



2. Which of the following is **not** a component of 'Brand' ?

1

- (A) Brand name
- (B) Brand mark
- (C) Trade mark
- (D) Tag line

3. 'Anarya Ltd.', a company manufacturing cars wants to enter into e-car business in the next few months. For this it needs additional funds. To speed up financing it decides to sell some of its shares to institutional investors. The company also does not wish to disclose this information in the open market.

From the following, identify the method of floatation of new issues used by the company :

1

- (A) Public issue
- (B) Rights issue
- (C) Private placement
- (D) Offer to employees

4. 'Nipro Electronics' was the leading player in the electronics industry for the last fifteen years. A few years back, 'Mobe Electronics', a smaller company as compared to 'Nipro Electronics' entered the market. 'Nipro Electronics' started losing its market share to 'Mobe Electronics' day-by-day due to its innovative products.

To maintain or develop a competitive edge and to upgrade its technology, 'Nipro Electronics' decided to acquire 'Mobe Electronics' under friendly terms but that failed. Now it decided to buy majority shares of 'Mobe Electronics' and hence initiated the acquisition.

From the following, identify the type of acquisition which 'Nipro Electronics' adopted after failing on friendly terms :

1

- (A) Friendly acquisition
- (B) Hostile acquisition
- (C) Reverse acquisition
- (D) Back-flip acquisition



5. Selection of a product or service will depend upon many factors while assessing the market. The demand assessment is one of them. This assessment is based on :

1

- (A) Technological advancements in the field
- (B) Size of the market being targeted
- (C) Transportation delays, wastage etc.
- (D) Level of operation

6. Assertion (A) : Mergers and Acquisitions is a potential strategy for ensuring the accelerated growth of business.

Reason (R) : Growing through Mergers and Acquisitions usually turns out to be less expensive as compared with internal expansion, particularly when the replacement cost of asset is higher than the market value of the targeted assets.

Choose the correct option from the following :

1

- (A) Both Assertion (A) and Reason (R) are correct and Reason (R) is the correct explanation of Assertion (A).
- (B) Both Assertion (A) and Reason (R) are correct, but Reason (R) is **not** the correct explanation of Assertion (A).
- (C) Assertion (A) is correct, but Reason (R) is incorrect.
- (D) Assertion (A) is incorrect, but Reason (R) is correct.



7. Raghuram has been appointed as the stock incharge in a readymade shirt manufacturing company. The Production Manager asks Raghuram to ensure the availability of fabric without any interruption so that there is no stock-out situation. For this Raghuram wants to know the re-order point of fabric for the company, that is to determine when to place an order. For this he found out the procurement lead time, which is 2 months, and the demand during this period, which is expected to be 300 bales of cotton fabric per month. So the order should be placed when the stock reaches :

- (A) 600 bales
- (B) 450 bales
- (C) 300 bales
- (D) 150 bales

8. *Assertion (A)* : Sales promotion relates to short-term incentives or activities that encourage the purchase or sale of products or services.

Reason (R) : Sales promotion helps to create awareness about the companies' products.

Choose the correct option from the following :

- (A) Both Assertion (A) and Reason (R) are correct and Reason (R) is the correct explanation of Assertion (A).
- (B) Both Assertion (A) and Reason (R) are correct, but Reason (R) is *not* the correct explanation of Assertion (A).
- (C) Assertion (A) is correct, but Reason (R) is incorrect.
- (D) Assertion (A) is incorrect, but Reason (R) is correct.



9. Choose the correct formula from the following for calculating 'Gross Working Capital' : 1

- (A) Gross Working Capital = Cash + Accounts Receivable + Fixed Assets + Other Current Assets
- (B) Gross Working Capital = Cash + Accounts Payable + Inventory + Other Current Assets
- (C) Gross Working Capital = Cash + Accounts Receivable + Inventory + Other Current Assets
- (D) Gross Working Capital = Cash + Accounts Receivable + Inventory + Long Term Liabilities

10. Financial plan is a projection of key financial data about : 1

- I. Economic feasibility of the enterprise.
- II. Orderly movement of goods.
- III. Market opportunities and threats.
- IV. The potential investment commitment needed for the new venture.

