(ii) Rights issue: Rights issue is a method of raising additional finance from existing shareholders by offering securities to them on pro-rata basis i.e. giving them a right to a certain number of shares in proportion to the shares they are holding. Normally, through a circular, rights issues are proposed to the existing shareholders and in case they are not willing to subscribe, they can renounce the same in favour of another person. This method of issuing securities is considered to be inexpensive as it does not require any brokers, agents, underwriters, prospectus or enlistment, etc.

 $\frac{1}{2} + \frac{1}{2}$ 

(c) Appreciation of their investment.

1

	target company's ownership stakes in order to assume control of the target firm.	(identification) 1 ½ (for explanation)
	<ul> <li>(b) Advantages (any two):         <ul> <li>(i) Synergy - synergy between the participating firms determines the increase in value of the combined entity. It accrues in the form of revenue enhancement and cost savings.</li> <li>(ii) Improved Profitability - Companies explore the possibilities of a merger when they anticipate that it will improve their profitability.</li> <li>(iii) Entry into new market - A company can enter a new market, but may have to face stiff competition from the existing companies and may have to battle out for a share in the existing market. However, if the merger route is adopted, one can enter the market with greater case and avoid too much competition.</li> </ul> </li> </ul>	1 ½ × 2 ( ½ for heading and ½ for explanation for each point)
	(any <i>two</i> with proper explanation)	
	(If the examinee has not identified 'Acquisition' but has identified it as one of the types of acquisition no marks to be awarded.  1 ½ marks for explaining the term 'Acquisition'. Due credit should be given even if the explanation mentions 'Hostile acquisition').	
	(Only the above-mentioned points to be considered as per the given case study; no other points from the book to be considered)	
15.	'Pratap Furnitures Ltd.' is the market leader in moulded furniture. Now it is planning to enter into a new product line, that is, furniture made of wood and bamboo. To start production it needs new machine and skilled labour along with good quality wood. For all this it needs ₹2crore. 'Pratap Furniture Ltd.' is planning to raise funds by issue of prospectus. But its Board of Directors decided to honour the existing shareholders by offering them the shares on pro-rata basis, before going for issue through prospectus.  (a) Identify and explain the type of capital market from which 'Pratap Furnitures Ltd.' is going to raise funds.	5
	(b) Explain the two methods of raising funds discussed in the above case. (c) What reward do the investors get when shares are issued through prospectus?	
Ans.	(a) Primary market: Primary market is also called as new issue market and is basically to facilitate transfer of resources from the savers to the entrepreneurs seeking funds for:  a) Setting new enterprises b) Expanding c) Diversifying.	1 + 1
	(b) (i) Public issue: Public issue is the most popular method of raising capital these days by the entrepreneurs. This involves raising of funds directly from the public through the issue of prospectus. An enterprise organizing itself as a public limited company can raise the required funds commonly by preparing a prospectus. When an entrepreneur a offers shares to the public for subscription he/she is required to comply with all the restrictions and formalities pertaining to the initial issues, prospectus drafting and launch.	1/2 + 1/2

Venture capitalist not only provide capital but also business skills to investee firms.			
It is a subset of private equity.		firms.	
The venture capital institutions have a continuous involvement in the business after making the investment.  Such institutions disinvest the holding either to the promoters or in the market.  Give the meaning of 'channel of distribution'. Explain any four factors affecting channels of distribution with relation to the nature and quality of the product being distributed.  Ans. A channel of distribution is defined as the path or route along which goods move from producers or manufactures to ultimate consumers or industrial users.  Considerations related to quality and nature of the product are:  Unit value of product - When the product is very costly it is best to use a small distribution channel.  Standardised and customised product - Standardised products are those for which cost is pre-determined and there is no scope for alteration.  Customised products are those which are made according to the discretion of the consumer and also there is a scope for alteration.  Perishability - A manufacturer should choose minimum or no middlemen as channel of distribution for such an item or product which is of highly perishable nature. On the contrary, a long distribution channel can be selected for durable goods.  Technical nature - If a product is of technical nature, then it is better to supply it directly to the consumer. This will help the user to know the necessary technicalities of the product.  (Only the above-mentioned points to be considered as per the given case study; no other points from the book to be considered)  14. 'Kapoor Merrytime Ltd.' Is a renowned name in naturally flavoured ice-creams made from fresh fruits and edible vegetables. The company has its presence in Maharashtra and Goa. Its ice — creams sell under the brand name 'Satvika'. The company has a strong foothold in Maharashtra but is struggling for success in the Goa market. The reason is the presence of a successful local brand by 'Pastle Ice-creams Ltd. In the market. 'Pastle Ice-creams Ltd.' Is selling natural ice-creams with locally prefer		· ·	
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Ans. (a) Acquisition: A corporate action in which a company buys most, if not all, of the		(b) Explain any two advantages which 'Kapoor Merrytime Ltd.' would have by	
	Ans.	(a) Acquisition: A corporate action in which a company buys most, if not all, of the	1/2

