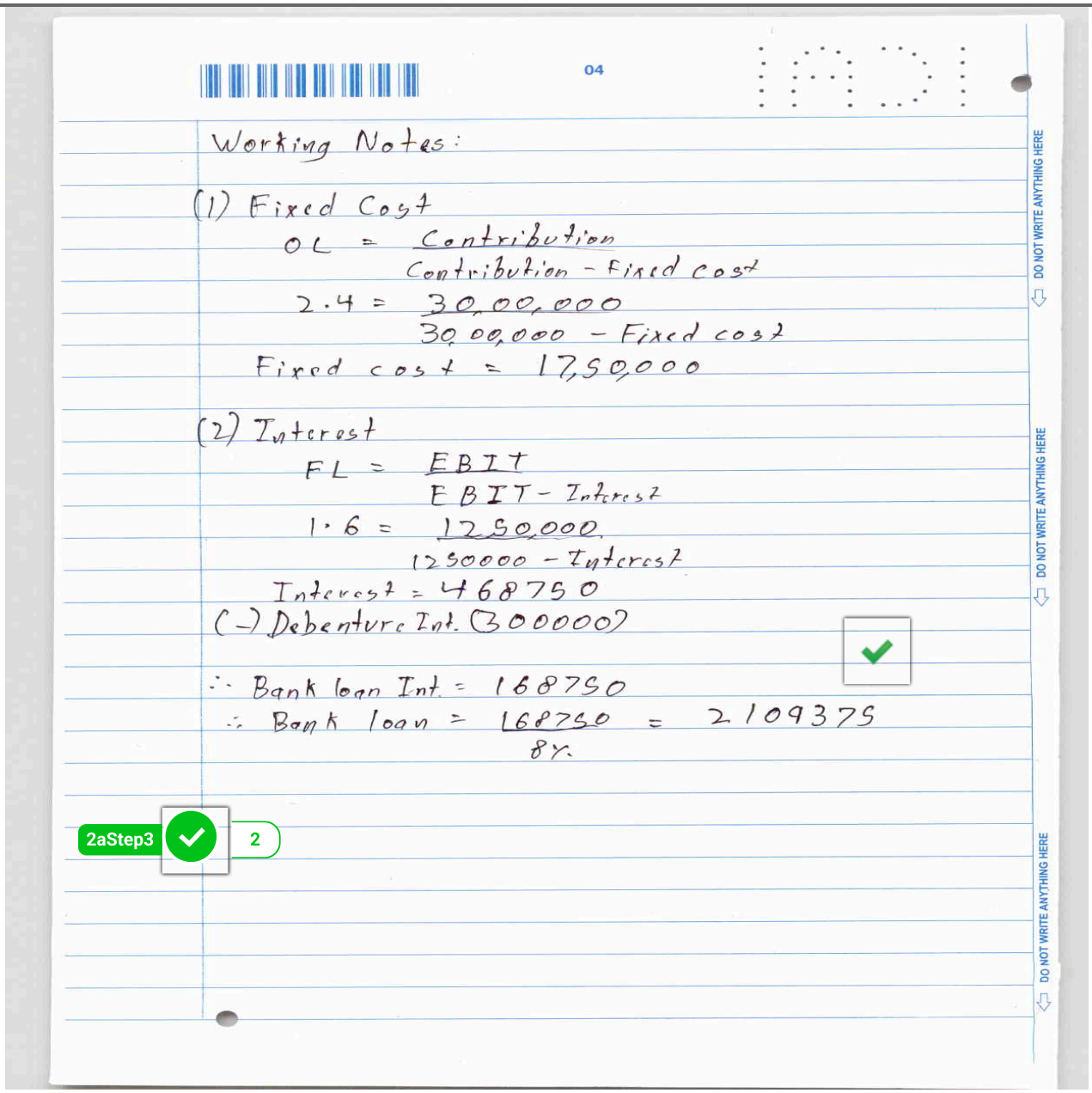
		₹
Sales		7500000
(-) Variable Cost @ 60%		(4500000)
Contribution	✓	3000000
(-) Fixed cost		(1750000)
Earning Before Interest & Tax	✓	1250000
(-) Interest:		
6% Debentures (₹50,00,000)		300000
8% Bank loan (₹2109375)		
Earnings Before tax		781250
(-) Tax @30%		(234375)
Earnings After tax	✓	546875
÷ No. of shares		12500
Earnings per share	✓	43.75
X P/E Ratio		8
Market Price Per share	✓	350

2aStep1 ✓ 1 — Earning Before Interest & Tax

2aStep2 ✓ 1 — (-) Interest: 6% Debentures (₹50,00,000); 8% Bank loan (₹2109375)

2aStep4 ✓ 2 — Earnings After tax

2aStep5 ✓ 1 — Market Price Per share



04

Working Notes:

(1) Fixed Cost

$$OL = \frac{\text{Contribution}}{\text{Contribution} - \text{Fixed cost}}$$

$$2.4 = \frac{30,00,000}{30,00,000 - \text{Fixed cost}}$$

Fixed cost = 17,50,000

(2) Interest

$$FL = \frac{EBIT}{EBIT - \text{Interest}}$$

$$1.6 = \frac{12,50,000}{1250000 - \text{Interest}}$$

Interest = 468750

(-) Debenture Int. (300000)

∴ Bank loan Int. = 168750

∴ Bank loan = $\frac{168750}{8\%}$ = 2109375

2aStep3 2

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05

i) EBIT = ₹ 1250000

ii) Fixed Cost = ₹ 1750000

iii) Bank loan = ₹ 2109375
Bank loan interest = ₹ 168750

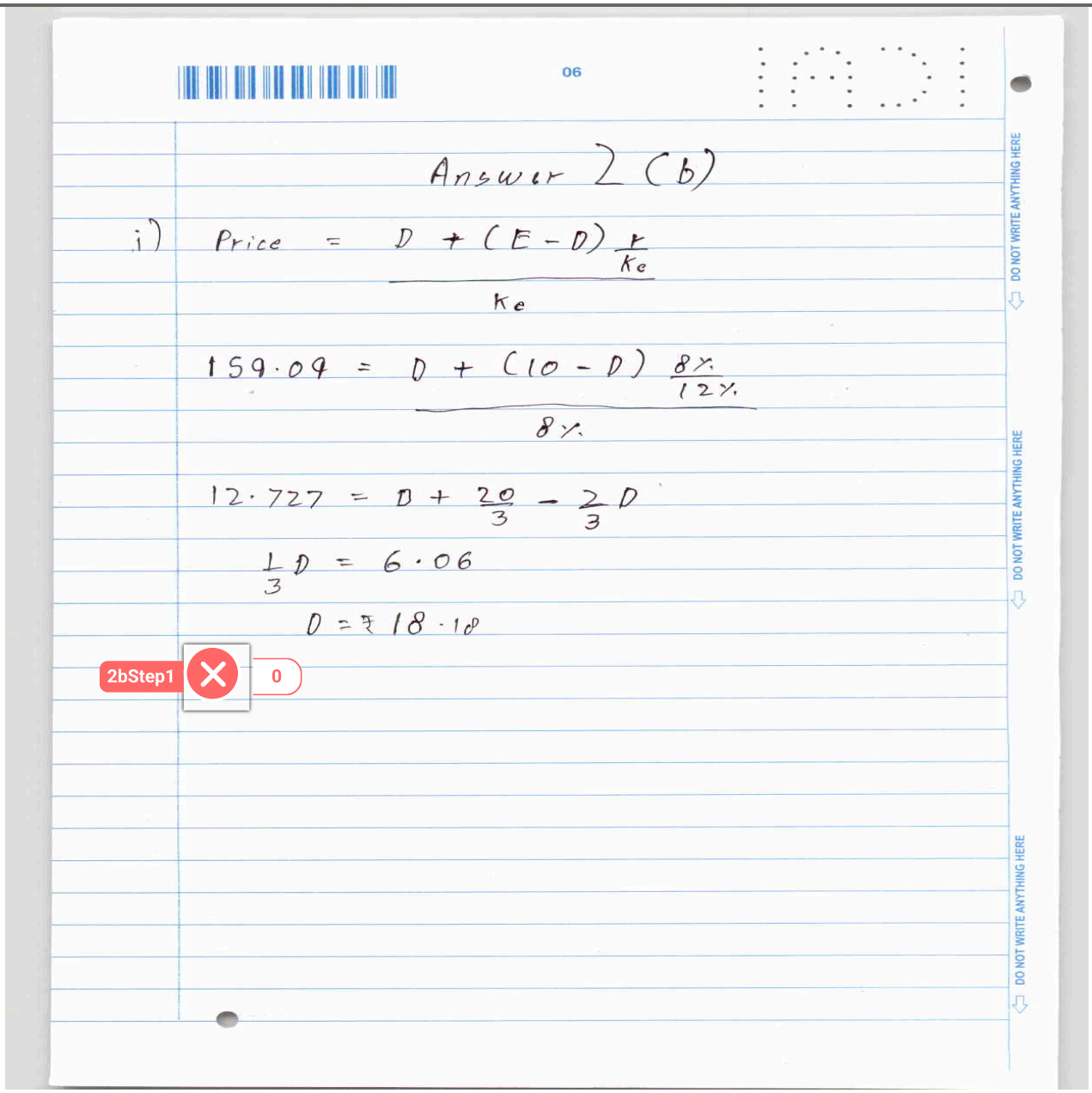
iv) Earnings Per share = ₹ 43.75

v) Market Price Per share = ₹ 350

2a ✓ 7

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Code:	IN6AF429863	Total Marks:	35
Subject :	06A Financial Management	Marks Obtained :	25



06

Answer 2 (b)

i) $$\text{Price} = \frac{D + (E - D)\frac{r}{K_e}}{K_e}$$

$$159.09 = \frac{D + (10 - D)\frac{8\%}{12\%}}{8\%}$$

$$12.727 = D + \frac{20}{3} - \frac{2}{3}D$$

$$\frac{1}{3}D = 6.06$$

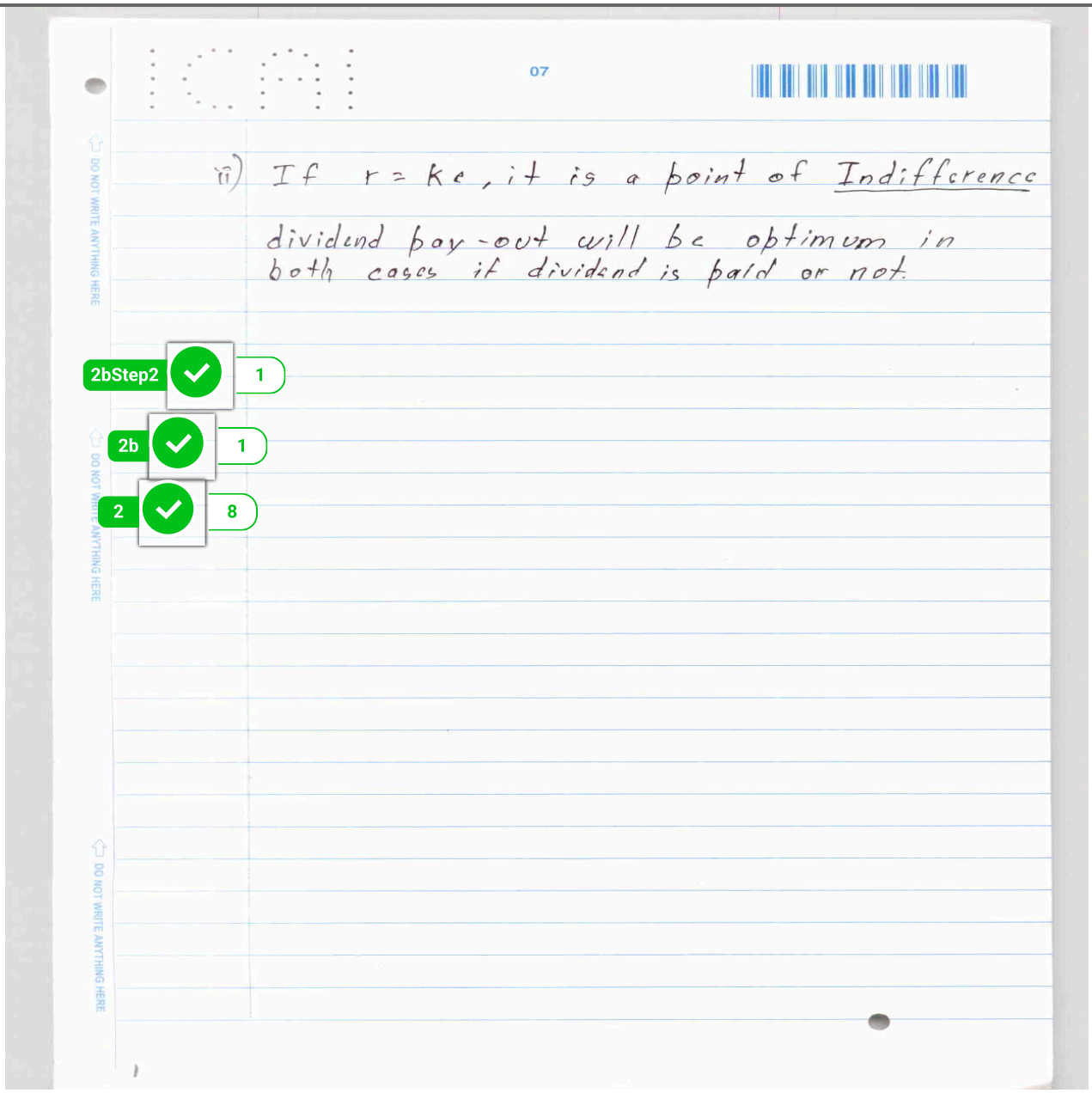
$$D = ₹ 18.18$$

2bStep1 ✗ 0

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07

(ii) If r = Ke, it is a point of Indifference dividend pay-out will be optimum in both cases if dividend is paid or not.

2bStep2 1

2b 1

2 8

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08

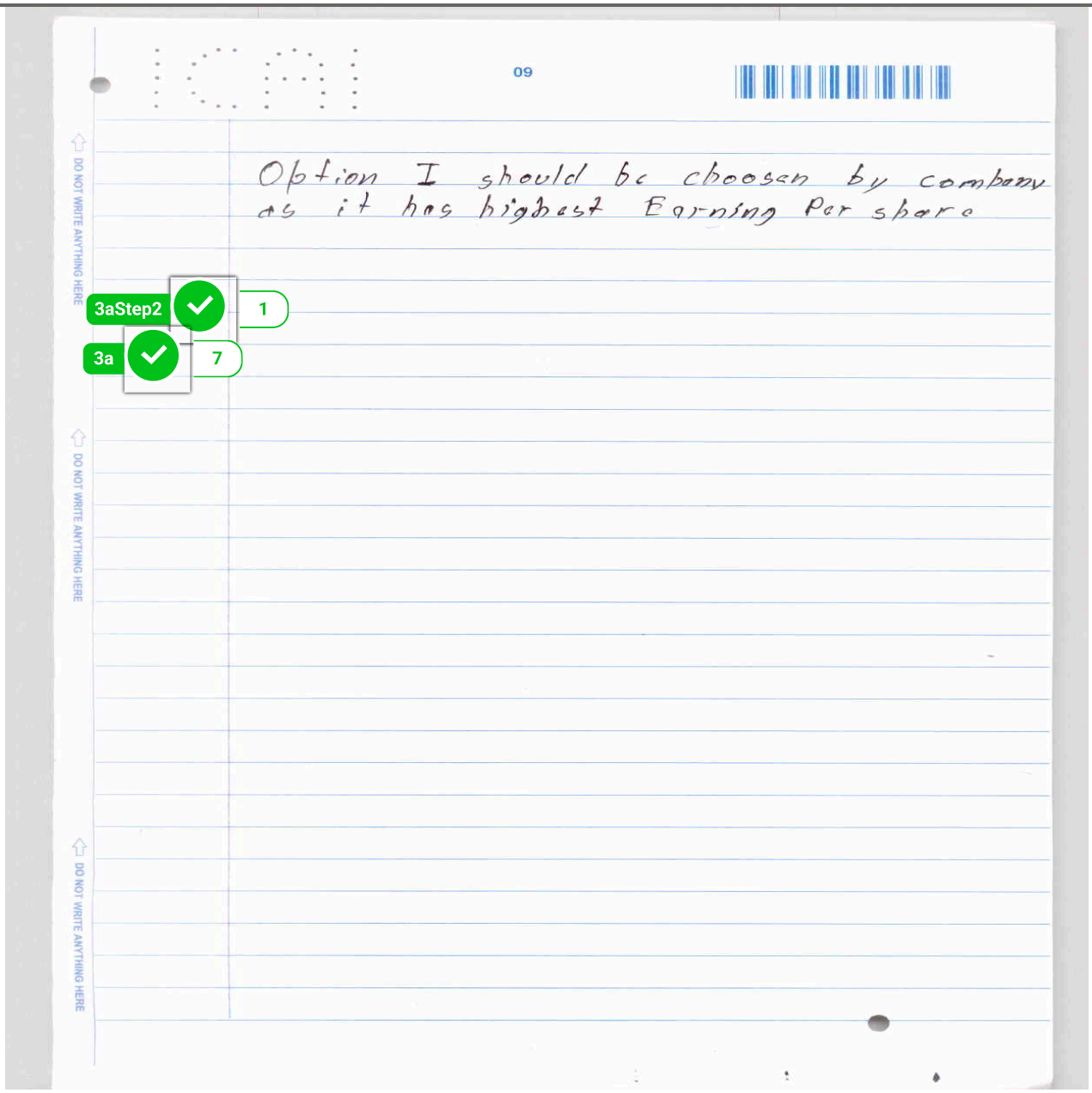
Answer 3 (a)