Choose the correct option from the following :

- (A) I only (B) I and IV
- (C) I, II and IV (D) II, III and IV

11. Assertion (A) : Public issue is the most popular method of raising capital these days by the entrepreneurs.

Reason (R) : The capital does not have to be repaid and does not involve an interest charge.

Choose the correct option from the following : 1

- (A) Assertion (A) is correct, but Reason (R) is incorrect.
- (B) Assertion (A) is incorrect, but Reason (R) is correct.
- (C) Both Assertion (A) and Reason (R) are correct and Reason (R) is the correct explanation of Assertion (A).
- (D) Both Assertion (A) and Reason (R) are correct, but Reason (R) is **not** the correct explanation of Assertion (A).



15. Samarya owned an airline business with a fleet of 20 aircraft operating between Nairo and Piere. She wanted to expand the business to other parts of the country. She was concerned about the rising oil prices which would impact the costs as well as the sensitivity of the airline revenues to fluctuations in business traffic.

Identify the factor affecting the macro environment under PESTEL model :

1

- (A) Political (B) Economic
(C) Social (D) Technological

16. Sarita got admission in Nadir Engineering College. After two to three months, she observed that the students of the college were facing problems in washing and ironing of clothes due to shortage of time. Sarita sensed the opportunity, analysed it and synthesised it to identify an opening. She suggested to her cousin, Hitesh to start a laundry service for hostel students. Soon, this service became popular, not only among the hostel students, but also among the nearby residents.

'Ability to perceive and preserve basic ideas which could be used commercially' was the factor involved in sensing this opportunity. The source which led to the emergence of this basic idea was :

1

- (A) Problem (B) Invention
(C) Innovation (D) Competition

17. 'Air-Puro Ltd.' is engaged in manufacturing and distribution of air-purifiers. The company has four departments - Production, Marketing, Finance and Human Resource. The quality of the air-purifiers is very good and these are handy also. Due to this the demand of air-purifiers started growing. To meet the growing demand, the Production Head informed the Chief Executive Officer to recruit more employees.

The component of Business Plan which will help in deciding the number of people required is :

1

- (A) Marketing Plan (B) Production Plan
(C) Organisational Plan (D) Manpower Plan



18. Manoj, Ankit and Nikhil are good friends and doing interior designing business at a small-scale. Their business is taking off in a big way. Now there is a need to change their small-scale-business into a large-scale-business. The trio needs more capital to invest, to hire more employees and for other expenses. Due to the growing need they decided to re-organise their form of business. Now they wanted to have an organisation in which members have a limited liability and minimum paid-up capital is Rupees one lakh.

The type of organisation the trio wanted to form is :

1

- (A) Partnership (B) Public company
(C) Private company (D) Sole proprietorship

SECTION B

19. (a) State the elements in the innovation process.

2

OR

- (b) Give the meaning of 'Problem Identification'. With the help of any two points, state how problem identification helps the entrepreneur.

2

20. Ariha loves eating good food and for that she generally visits famous restaurants. She is very fond of Kheer and after eating food she requests for Kheer as a dessert. Quite frequently she discovered that Kheer was not available in many restaurants. So she decided to make instant Kheer-mix in various flavours like Mango, Kesar-Elaichi, Malai-Rabri etc. and started selling these in the neighbourhood. The Kheer-mixes became popular in the neighbourhood, as they were easy to make and had a good taste. Now one of her friends suggested that she should consider selling the Kheer-mixes to the retailers and also to the restaurants directly. To achieve this she had to keep a distinctive name to distinguish her Kheer-mixes from that of the competitors, if any.

- (a) Identify and explain the component of product mix discussed in the above case.
(b) Also identify and explain the term through which the name given by her to the product can get legal protection.

2



SECTION C

25. 'Aircon Ltd.' manufactures and sells desert coolers with various unique features. There is no competitor of 'Aircon Ltd.' in the market. So they decided to sell these at a high price. In spite of having unique features its sale was not picking up. They tried to find out the reason for this. After market research they found that to raise their market-share, they have to revise their pricing method. The company decides to adopt a pricing method based on manufacturing estimates which should cover the cost of producing the coolers plus a reasonable profit.