10.	Explain 'Synergy' as a reason for 'Mergers' and 'Acquisitions'	3
10. Ans.	<ul> <li>Explain 'Synergy' as a reason for 'Mergers' and 'Acquisitions'</li> <li>Synergy: <ul> <li>It is the most essential component of mergers.</li> <li>Synergy between the participating firms determines the increase in the value of combined entity.</li> <li>It refers to the difference between the value of the combined firm and the value of the sum of the participants.</li> <li>It occurs in the form of revenue enhancement and cost savings.</li> </ul> </li> <li>(Any three)</li> </ul> <li>Rupali intends to start an enterprise that will produce healthy alternatives for</li>	3 1 + 1 + 1
	chocolates and sugar carvings. In order to assess the taste preferences of people and possible options for flavours she conducted an online survey. Based on the information collected she analysed the market and decided to launch coconut, jaggery and sesame based chocolates under the brand name 'Coco Demerara'. She decided to fix the price of chocolates at a relatively lower level in the beginning and later on as the demand picks up she may revise the price.  (a) Identify the pricing strategy used by Rupali for her chocolates.  (b) State the marketing objective of the pricing strategy opted by Rupali.  (c) Mention any two advantages of the pricing strategy the firm, identified in part (a) above.	
Ans.	(a) Penetration pricing  (b) Objective—increasing market share or sales volume, rather than to make profits in short-term	1 (identification) 1 (objective)
	<ul> <li>(c) The advantages of penetration pricing to the firm are (any two):</li> <li>It can result in fast diffusion and adoption. This can achieve high market rates quickly.</li> <li>It can create goodwill among the early adopters segment. This can create more trade by word of mouth.</li> <li>It creates cost control and cost reduction pressures from the start, leading to greater efficiency.</li> <li>It discourages the entry of competitors, how prices act as a barrier to entry.</li> <li>It can create high stock turnover throughout the distribution channel.</li> <li>This can create critically important enthusiasm and support in the channel.</li> </ul>	1/2 + 1/2
	SECTION - C	
10	Attempt any 3 questions out of 4 questions from this section	
12.	What is meant by 'Venture Capital'? State any four features of venture capital finance.	5
Ans.	Venture capital is a type of private equity provided as seed funding at early stage, high potential, high risk, growth up companies.	1 (meaning)
	Features of Venture Capital Finance (any <i>four</i> ):  It is basically equity finance in relatively new companies.  It is long-term investment in growth-oriented small or medium firms.	1 × 4