	Option I	Option II	Option III
Debt	13,20,000	11,00,000	8,80,000
Equity	8,80,000	11,00,000	13,20,000
EBIT	5,00,000	5,00,000	5,00,000
(-) Interest			
Upto 8,00,000 (@14%)	1,12,000	1,12,000	1,12,000
8 Lakh - 10 lakh (@16%)	32,000	32,000	12,800
Above 10 lakh (@18%)	57600	18,000	
EBT	2,98,400	3,38,000	3,75,200
(-) tax @30%	89520	1,01,400	1,12,560
EAT	2,08,880	236600	262640
÷ No. of share	(880000/110)	(11,00,000/110)	(13,20,000/120)
	8000	10000	11000
EPS	26.11	23.66	23.88

3aStep1 6

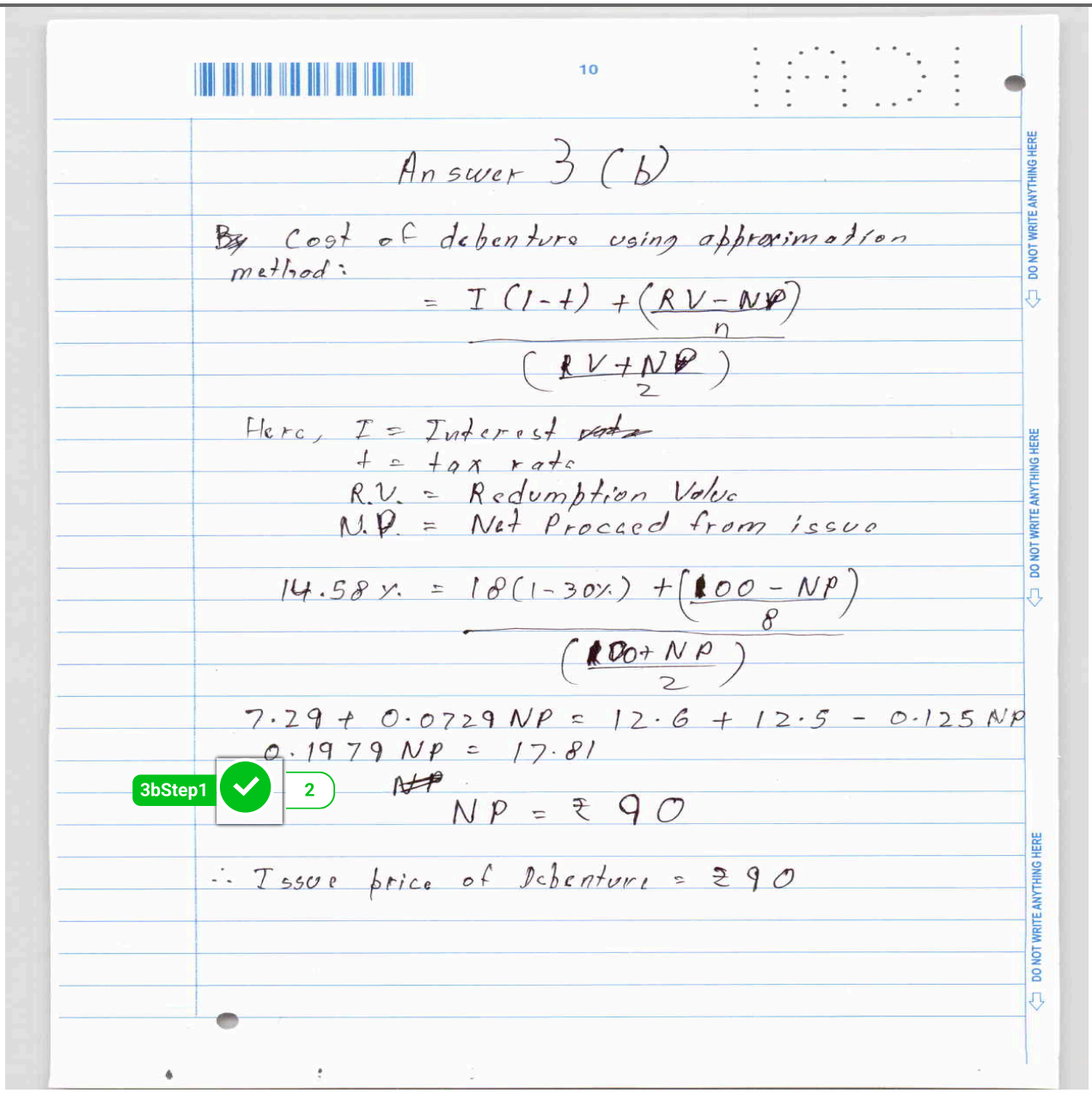
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Code:	IN6AF429863	Total Marks:	35
Subject :	06A Financial Management	Marks Obtained :	25



3aStep2 ✓ 1

3a ✓ 7



10

Answer 3 (b)

By Cost of debenture using approximation method:

$$= \frac{I(1-t) + \left(\frac{RV - NP}{n}\right)}{\left(\frac{RV + NP}{2}\right)}$$

Here, I = Interest
t = tax rate
R.V. = Redumption Value
N.P. = Net Proceed from issue

$$14.58\% = \frac{18(1-30\%) + \left(\frac{100 - NP}{8}\right)}{\left(\frac{100 + NP}{2}\right)}$$

$$7.29 + 0.0729\,NP = 12.6 + 12.5 - 0.125\,NP$$

$$0.1979\,NP = 17.81$$

3bStep1 2

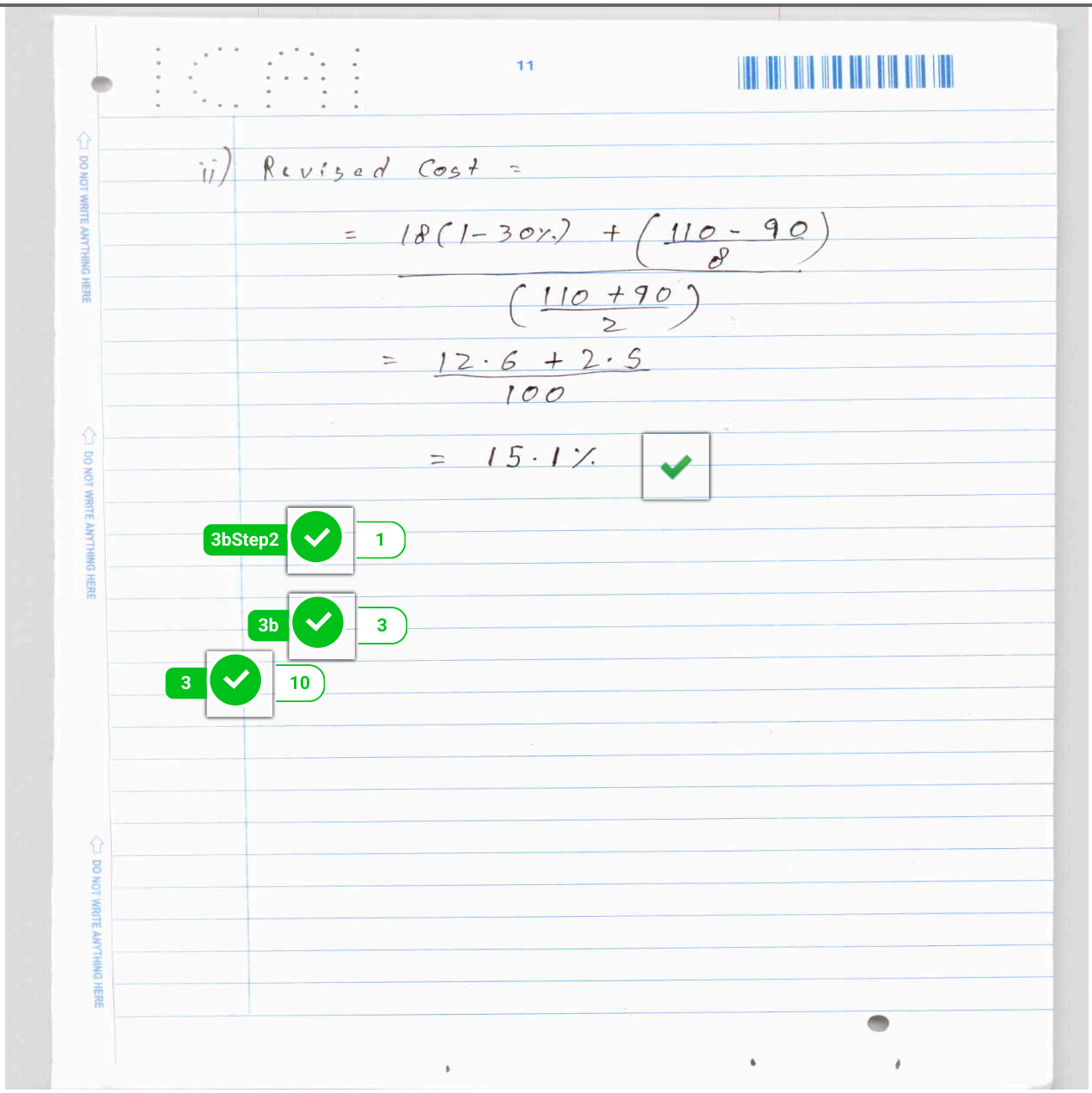
$$NP = ₹\ 90$$

∴ Issue price of Debenture = ₹ 90

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11

ii) Revised Cost =

$$= \frac{18(1-30\%) + \left(\frac{110-90}{8}\right)}{\left(\frac{110+90}{2}\right)}$$

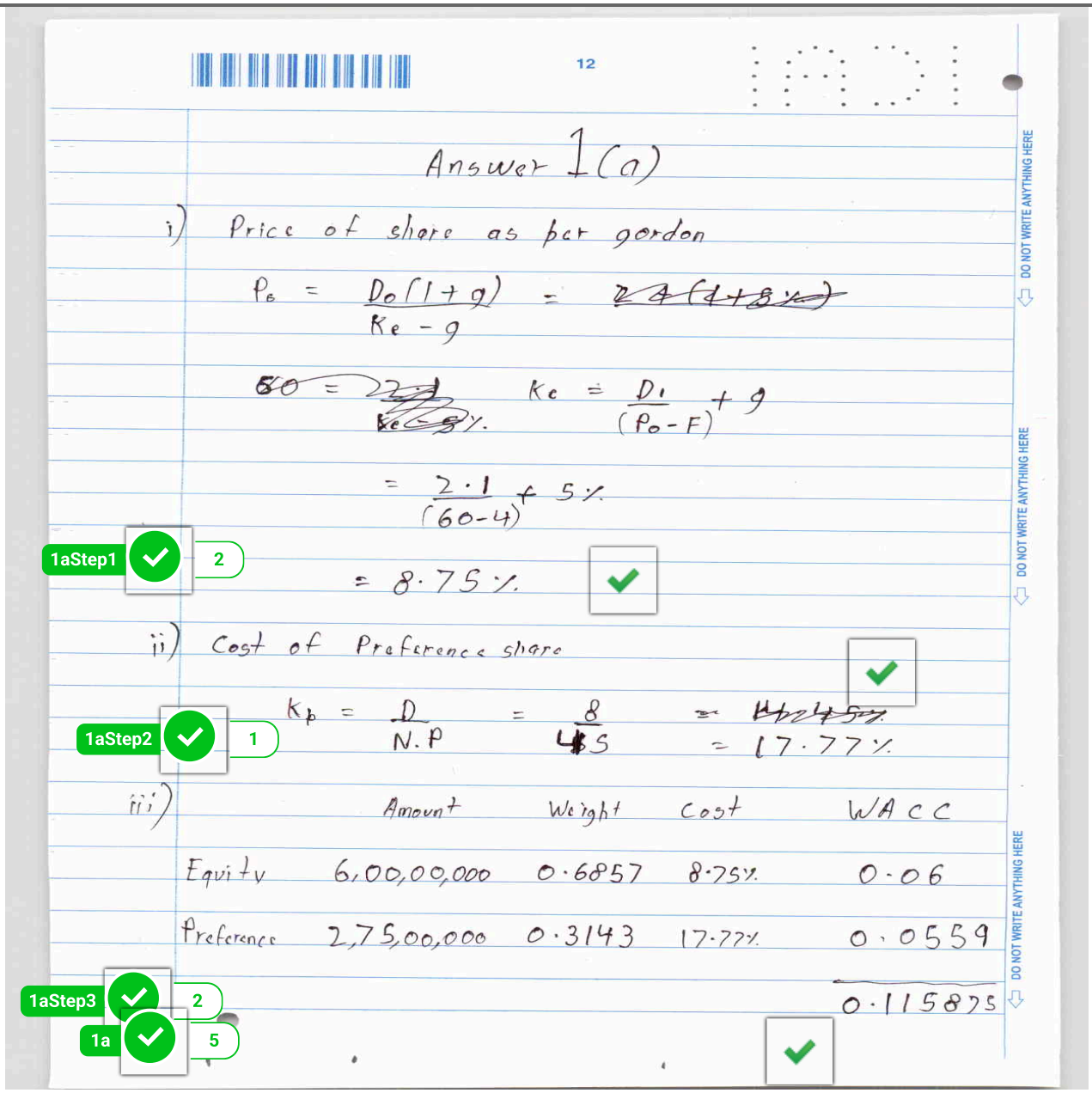
$$= \frac{12.6 + 2.5}{100}$$

$$= 15.1\%$$

3bStep2 1

3b 3

3 10



12

Answer 1(a)

i) Price of share as per gordon

$P_0 = \frac{D_0(1+g)}{K_e - g}$ = ~~2.4(1+8%)~~

~~60~~ = ~~22.1~~ ~~Ke 8%~~ $K_e = \frac{D_1}{(P_0 - F)} + g$

$= \frac{2.1}{(60-4)} + 5\%$

1aStep1 2

$= 8.75\%$

ii) Cost of Preference share

$K_p = \frac{D}{N.P} = \frac{8}{45}$ = ~~11.45%~~ $= 17.77\%$

1aStep2 1

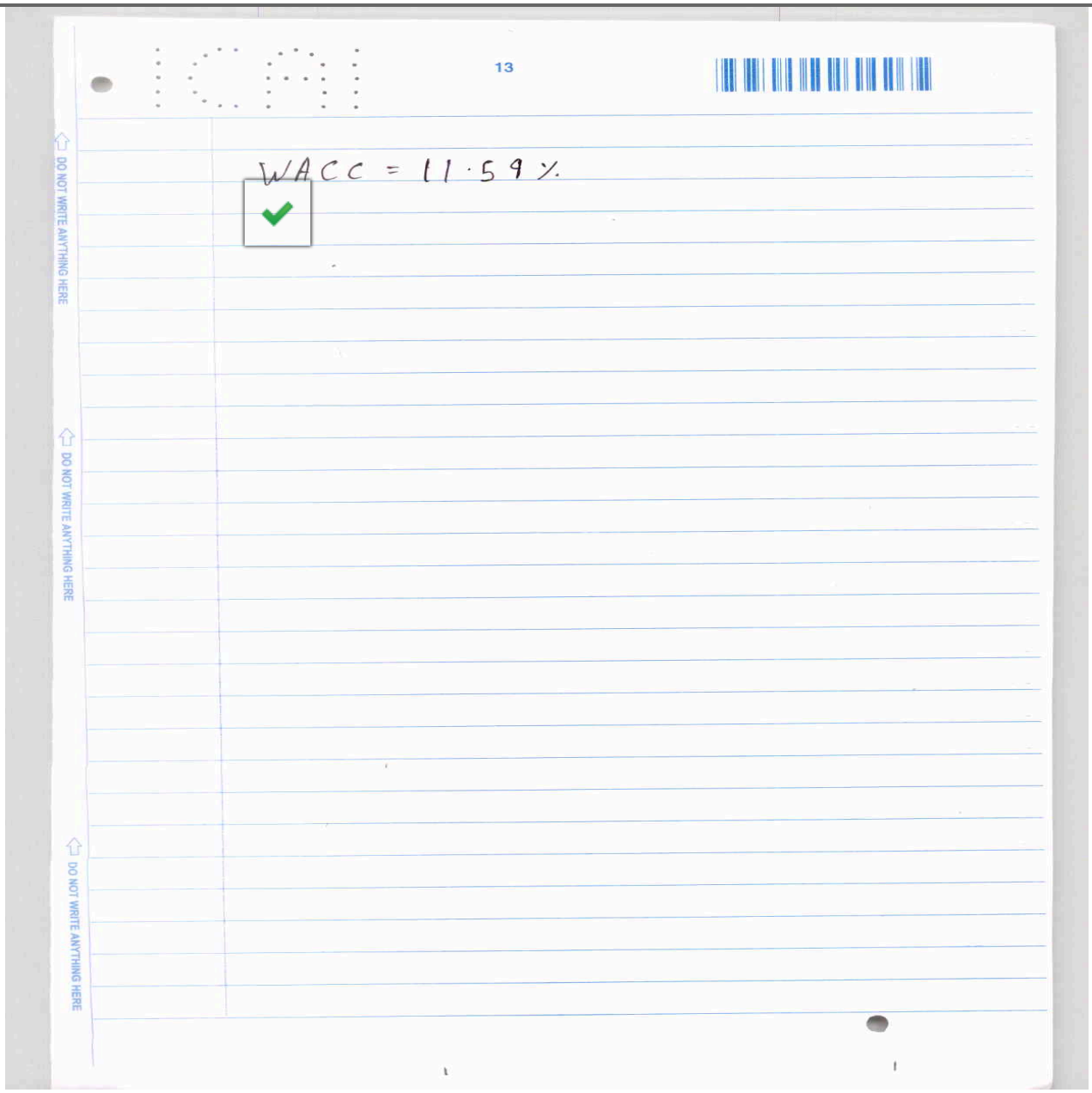
iii)