- (a) Identify the pricing method 'Aircon Ltd.' decides to adopt.
- (b) State one advantage and one disadvantage of this pricing method. 3

26. (a) Explain the following elements of an operational plan : 3
- (i) Scheduling
 - (ii) Follow-up
 - (iii) Inspection

OR

(b) One of the important methods for generating ideas is to carry out a 'Market Research'.

- (i) What is meant by 'Market Research' ?
- (ii) Explain how market research helps an entrepreneur for generating 'Market-driven or Demand-driven ideas' as a source of idea field. 3



27. 'GRX Ltd.' has marked its presence for its 'Apple Cider Vinegar' on different social media platforms like Facebook, Instagram etc. by demonstrating features and benefits not available with the competitors' products without mentioning their names.

- (a) Identify the type of sales strategy adopted by 'GRX Ltd.'
- (b) Name and state the other type of sales strategy available with the businesses.
- (c) List any two points of consideration required for creating an effective sales strategy.

3

28. 'Mitsu Electronics Ltd.' was operating its business of electronic items in India. The Prime Minister announced relaxation in export duties on electronic items and the company started exporting its products to neighbouring countries. The company developed a better and cheaper video conferencing system to solve the problem, if any, and to replenish the stocks wherever and whenever needed. The demand for its electronic items started increasing day-by-day as there is an increase in the level of education and consumerism globally.

Quoting the lines from the above para, identify and explain any three dimensions of Business Environment.

3

29. (a) Explain the following three stages in a company's development when an entrepreneur can seek venture capital :

3

- (i) Seed capital finance
- (ii) Start-up finance
- (iii) Second round-financing

OR

(b) Who are called 'Angel Investors' ? Explain any five features of Angel Investors.

3



SECTION D

30. (a) What is meant by 'advertising' ? State the any four rules to be considered while planning any advertising activity and the any four responses for developing effective advertising. 5

OR

- (b) Give the meaning of 'Franchise Agreement'. Explain the four main ingredients of a 'Franchise Agreement'. 5

31. What is meant by 'Primary Market' ? Explain the four methods used by an entrepreneur to raise the required capital in the Primary Market. 5

32. (a) Give the meaning of 'Company' form of business organisation. Explain the following features of a company : 5

- (i) Seperate Legal Entity
- (ii) Limited Liability
- (iii) Transferability of Shares
- (iv) Diffusion of Ownership and Management

OR

- (b) 'Sensitivity to environmental factors is crucial for an entrepreneur.' In the light of this statement, explain any five benefits of understanding the relevant environment of business. 5



33. 'Happy Hands Ltd.' manufactures liquid hand wash for children with minimal chemicals. They have three varieties of liquid soap. The fixed cost for the production process is ₹ 2,49,000.

Variety	Scrub Hand Wash	Gel Hand Wash	Foam Hand Wash
Selling Price per 100 ml in (₹)	155	175	195
Variable Cost per 10 ml in (₹)	75	95	105
Sales Mix	40%	30%	30%

Form the above data, calculate the following :

- (a) Total weighted average contribution margin.
- (b) Break-even-quantity for each variety of liquid hand wash.
- (c) Break-even-point in rupees for Scrub Hand Wash.

$$\frac{80 \times 40}{100}$$

$$\frac{155 \times 40}{100} = 62$$

$$\frac{175 \times 30}{100} = 52.5$$

$$\frac{195 \times 30}{100} = 58.5$$

34. Aneesh, a young entrepreneur, wishes to take his family business of designer fabrics to greater heights with the knowledge he has acquired at National Institute of Fabric Development'. His father gave him ₹ 25 lakh as a seed capital to start his own new product line under the family business.

Aneesh is venturing into leather and faux leather for which he needs to plan his business before he goes ahead with the execution. He knows that transformation of raw material into finished products takes place with the help of energy, capital, manpower and machinery. Further, he realised that manufacturing operations are highly complex and tedious, hence need to well planned.

- (a) Identify the component of business plan Aneesh is discussing about. Also state its objective.
- (b) Explain the three different options available before the venture.

$$\frac{32 \times 24}{100} = 7.68$$

$$\frac{83 \times 24}{100} = 19.92$$

$$\frac{83 \times 249000}{100} = 206670$$

$$\frac{206670 \times 100}{249000} = 83.00$$