	i.	Investments		10,00,0	000		
	ii.	12% loan from Stat	te Bank of India	2,00,0			
	iii.	8% Debentures	Dank of India	2,00,0			
	iv.	Fixed expenses pe	r month	2,00,0	,,,,,		
	'''	- Salary		1,50,0	000		
		- Rent		50,0			
		- Electricity &	Utilities	10,0			
	V.	Depreciatio		35,0			
	vi.	Tax Rate	•		)%		
	I	Sales revenue was	₹10,00,000 and Cos			as ₹4,00,000.	
Ans.	Item		Sub total (Rs)		Total (F	Rs)	
	Invest	ment	10,00,000				
	Owned	d	6,00,000				
	Borrov	ved 12 % loan	2,00,000				
	Borrov	ved 8 % debenture	2,00,000				
	Interes	st: 12/100 ×			24,	000	
	2,00,0	00					1/2
	Interes	st: 8/100 × 2,00,000			16,	000	(Calculation
					40,	000	of Interest)
	Sales	(10,00,000 × 12)			1,20,00	,000	
	Less: (	COGS (4,00,000 ×			48,00	,000	
	EBIT				72,00	000	
		Expenses:			72,00	,000	
		(1,50,000 × 12)			(18,00	(000)	
		50,000 × 12)				,000)	
		city (10,000 × 12)			<u> </u>	,000)	
	1	ciation			<del> </del>	(,000)	
	Interes				· · ·	,000)	1/ /EDIT
	I	g after interest				5,000	½ (EBIT
	before				10,00	5,000	calculation)
	Tax @	) 30% (30/100 ×			(13,8	1,500)	½ (Net
	46,05, Net Inc				32.2	3,500	Income
	Net in	come			52,20	5,300	Calculation)
	ROE = × 100	Net Income/Equity	32,23,500/6,00,000	0 × 100	53	7.25%	$\frac{1}{2} + \frac{1}{2} + \frac{1}{2}$ (formula +
							Àpplication + Final answer)
9.	Explain	the three component	ts of a Brand.				3
Ans.	(a) Brand name—that part of a brand which can be vocalised, i.e., can be spoken.				( ½ mark for identification		
	(b) Brand mark—that part of a brand which can be recognised but cannot be vocalized, i.e., is not utterable.				and ½ for explanation for each		
	(c) Trade mark—that part of a brand which gives legal protection against its uses by other firms.					point)	

		SECTION - B		
	Attempt on	y 4 questions out of 5 questions	one from this section	
	Attempt an	y 4 questions out of 5 questi	ons nom this section.	
	(a) Give the meaning of Cash Conversion Cycle (CCC). (b) State the relationship between the Cash Conversion Cycle (CCC) and the quantum of working capital required by a business. (c)Calculate the Gross working capital for Ojas Ltd. from the details given below:			
	i.	Stock	1,00,000	
	ii.	Debtors	2,50,000	
	iii.	Creditors	82,600	
	iv.	Cash	38,000	
	V.	Short – term Investments	2,00,000	
	vi.	Short- term Loan	1,42,000	
	vii.	Long – term Investments	3,00,000	
ns.	Viii.	Outstanding expenses s the length of time between	50,000	1 (meaning)
		th from accounts receivables OR  ng the raw material and recei conversion cycle.		
	The duration between buyir customer is known as Cash  It is the time required for a lacustomers.  (Any one of the above-men	OR ng the raw material and recei n conversion cycle. OR cousiness to turn purchases in tioned meanings)	ving the cash from the	½ (relationship
	The duration between buyir customer is known as Cash  It is the time required for a licustomers.  (Any one of the above-men  (b) Longer the CCC, workin capital is needed.	OR ng the raw material and recei n conversion cycle. OR cousiness to turn purchases in tioned meanings)	ving the cash from the nto cash receipts from	(relationship
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	The duration between buyir customer is known as Cash  It is the time required for a licustomers.  (Any one of the above-men  (b) Longer the CCC, workin capital is needed.  (c) Gross working capital =  Calculation:	OR ng the raw material and recei n conversion cycle. OR cousiness to turn purchases in tioned meanings) ng capital required is more; sh	ving the cash from the nto cash receipts from	(relationship
	The duration between buyir customer is known as Cash  It is the time required for a licustomers.  (Any one of the above-men  (b) Longer the CCC, workin capital is needed.  (c) Gross working capital =  Calculation:  Items  Stock  Debtors	OR ng the raw material and recei n conversion cycle. OR cusiness to turn purchases in tioned meanings) ng capital required is more; sh Sum total of all current asset  Amount (in Rs.) 1,00,000 2,50,000	ving the cash from the nto cash receipts from	½ (relationship ½ (formula)
	The duration between buyir customer is known as Cash  It is the time required for a lacustomers.  (Any one of the above-men  (b) Longer the CCC, working capital is needed.  (c) Gross working capital =  Calculation:  Items  Stock	OR ng the raw material and recei n conversion cycle. OR cusiness to turn purchases in tioned meanings) ng capital required is more; sh Sum total of all current asset  Amount (in Rs.) 1,00,000	ving the cash from the nto cash receipts from	(relationship