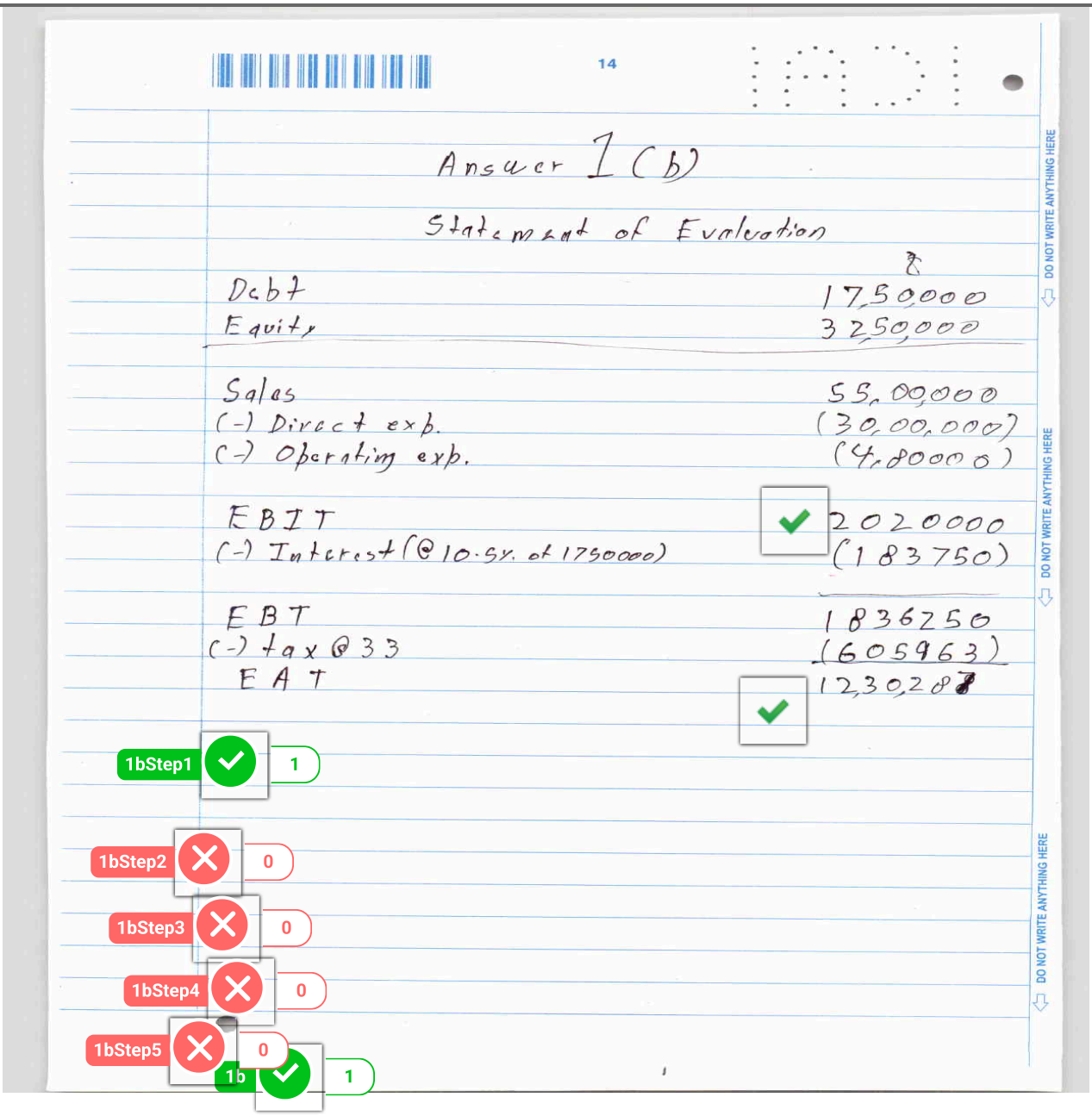
	Amount	Weight	Cost	WACC
Equity	6,00,00,000	0.6857	8.75%	0.06
Preference	2,75,00,000	0.3143	17.77%	0.0559
				0.115875

1aStep3 2

1a 5

DO NOT WRITE ANYTHING HERE


13
WACC = 11·59%.
DO NOT WRITE ANYTHING HERE
DO NOT WRITE ANYTHING HERE
DO NOT WRITE ANYTHING HERE



14

Answer 1 (b)

Statement of Evaluation

	₹
Debt	17,50,000
Equity	32,50,000
Sales	55,00,000
(-) Direct exp.	(30,00,000)
(-) Operating exp.	(4,80000)
EBIT	2020000
(-) Interest (@ 10.5% of 1750000)	(183750)
EBT	1836250
(-) tax @ 33	(605963)
EAT	12,30,287

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1bStep1 1

1bStep2 0

1bStep3 0

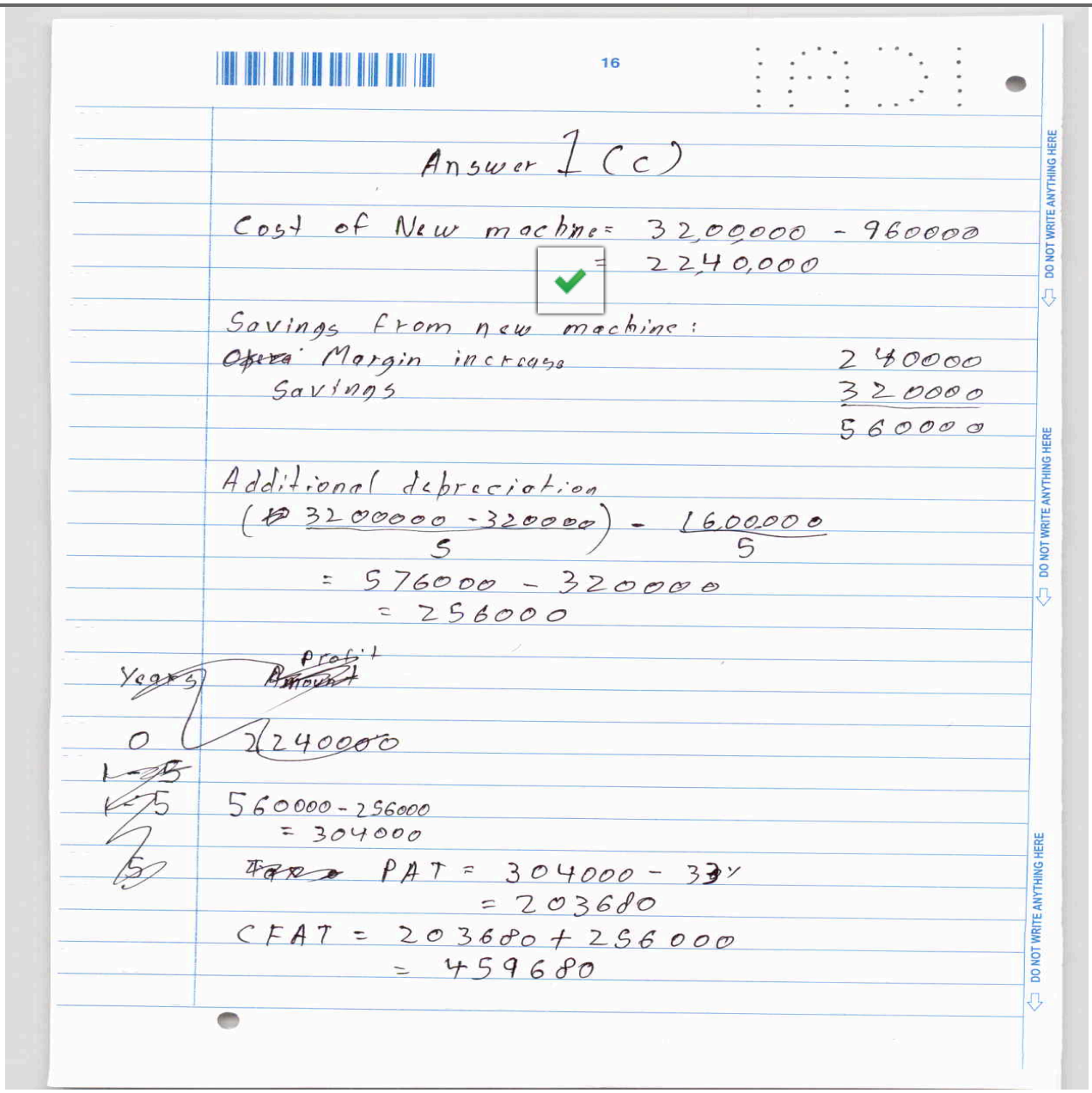
1bStep4 0

1bStep5 0

1b 1

Code:	IN6AF429863	Total Marks:	35
Subject :	06A Financial Management	Marks Obtained :	25





16

Answer 1 (c)

Cost of New machine = 32,00,000 - 960000
= 2240,000

Savings from new machine:

Margin increase	240000
Savings	320000
	560000

Additional depreciation

$\left(\frac{3200000 - 320000}{5}\right) - \frac{1600000}{5}$

= 576000 - 320000
= 256000

Years	Profit Amount
0	2240000
1-5	560000 - 256000 = 304000

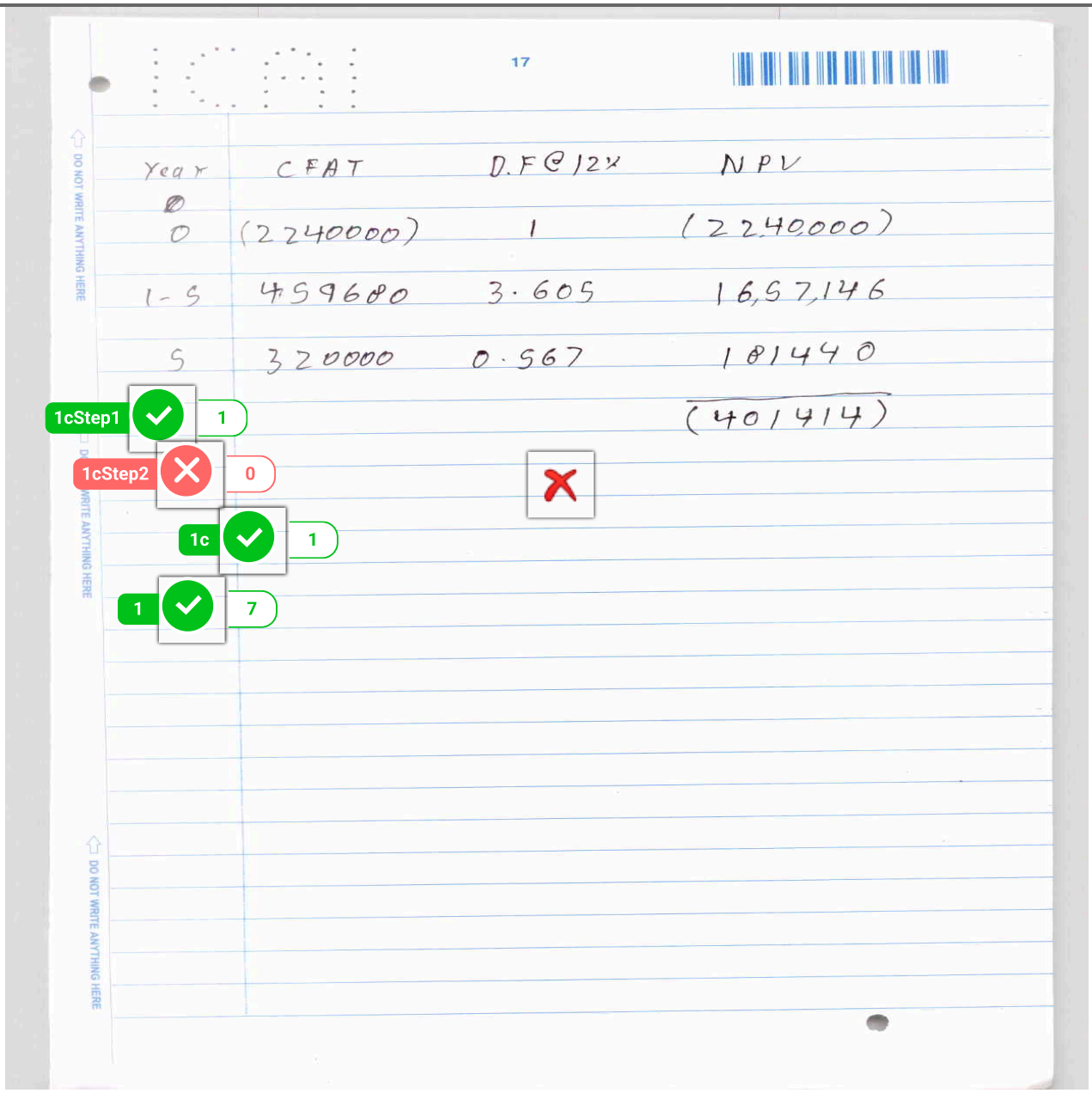
PAT = 304000 - 33%
= 203680

CFAT = 203680 + 256000
= 459680

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Code:	**IN6AF429863**	**Total Marks:**	**35**
Subject :	**06A Financial Management**	**Marks Obtained :**	**25**



17

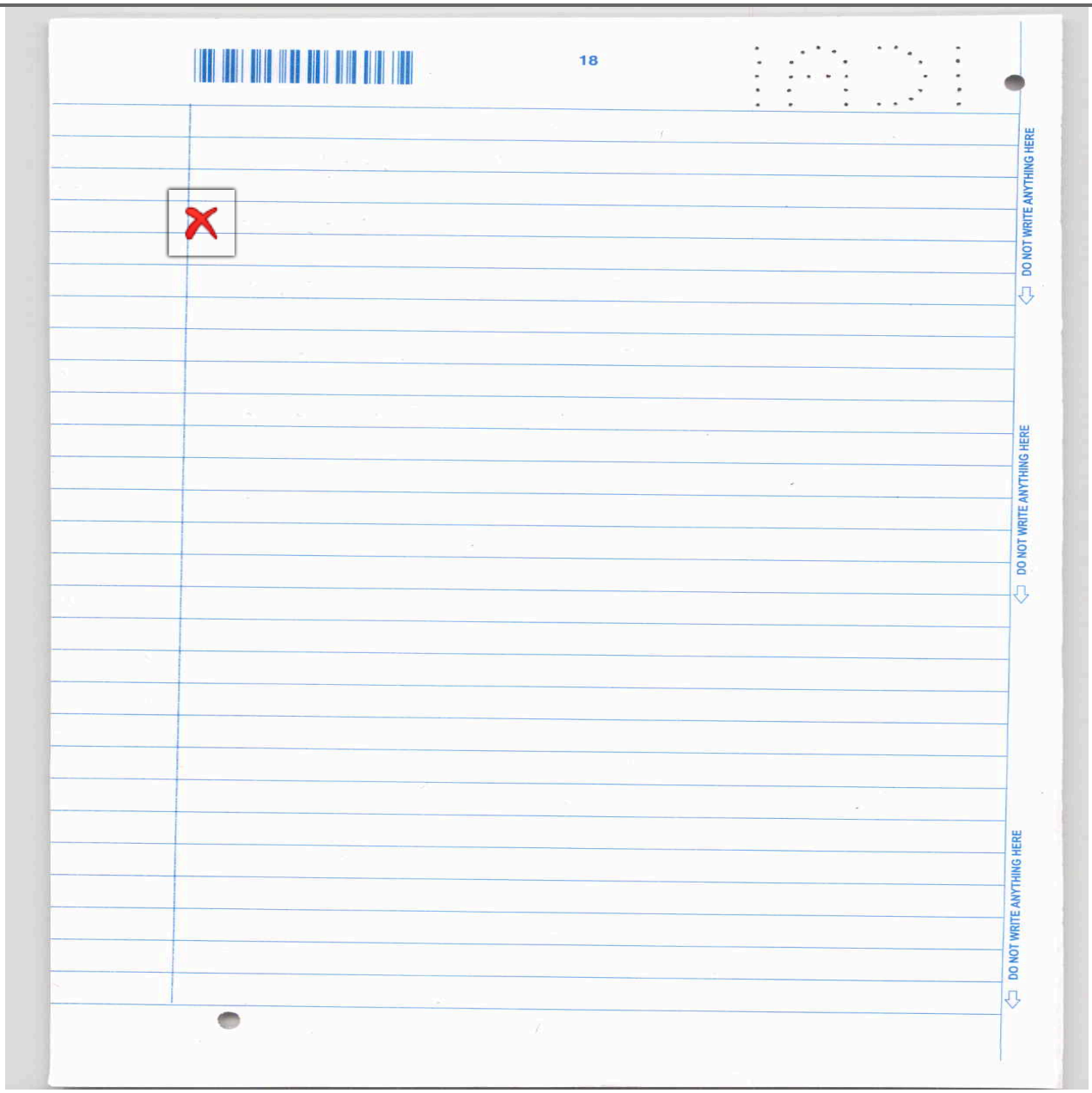
Year	CFAT	D.F@12%	NPV
0	(2240000)	1	(2240000)
1-5	459600	3.605	1657146
5	320000	0.567	181440
			(401414)

1cStep1 1

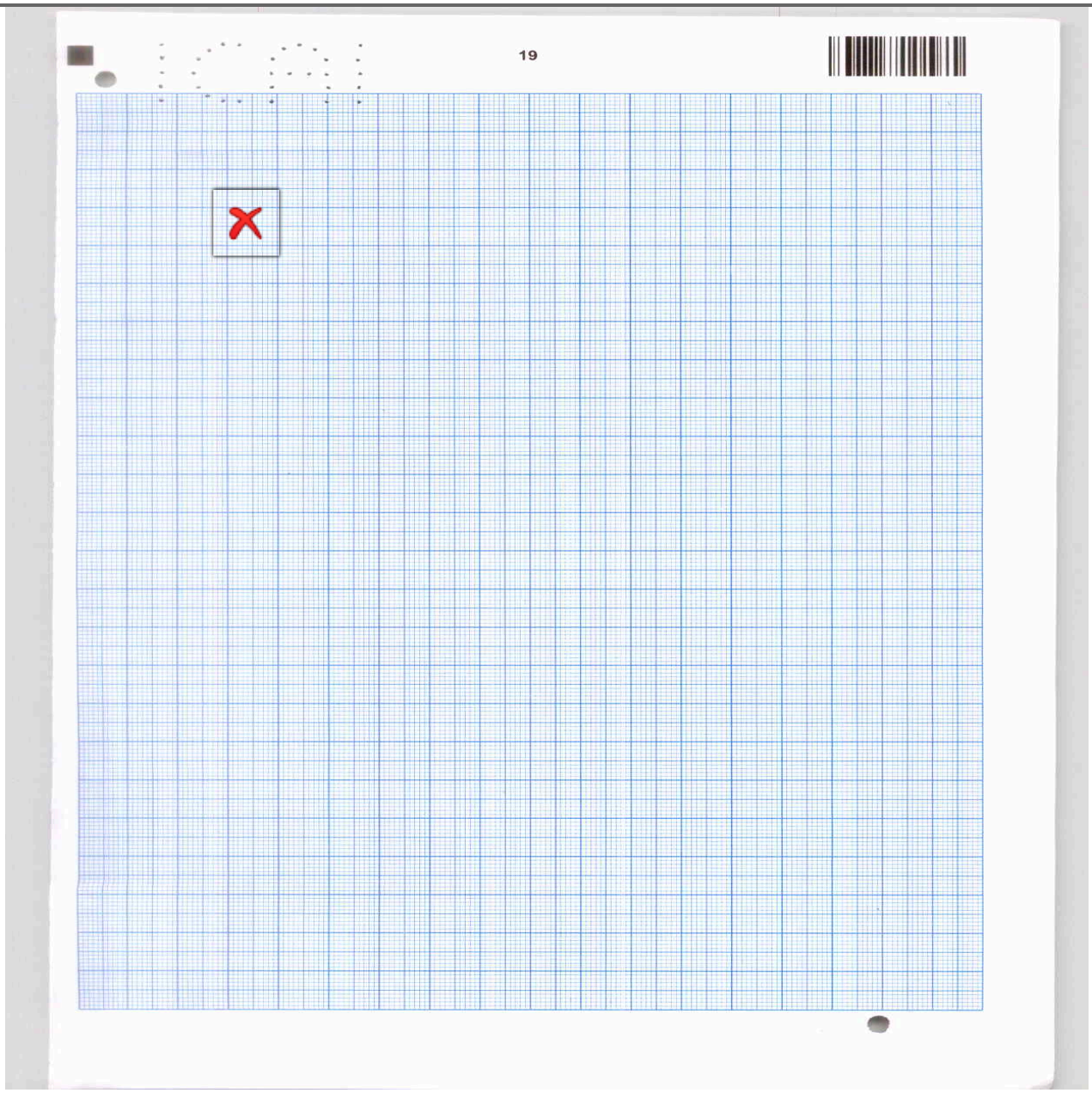
1cStep2 0

1c 1

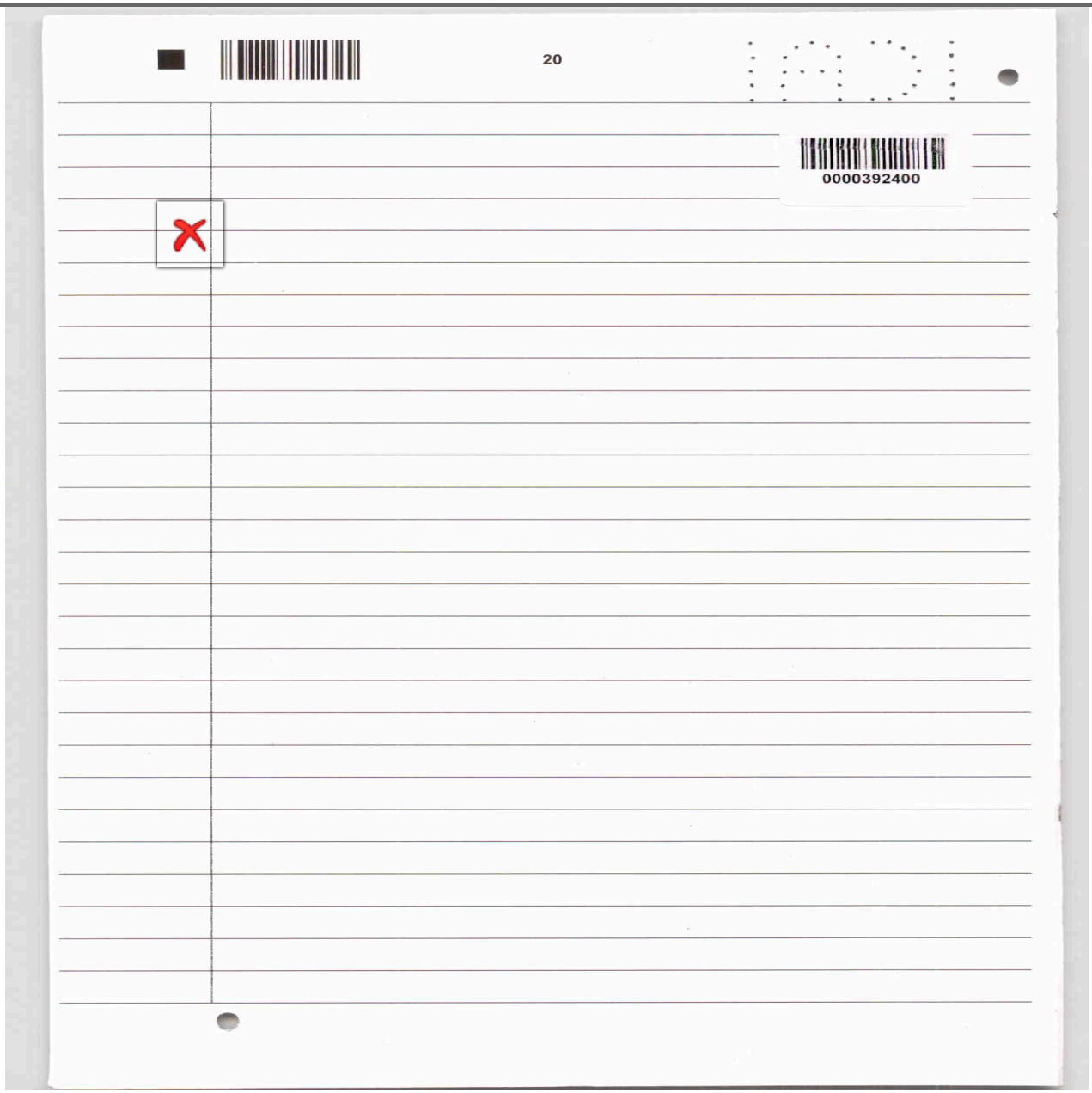
1 7


18
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Code:	IN6AF429863	Total Marks:	35
Subject :	06A Financial Management	Marks Obtained :	25



Code:	IN6AF429863	Total Marks:	35
Subject :	06A Financial Management	Marks Obtained :	25



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Code: IN6AF429863
Subject : 06A Financial Management

Total Marks: 35
Marks Obtained : 25

Result Overview

Awarded Marks: 25

Max Marks:35

NA Not Attempted O Optional M Marked

Q1_Compulsory (Score: 7/15)

Question No	Awarded Marks	Maximum Marks	Status
1	7	15	M
1a	5	5	M
1b	1	5	M
1c	1	5	M

Q2_Q4 (Score: 18/20)

Question No	Awarded Marks	Maximum Marks	Status
2	8	10	M
2a	7	7	M
2b	1	3	M
3	10	10	M
3a	7	7	M
3b	3	3	M
4	0	10	O
4a	0	4	O
4b	0	4	O
4c	0	2	O

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Code:	**IN6BS429863**	**Total Marks:**	**35**
Subject :	**06B Strategic Management**	**Marks Obtained :**	**6.5**



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

For use by ICAI only

429863

15 SEP 2025

Q.No.	To be ticked (✓) by the candidate against the Questions answered	Marks Awarded (To be filled by Examiner)					
		a	b	c	d	e	Total
1							
2							
3							
4							
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6							
7							
8							
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10							
11							
12							
13							
14							
Total							

Total I

Exami

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ICAI

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

B

PUT THE SEAL WITH IN THIS CIRCLE THE INSTITUTE OF CHARTERED ACCOUNTANTS OF INDIA SEAL SEPTEMBER, 2025

IONS TO THE CANDIDATE

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oe written in figures and words in the allotted space at the right hand corner of the
d nowhere else including additional answer book/s and graph paper.

ould be written in the box in numbers and darken the appropriate circles of the OMR
ded in the right hand corner of the cover page with **Black / Blue** ball point pen.

iculars such as name of Examination, Paper No. and subject at the appropriate space
eft hand upper corner.

emove 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

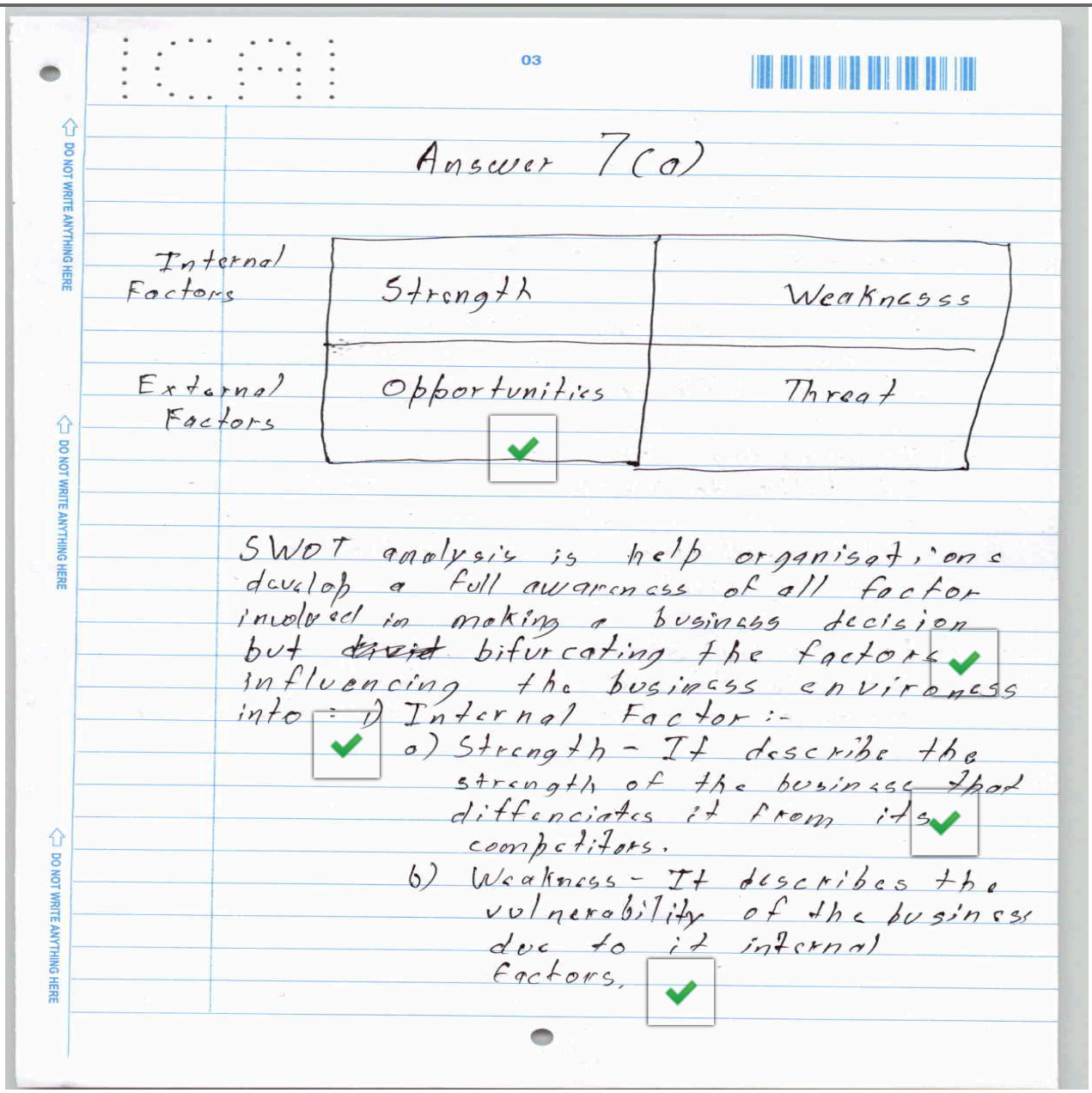
7. The answer to each question must be commenced on a fresh page and question number prominently written at the top of each answer. Alternatively, the question number should be distinctly written in the margin.

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.