2.	What is the job of Angel investors? State any one feature of Angel investors.	2
Ans.	Angel investors fill the gap in start-ups or early stage financing between 'friends and families' by providing seed funding and formal venture capital.	1
	Features of angel investors (any one):  (a) Most angel investors are current or retired executives, business owners or high net worth individuals who have their knowledge, expertise and funds that help start-ups match up to industry standards.  (b) An angel investor bears extremely high risk and are usually subject to dilution from future investment rounds. They expect a very high return on investment.  (c) Most angels provide pro-active advice, guidance, industry connections and mentoring start-ups in its early days.  (d) Their objective is to create great companies by providing value creation, and simultaneously helping investors realise a high return on investments.  (e) They have a sharp inclination to keep abreast current developments in a particular business area, mentoring another generation of entrepreneurs by making use of their vast experience.	1
3.	What is meant by 'Personal Selling'? State any two roles of a salesperson.	2
Ans.	Personal selling is selling products personally. It involves oral presentation of message in the form of conversation with one or more prospective customers for the purpose of making sales.	1
	A sales person plays three different roles (any two):  (i) Be persuasive  (ii) A service provider  (iii) Be informative	1/2 + 1/2
4.	Give the meaning of a 'Franchise Agreement'.	2
Ans.	A franchise agreement is a legal document that binds the franchisor and franchisee together. This document explains what the franchisor expects from the franchisee in running the business.	2
5.	Give the meaning of 'Variable Price Method' of pricing.	2
Ans.	Variable price method of pricing is a marketing approach that permits different rates to be extended to different customers for the same goods or services.	2
6.	Oorja and KTC Wifi are two broadband provider companies operating in South – East Delhi. Both are close competitors and have developed their strong customer base over the years. The COVID – 19 pandemic made the offices and schools switch their customer base online. Just then a multinational service provider company, Storex BB, entered the market and launched its service at a much cheaper price with better connectivity. To counter the threat posed by the company Storex BB, both companies Oorja and KTC Wifi decided to consolidate their business.  (a) Identify the enterprise growth strategy adopted by Oorja and KTC Wifi.  (b) Sate the type of growth strategy identified in part (a) above.  (c) Give the goal of the type of growth strategy as stated in part (b) above	2
Ans.	(a) Enterprise Growth Strategy - Merger  (b) Type—Horizontal merger, i.e., the merger occurring between companies in the	1/2 (identification) 1/2 (type)

## **ENTREPRENEURSHIP** (066)

Time allowed: 2 hours Maximum Marks: 35

## **General Instructions:**

Please read the following instructions carefully and strictly follow them.

- (i) This question paper contains 15 questions. Marks have been indicated against each question.
- (ii) All questions are compulsory.
- (iii) This question paper is divided into three sections Section A, B and C
- (iv) Section wise overall choice is given to the students.
- (v) Section A: Questions number 1 to 6 (6 questions) carry 2 marks each. Attempt any 4 questions out of 6 questions.
- (vi) Section B: Questions number 7 to 11 (5 questions carry 3 marks each. Attempt any 4 questions out of 5 questions.
- (vii) Section C: Questions number 12 to 15 (4 questions carry 5 marks each. Attempt any 3 questions out of 4 questions.

	SECTION A				
Atten	Attempt any 4 questions out of 6 questions from this section.				
1.	Kwality Stores is famous for its woolen garments sourced from Ludhiana. Its most popular selling item is its sweat – shirt which is sold at ₹ 1,000 per piece. The cost of placing an order and receiving goods is ₹ 500 per order. Its holding cost is ₹ 300 p.a. Economic order quantity for Kwality Stores is 200 sweat – shirts.  Calculate the annual demand of the sweat – shirts.	2			
Ans.	$EOQ = \sqrt{2PD \div C}$ $EOQ - 200 \text{ Units/Sweatshirts}$	½ (formula)			
	P – ₹ 500 - Cost of placing an order				
	D-x C-₹300 - Holding cost				
	$200 = \sqrt{2 \times 500 \times x \div 300}$ (squaring both sides) $(200)^{2} = (2 \times 500 \times x) \div 300$	½ (inserting the values)			
	$40000 \times 3 \div 10 = x$	½ (calculation)			
	x = 12000 units	½ (final answer)			