03

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Answer 7(a)

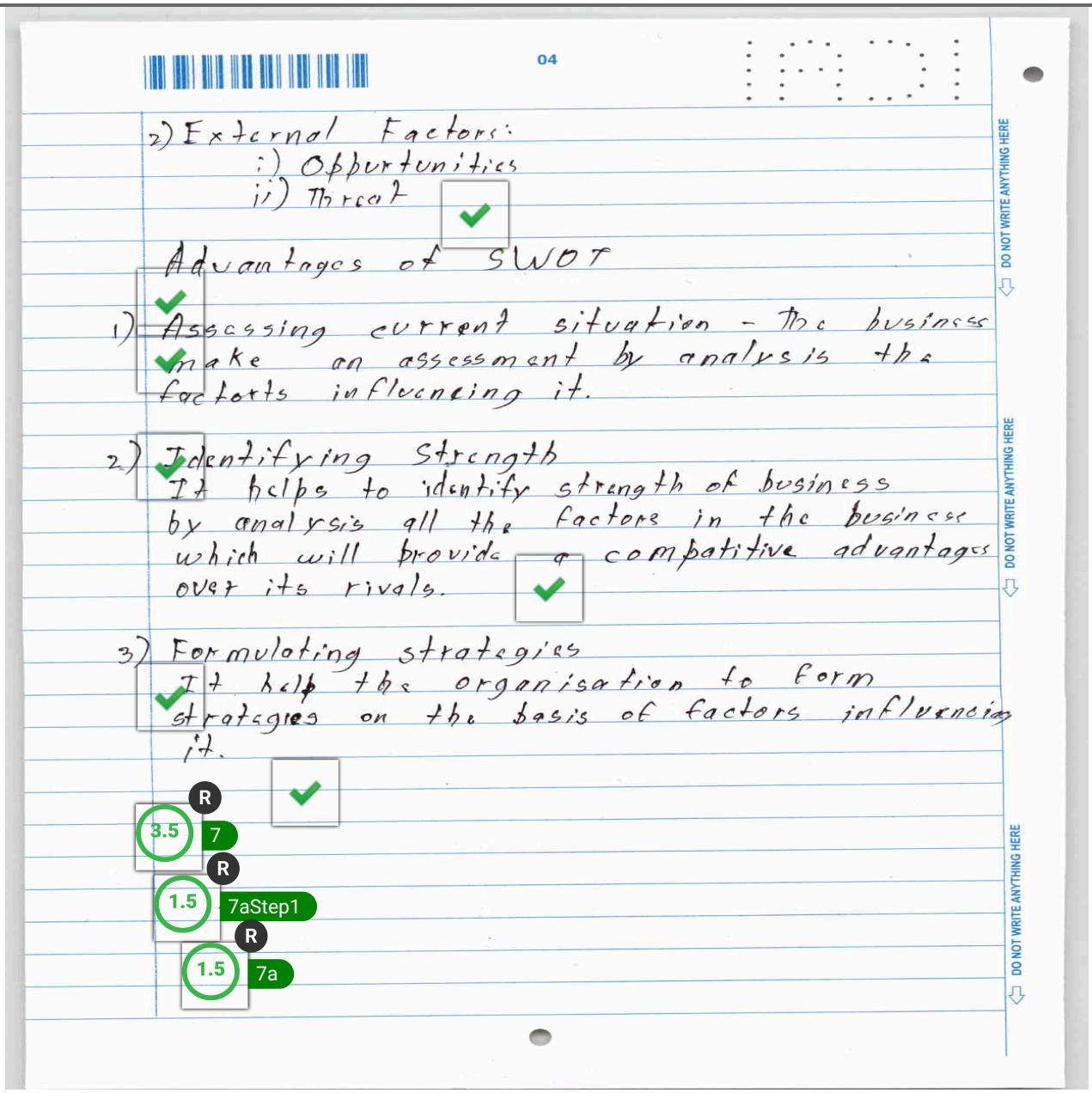
Internal Factors	Strength	Weakness
External Factors	Opportunities	Threat

SWOT analysis is help organisations develop a full awareness of all factor involved in making a business decision but ~~dvid~~ bifurcating the factors influencing the business environess into :- 1) Internal Factor :-

a) Strength - It describe the strength of the business that diffenciates it from its competitors.

b) Weakness - It describes the vulnerability of the business due to it internal factors.

Code:	IN6BS429863	Total Marks:	35
Subject :	06B Strategic Management	Marks Obtained :	6.5



04

2) External Factors:
i) Opportunities
ii) Threat

Advantages of SWOT

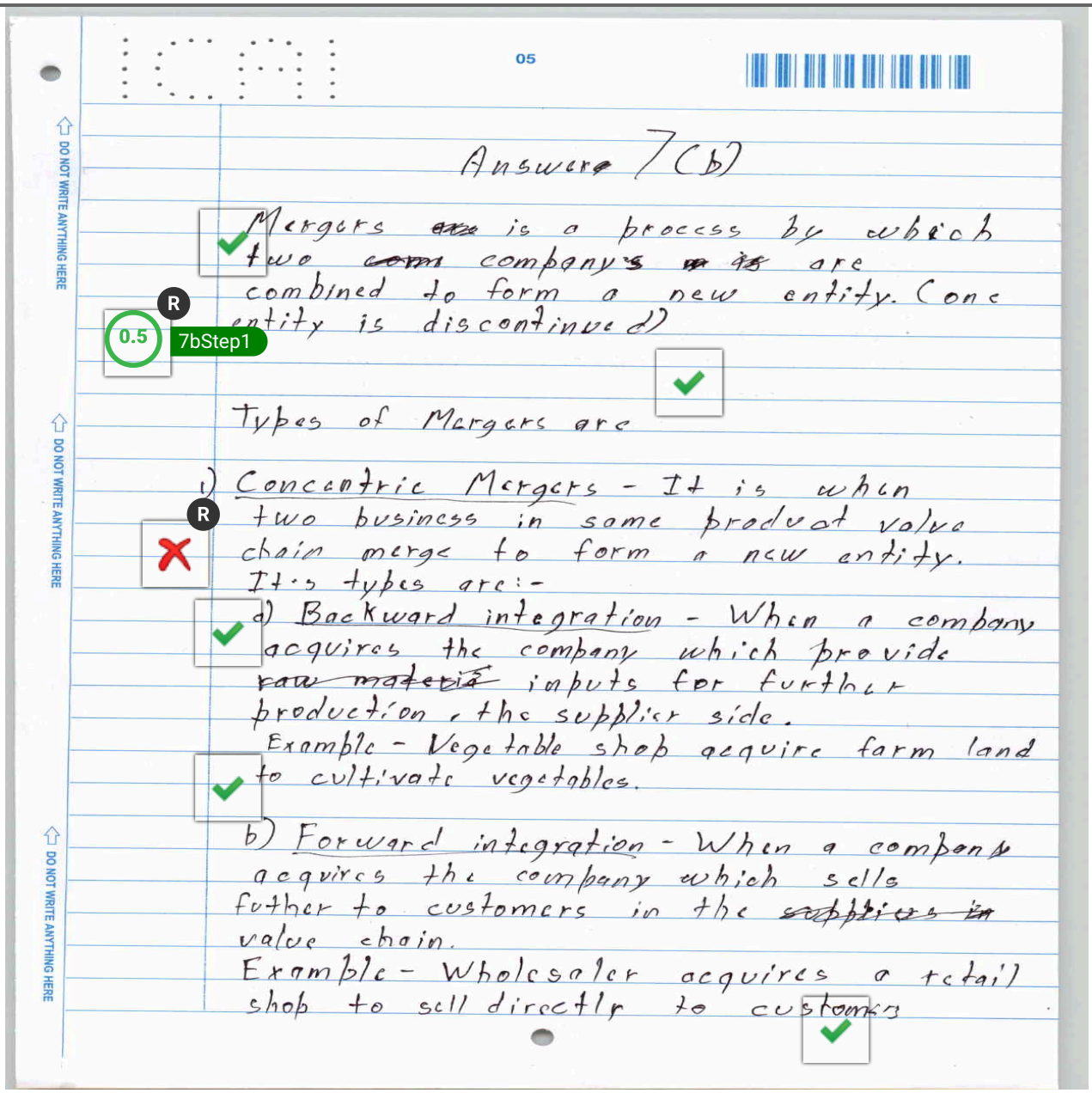
1) Assessing current situation - The business make an assessment by analysis the factorts influencing it.

2) Identifying Strength
It helps to identify strength of business by analysis all the factors in the business which will provide a compatitive advantages over its rivals.

3) Formulating strategies
It help the organisation to form strategies on the basis of factors influencing it.

R 3.5 7
R 1.5 7aStep1
R 1.5 7a

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DO NOT WRITE ANYTHING HERE



05

Answer 7(b)

Mergers ~~are~~ is a process by which two ~~com~~ company~~s~~ ~~are~~ are combined to form a new entity. (One entity is discontinued)

R 0.5 7bStep1

Types of Mergers are

1) Concentric Mergers - It is when two business in same product value chain merge to form a new entity. It's types are:-

R

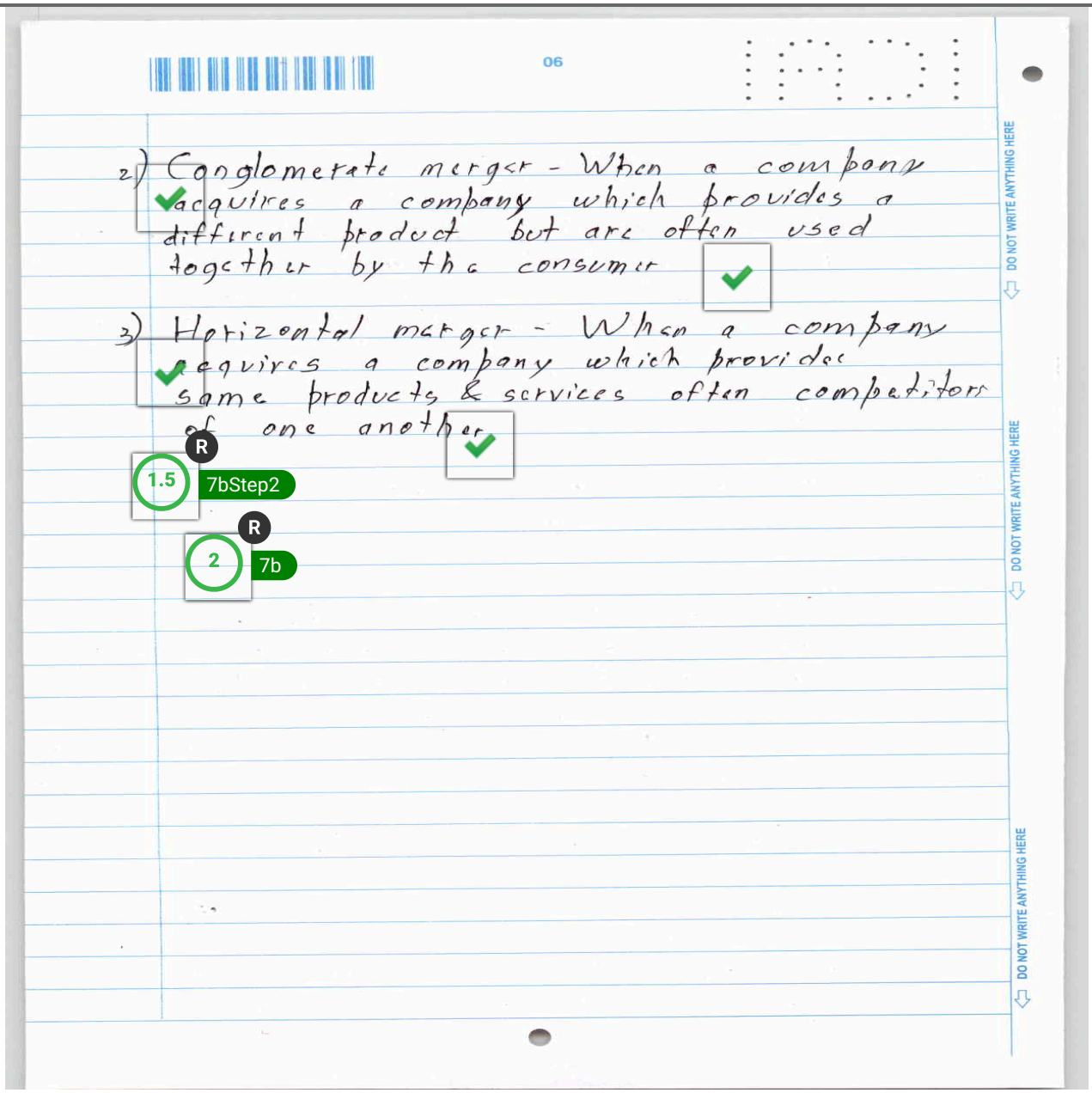
a) Backward integration - When a company acquires the company which provide ~~raw materia~~ inputs for further production, the supplier side.
Example - Vegetable shop acquire farm land to cultivate vegetables.

b) Forward integration - When a company acquires the company which sells futher to customers in the ~~supplies in~~ value chain.
Example - Wholesaler acquires a retail shop to sell directly to customers

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Code:	IN6BS429863	Total Marks:	35
Subject :	06B Strategic Management	Marks Obtained :	6.5



06

2) Conglomerate merger - When a company acquires a company which provides a different product but are often used together by the consumer ✓

3) Horizontal merger - When a company acquires a company which provides same products & services often competitors of one another ✓

R
1.5 7bStep2

R
2 7b

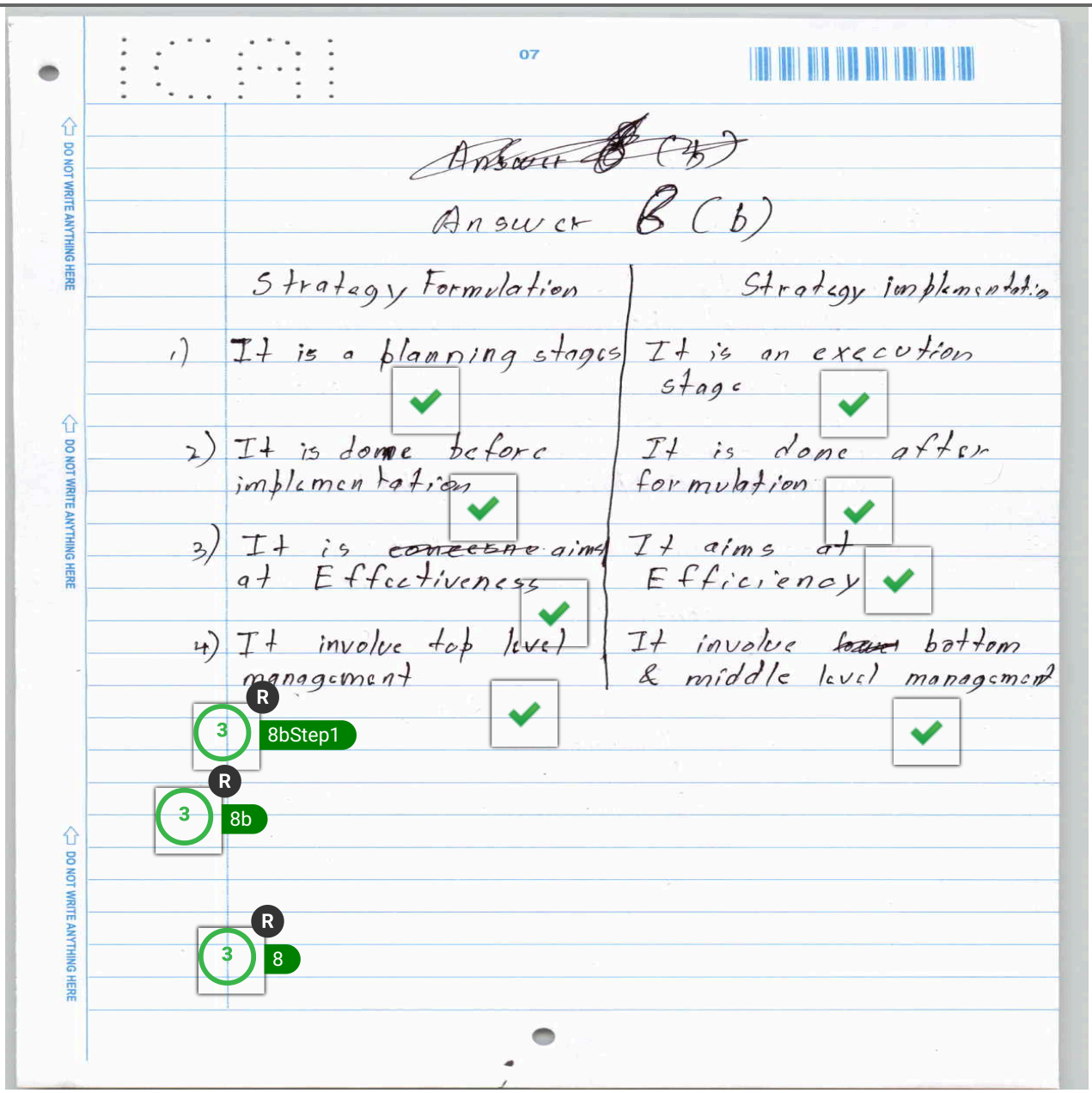
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Code:	**IN6BS429863**	**Total Marks:**	**35**
Subject :	**06B Strategic Management**	**Marks Obtained :**	**6.5**



07

~~Answer 8 (b)~~

Answer 8 (b)

	Strategy Formulation	Strategy implementation
1)	It is a planning stages ✓	It is an execution stage ✓
2)	It is done before implementation ✓	It is done after formulation ✓
3)	It is ~~concerne~~ aims at Effectiveness ✓	It aims at Efficiency ✓
4)	It involve top level management ✓	It involve ~~focus~~ bottom & middle level management ✓

R 3 8bStep1

R 3 8b

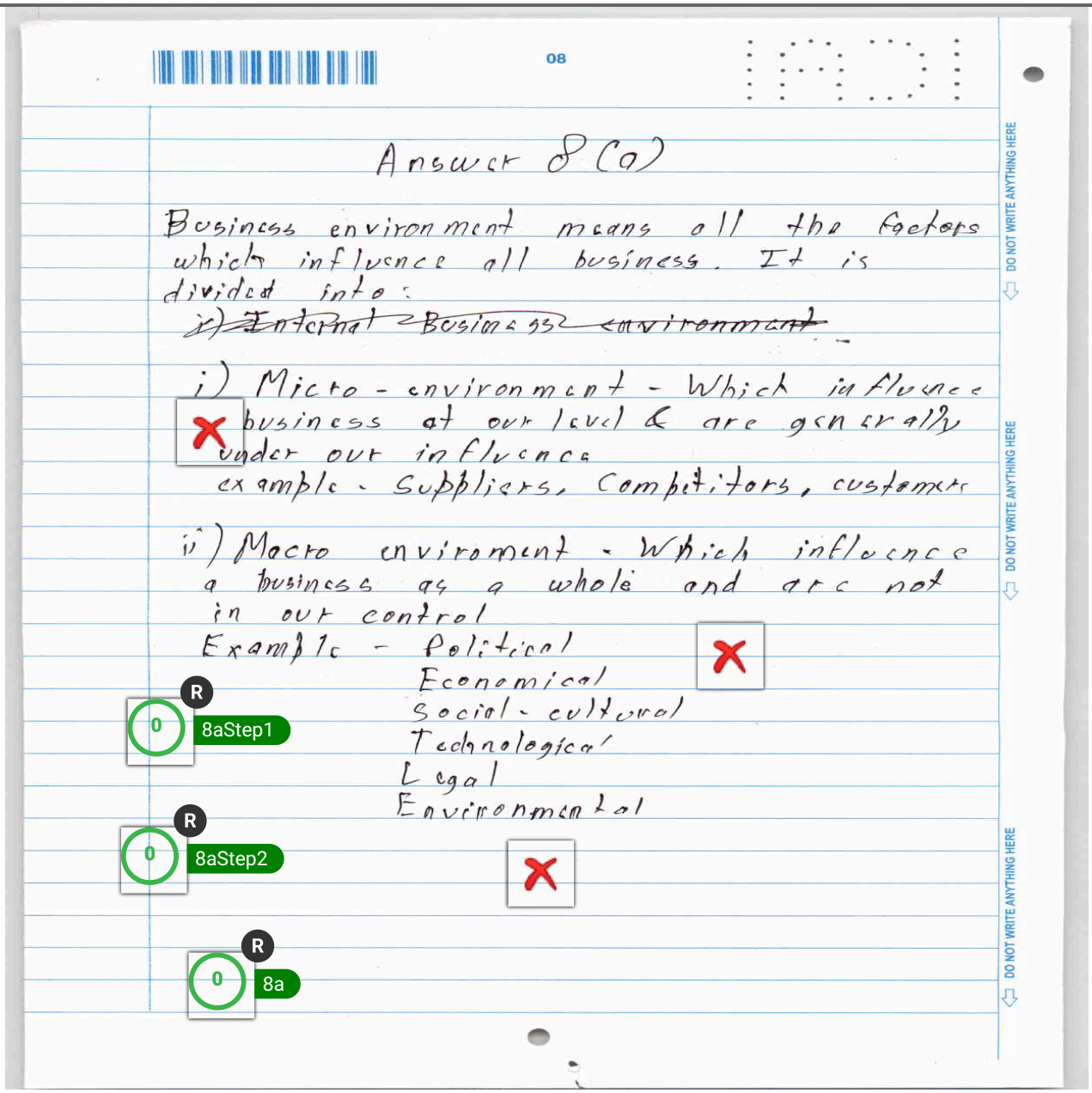
R 3 8

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Code:	IN6BS429863	Total Marks:	35
Subject :	06B Strategic Management	Marks Obtained :	6.5



08

Answer 8 (a)

Business environment means all the factors which influence all business. It is divided into:

~~i) Internal Business environment~~

i) Micro - environment - Which influence business at our level & are generally under our influence
example - Suppliers, Competitors, customers

ii) Macro enviroment - Which influence a business as a whole and are not in our control
Example - Political
Economical
Social - cultural
Technological
Legal
Environmental

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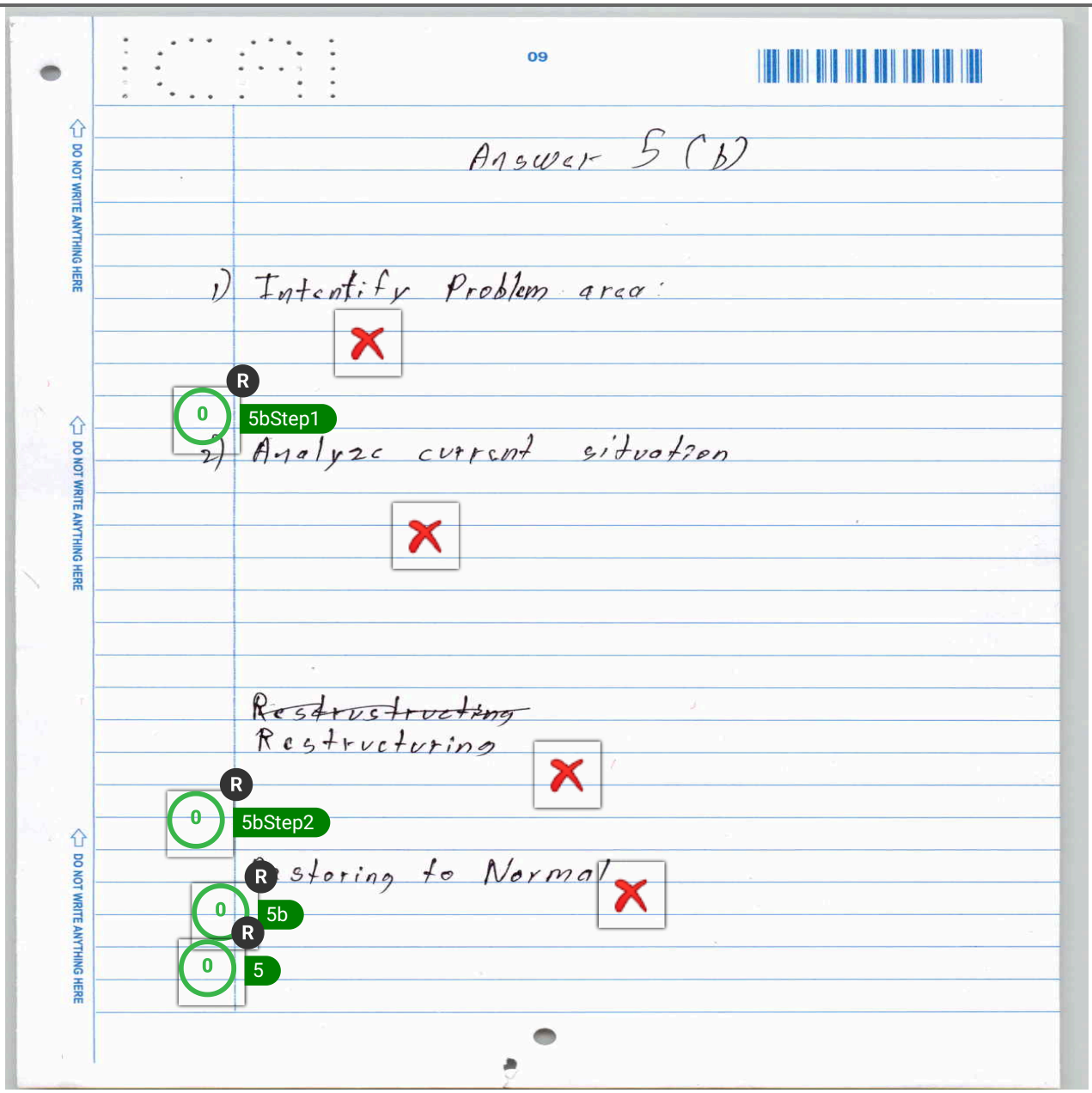
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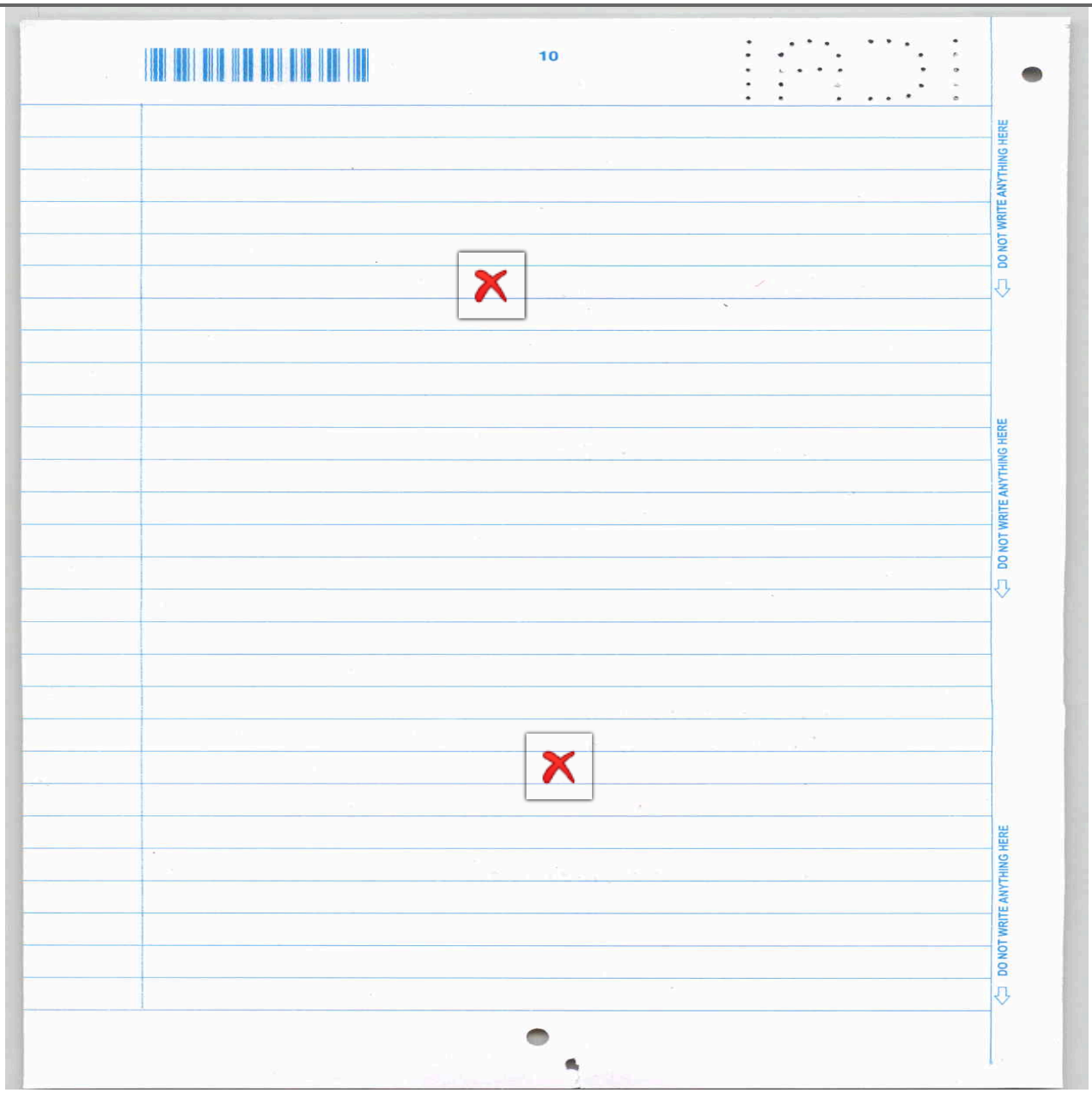
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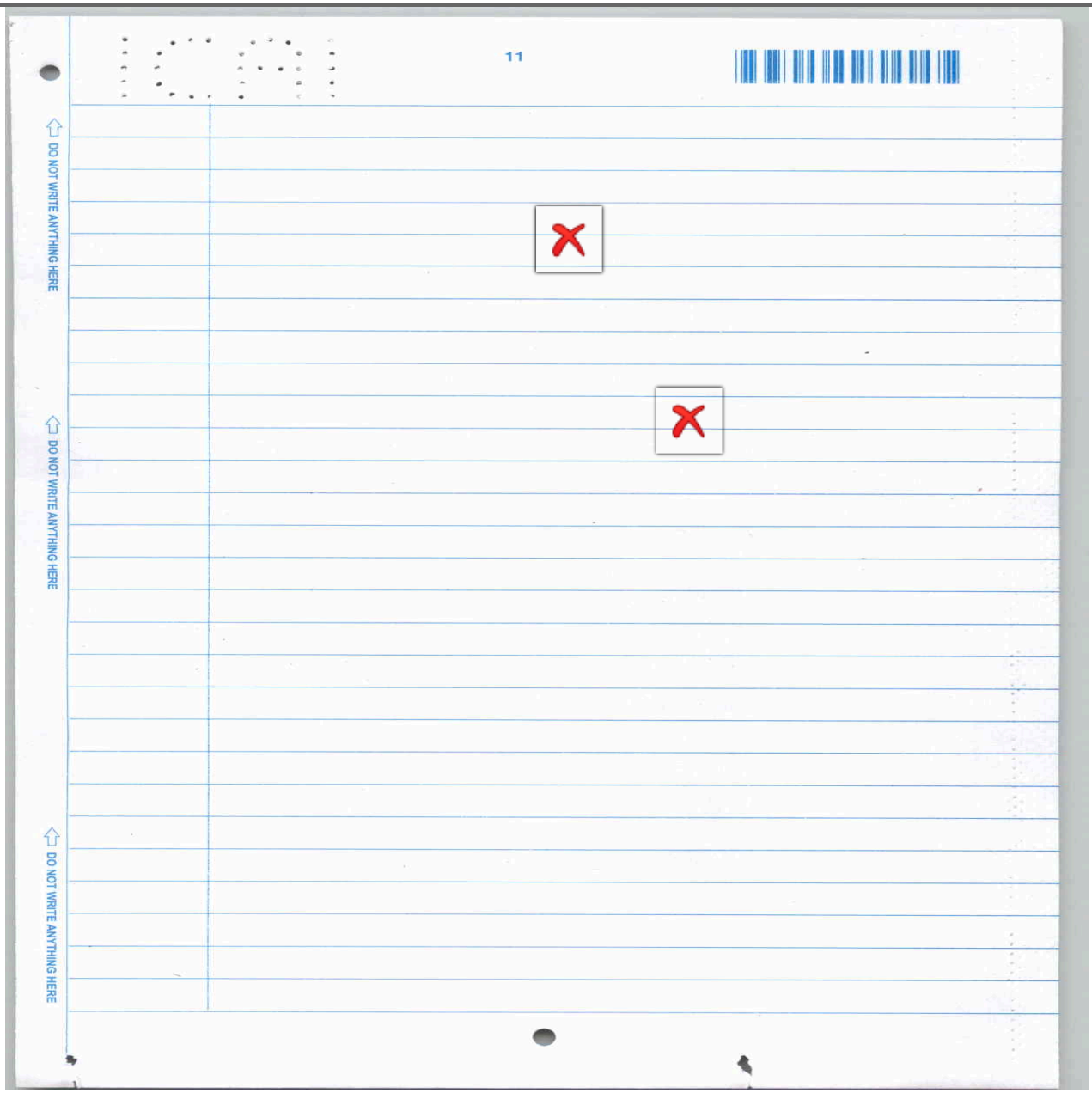
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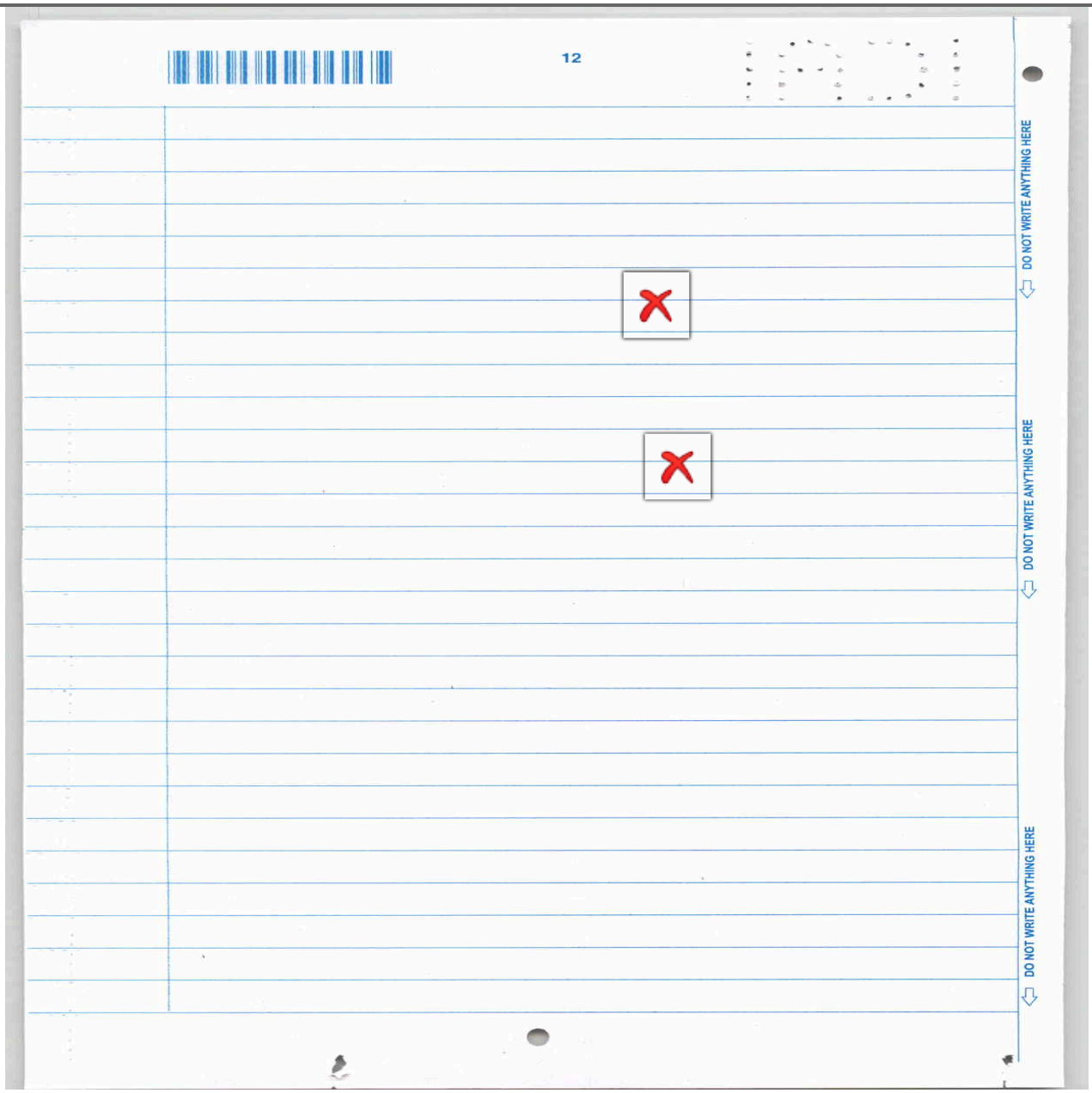
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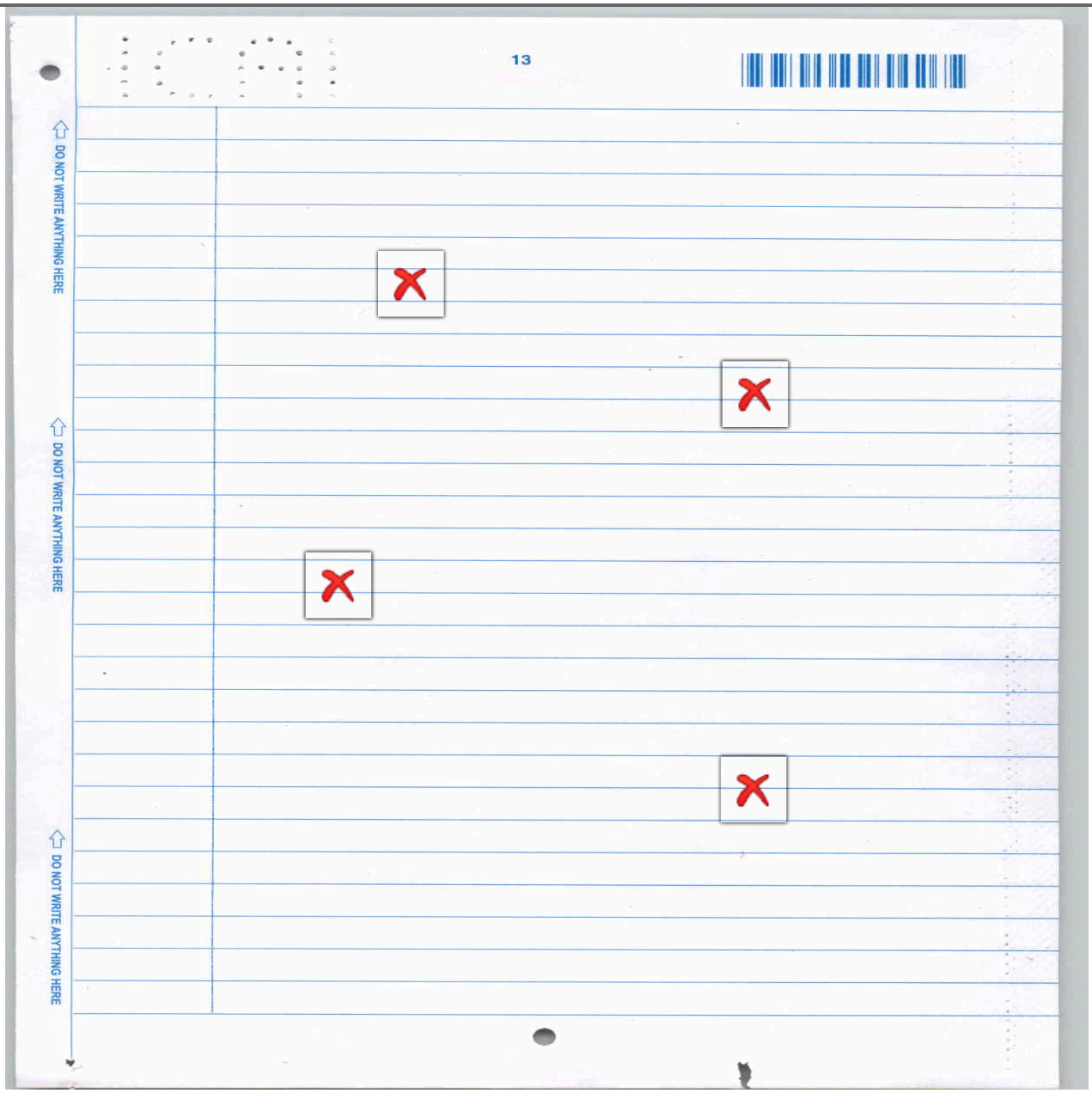