- 12. Ensure that you do not make the following common types of errors committed by the Examiner in the past:-
  - Leaving answer or part thereof unassessed in an answer book.
  - Giving more marks for an answer than assigned to it.
  - Wrong totaling of marks awarded on a reply.
  - Wrong transfer of marks from the inside pages of the answer book to the title page.
  - Wrong question wise totaling on the title page.
  - Wrong totaling of marks of the two columns on the title page.
  - Wrong grand total.
  - Marks in words and figures not tallying.
  - Wrong transfer of marks from the answer book to online award list.
  - Answers marked as correct, but marks not awarded. (Ensure that the right tick mark
    is correctly and clearly indicated. It should merely be a line. Same is with the X for
    incorrect answer.)
  - Half or a part of answer marked correct and the rest as wrong, but no marks awarded.
- 13. While evaluating the answer books if the answer is found to be totally incorrect, it should be marked as cross (X) and awarded zero (0)Marks.
- 14. Any unassessed portion, non-carrying over of marks to the title page, or totaling error detected by the candidate shall damage the prestige of all the personnel engaged in the evaluation work as also of the Board. Hence, in order to uphold the prestige of all concerned, it is again reiterated that the instructions be followed meticulously and judiciously.
- 15. The Examiners should acquaint themselves with the guidelines given in the Guidelines for spot Evaluation before starting the actual evaluation.
- 16. Every Examiner shall also ensure that all the answers are evaluated, marks carried over to the title page, correctly totaled and written in figures and words.
- 17. The Board permits candidates to obtain photocopy of the Answer Book on request in an RTI application and also separately as a part of the re-evaluation process on payment of the processing charges.

## Strictly Confidential: (For Internal and Restricted use only) Senior Secondary School Term II Examination, 2022 Marking Scheme – SUBJECT NAME (SUBJECT CODE 066) (PAPER CODE 98)

## General Instructions: -

- 1. You are aware that evaluation is the most important process in the actual and correct assessment of the candidates. A small mistake in evaluation may lead to serious problems which may affect the future of the candidates, education system and teaching profession. To avoid mistakes, it is requested that before starting evaluation, you must read and understand the spot evaluation guidelines carefully.
- 2. "Evaluation policy is a confidential policy as it is related to the confidentiality of the examinations conducted, Evaluation done and several other aspects. Its' leakage to public in any manner could lead to derailment of the examination system and affect the life and future of millions of candidates. Sharing this policy/document to anyone, publishing in any magazine and printing in News Paper/Website etc may invite action under IPC."
- 3. Evaluation is to be done as per instructions provided in the Marking Scheme. It should not be done according to one's own interpretation or any other consideration. Marking Scheme should be strictly adhered to and religiously followed. However, while evaluating, answers which are based on latest information or knowledge and/or are innovative, they may be assessed for their correctness otherwise and marks be awarded to them. In class-X, while evaluating two competency based questions, please try to understand given answer and even if reply is not from marking scheme but correct competency is enumerated by the candidate, marks should be awarded.
- 4. The Head-Examiner must go through the first five answer books evaluated by each evaluator on the first day, to ensure that evaluation has been carried out as per the instructions given in the Marking Scheme. The remaining answer books meant for evaluation shall be given only after ensuring that there is no significant variation in the marking of individual evaluators.
- 5. Evaluators will mark ( $\sqrt{}$ ) wherever answer is correct. For wrong answer 'X" be marked. Evaluators will not put right kind of mark while evaluating which gives an impression that answer is correct and no marks are awarded. This is most common mistake which evaluators are committing.
- 6. If a question has parts, please award marks on the right-hand side for each part. Marks awarded for different parts of the question should then be totaled up and written in the left-hand margin and encircled. This may be followed strictly.
- 7. If a question does not have any parts, marks must be awarded in the left-hand margin and encircled. This may also be followed strictly.
- 8. If a student has attempted an extra question, answer of the question deserving more marks should be retained and the other answer scored out.
- 9. No marks to be deducted for the cumulative effect of an error. It should be penalized only once.
- 10. A full scale of 35 marks has to be used. Please do not hesitate to award full marks if the answer deserves it.
- 11. Every examiner has to necessarily do evaluation work for full working hours i.e. 8 hours every day and evaluate 30 answer books per day in main subjects and 35 answer books per day in other subjects (Details are given in Spot Guidelines). This is in view of the reduced syllabus and number of questions in question paper.