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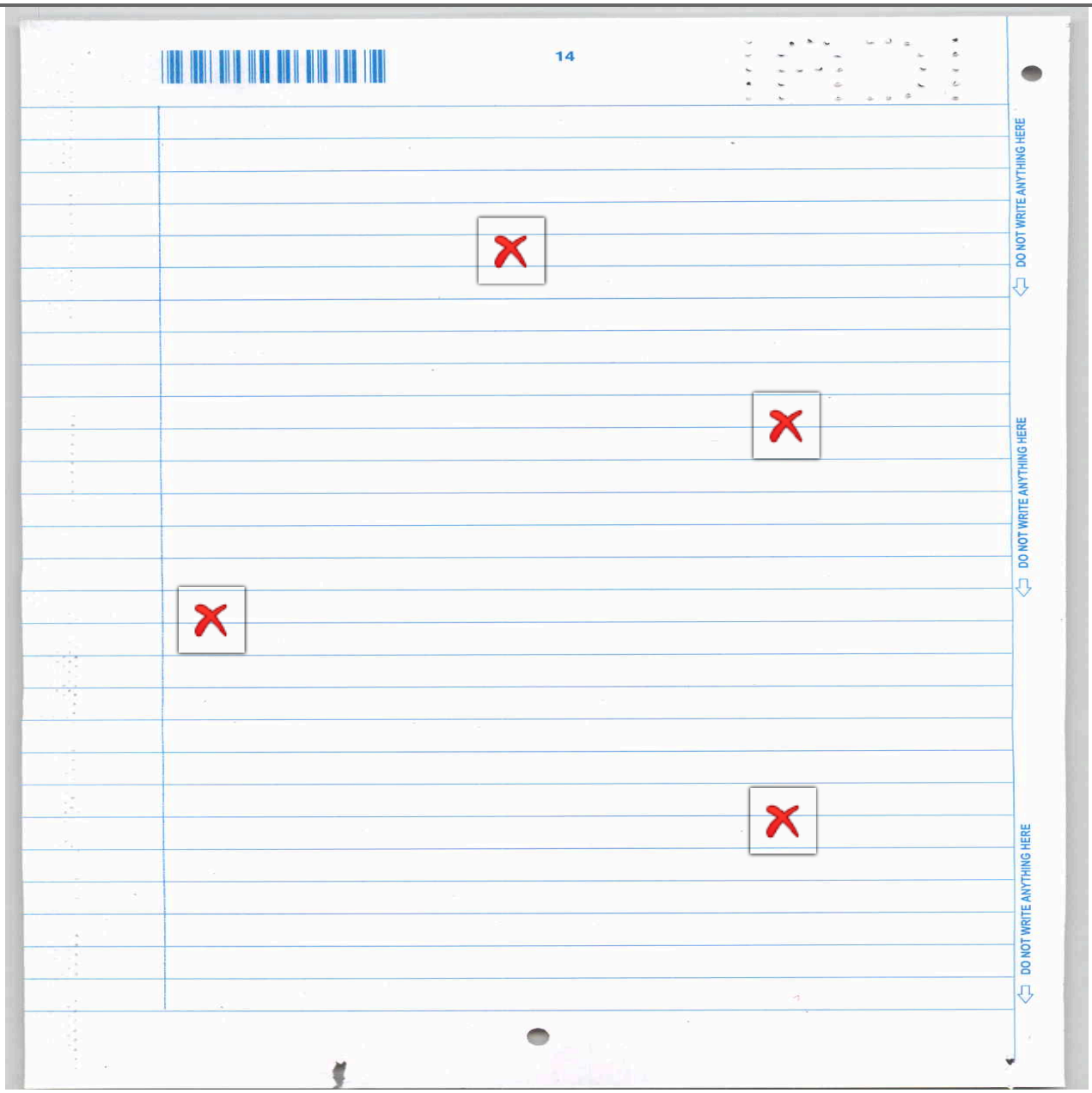
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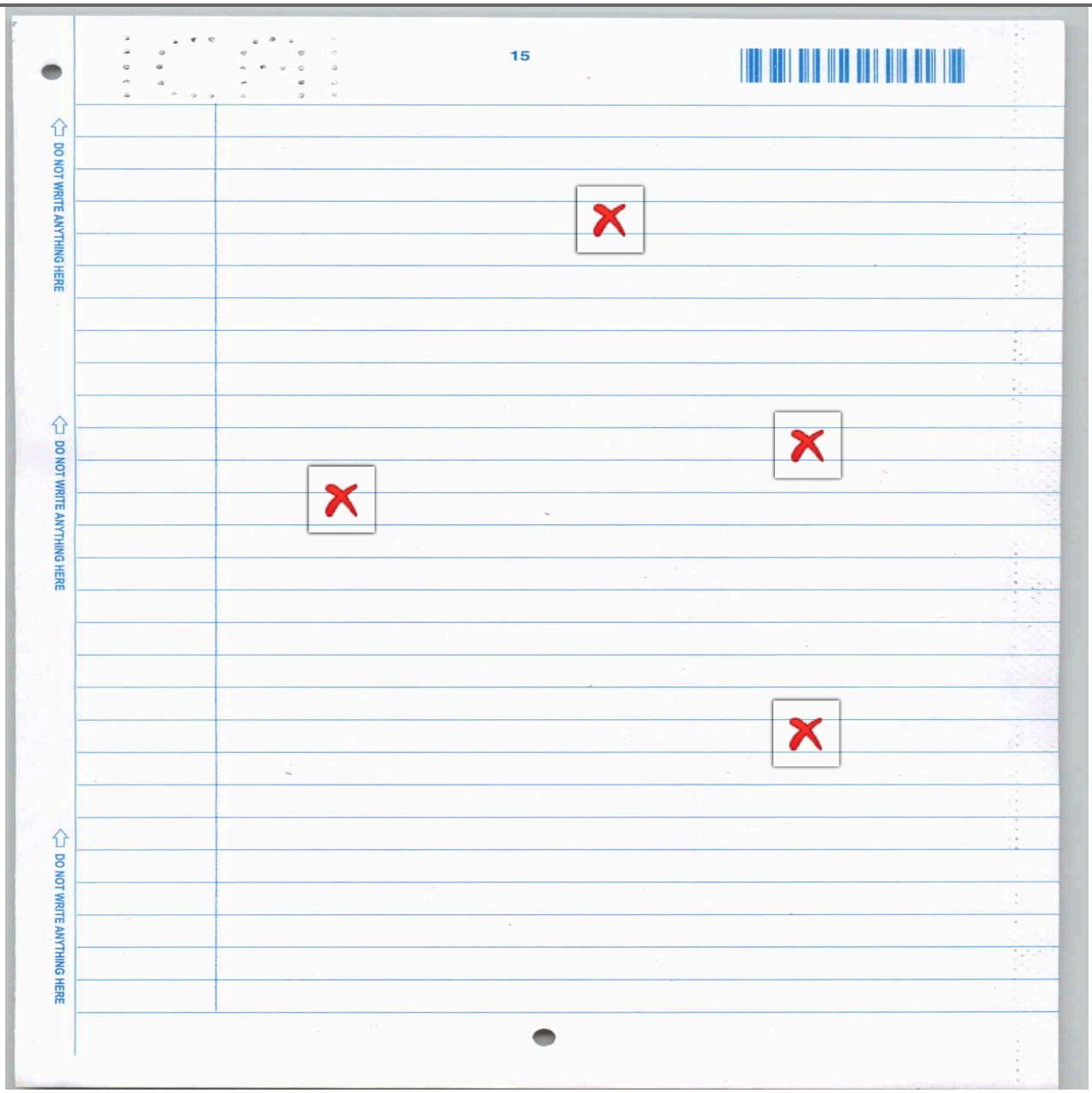


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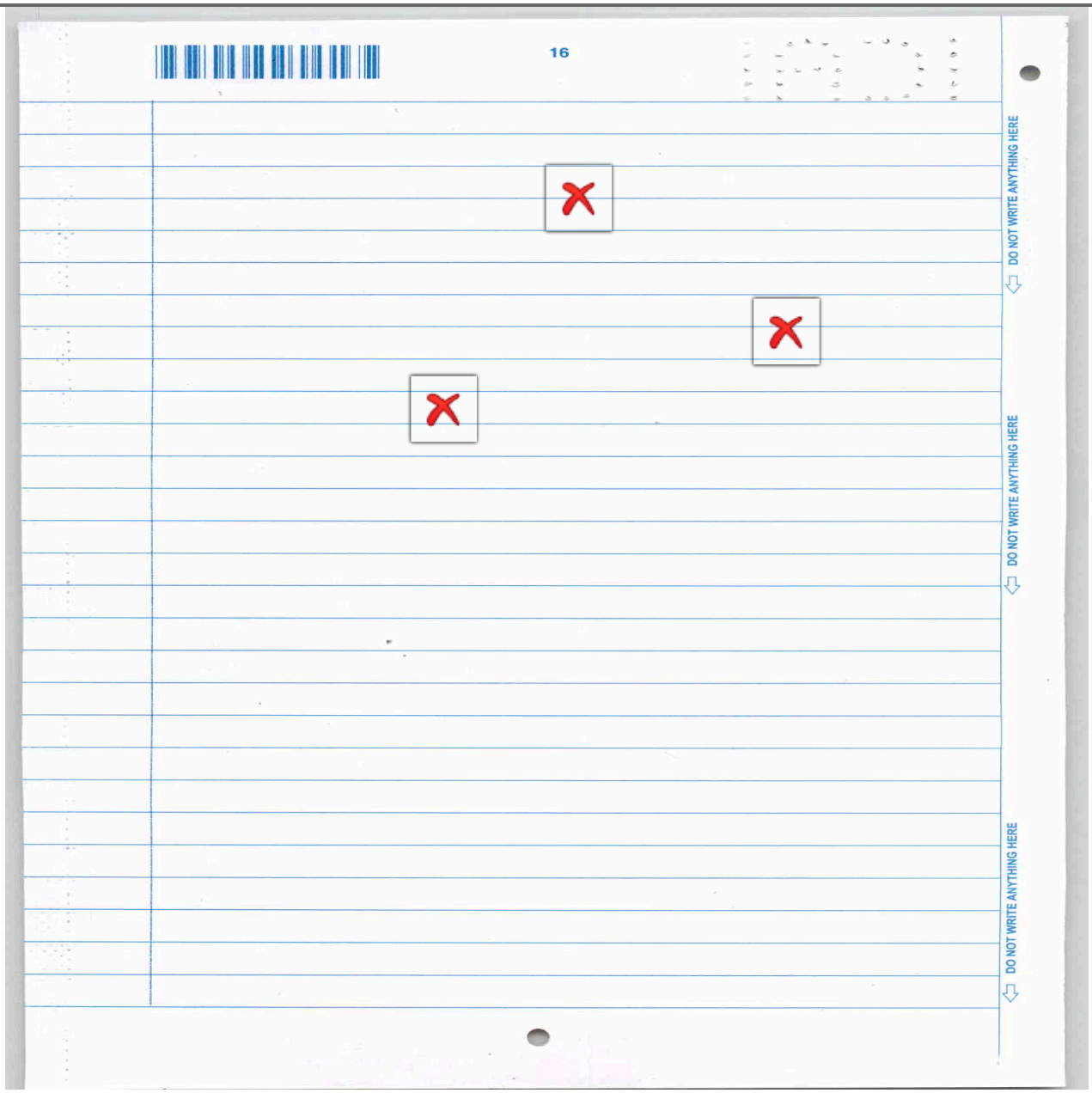
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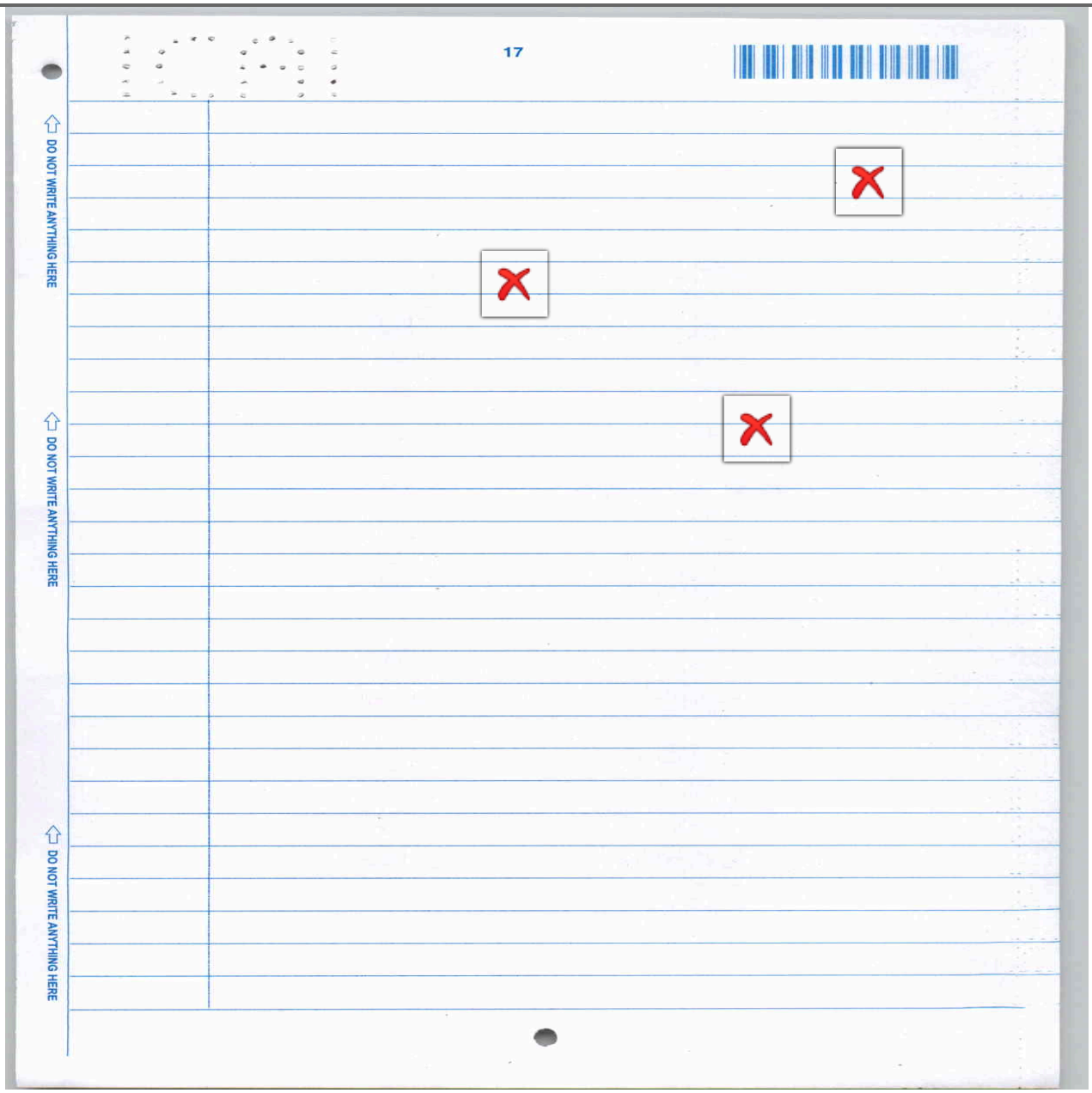


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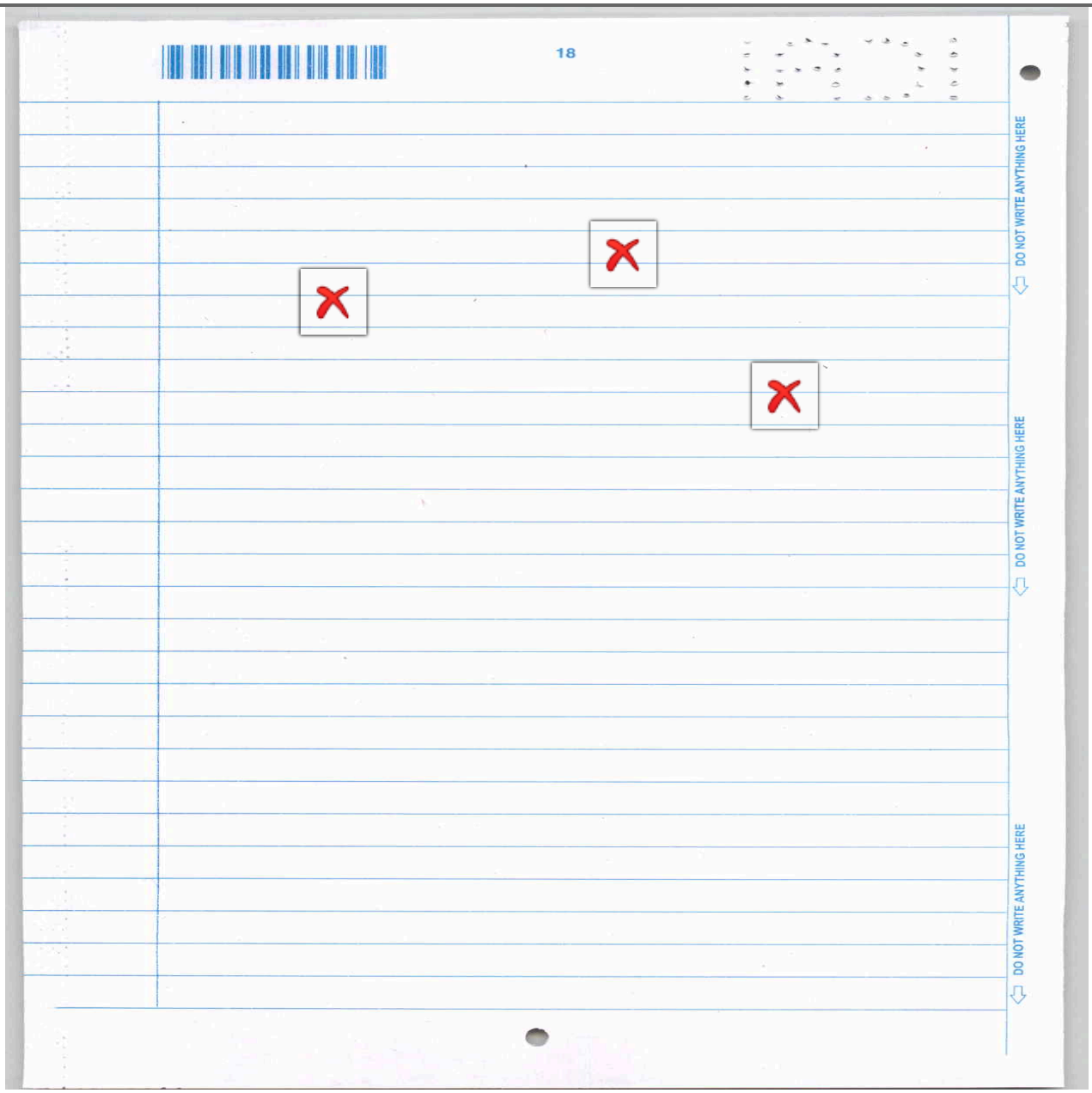


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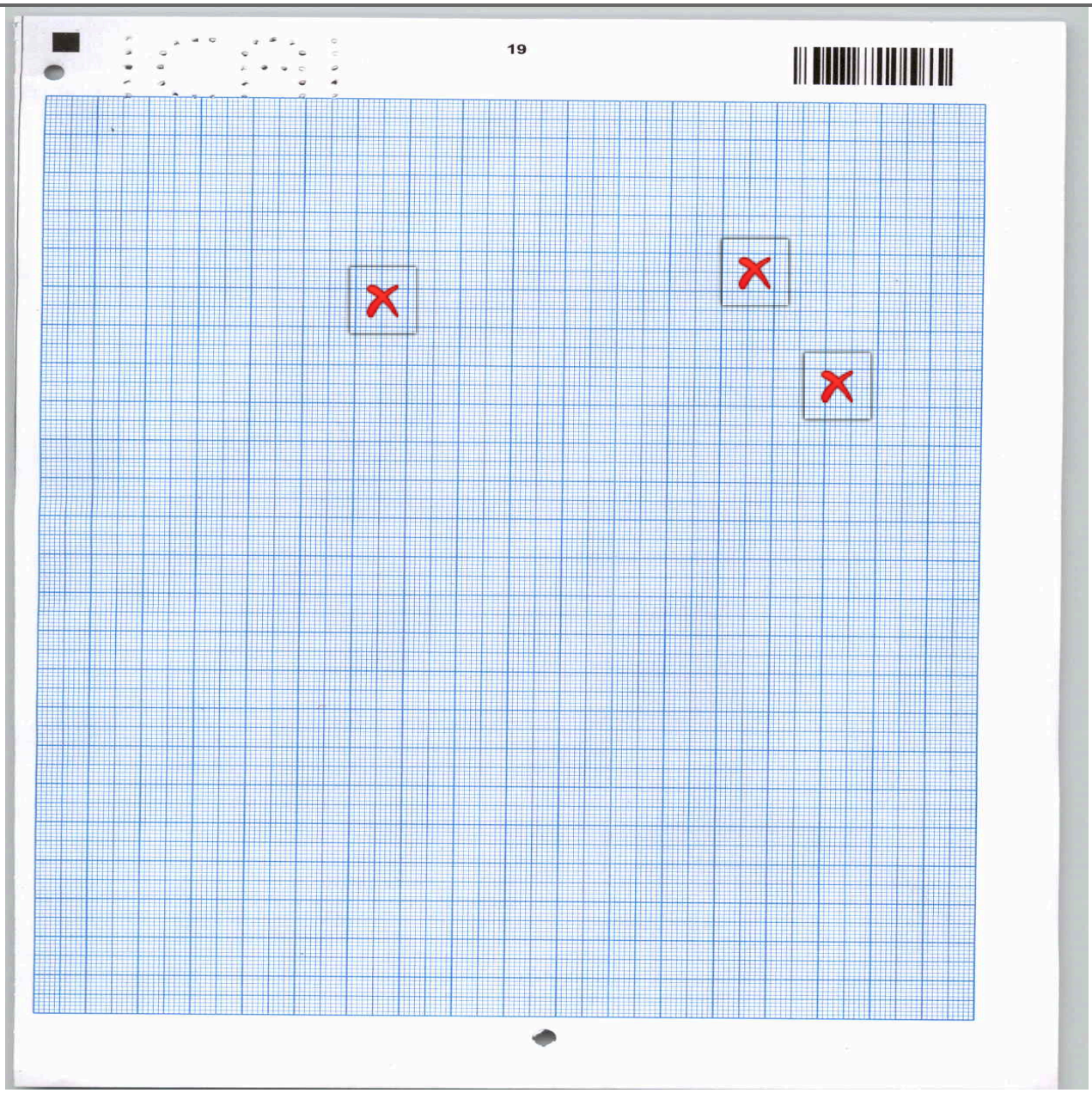



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Code:	IN6BS429863	Total Marks:	35
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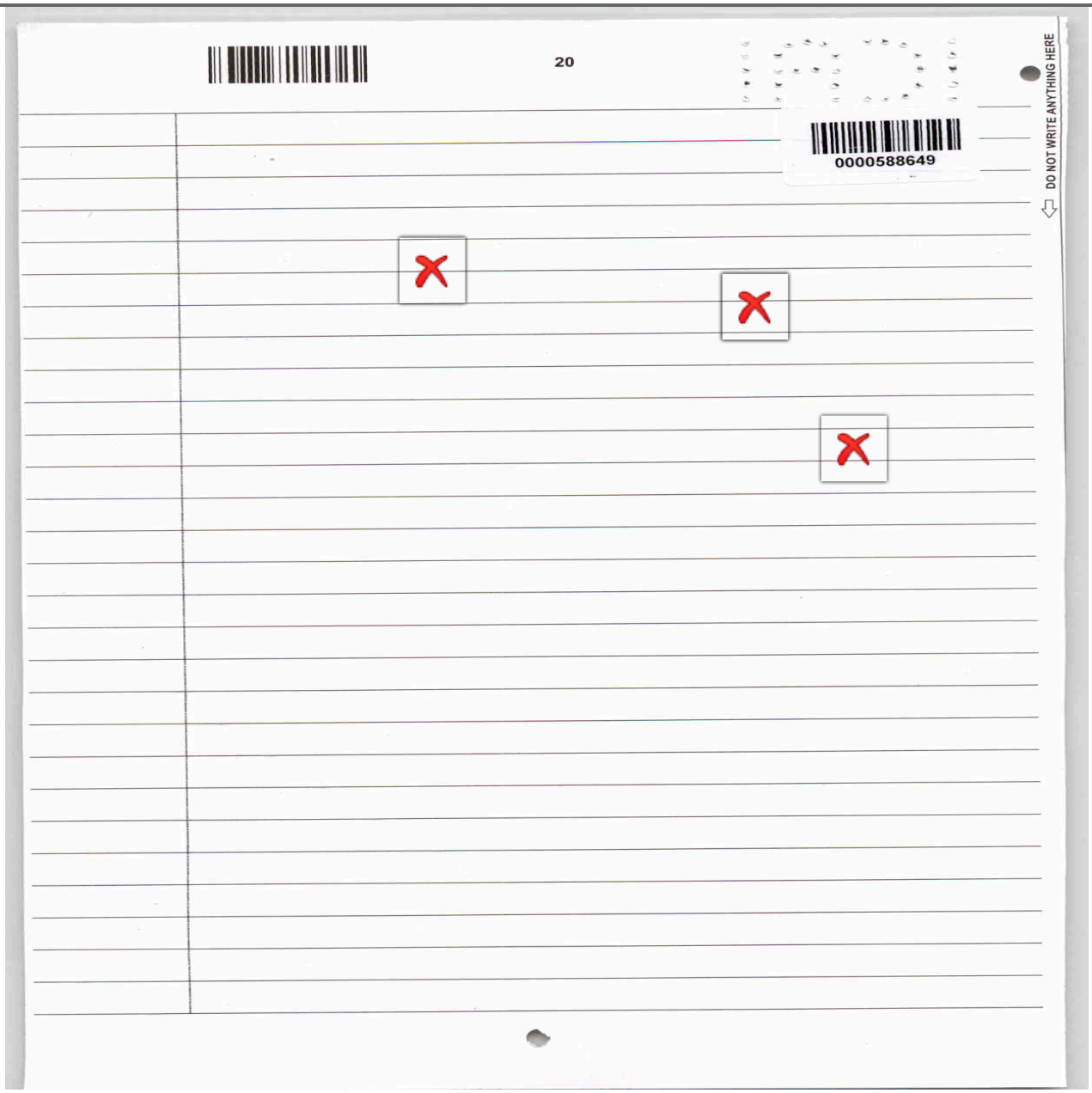


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Subject :	06B Strategic Management	Marks Obtained :	6.5



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Code:	**IN6BS429863**	**Total Marks:**	**35**
Subject :	**06B Strategic Management**	**Marks Obtained :**	**6.5**



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Code:	**IN6BS429863**	**Total Marks:**	**35**
Subject :	**06B Strategic Management**	**Marks Obtained :**	**6.5**

Result Overview

Awarded Marks: 6.5 **Max Marks:35**

NA **Not Attempted** O **Optional** M **Marked**

Q5_Compulsory (Score: 0/15)

Question No	Awarded Marks	Maximum Marks	Status
5	0	15	M
5a	NA	5	NA
5b	0	5	M
5c	NA	5	NA

Q6_Q8 (Score: 6.5/20)

Question No	Awarded Marks	Maximum Marks	Status
6	0	10	O
6a	0	5	O
6b	0	5	O
7	3.5	10	M
7a	1.5	5	M
7b	2	5	M
8	3	10	M
8a	0	5	M
8b	3	5	M