P20A · December 2026 · the questions to study

topic by topic, in study-material order

WHY THIS LIST

The exam keeps asking the same concepts. Share of each paper's marks on a concept that had already been asked in an earlier paper:

Jun'24 27% · Dec'24 23% · Jun'25 37% · Dec'25 30% · Jun'26 57%. Adding ICMAI's practice papers of the term: Jun'26 **77%**. This list is every concept asked in the seven papers (Jun'23–Jun'26) and in ICMAI's Jun'26 MQP, PTP and postal paper, plus our Dec'26 calls for concepts not yet asked. The rest of the marks come from new questions on the same topics (every Jun'26 question was on a topic asked before).

HOW TO READ A ROW

- ★★★ concept asked in 3+ of the 7 papers, or one of our Dec'26 calls: prepare first
- ★★ concept asked in 2 papers
- ★ asked once, or only in ICMAI's practice papers · SM exercise lines: if time
- **What the stars were worth** (tested on Jun'26, counting only the papers before it): ★★★ concepts carried **16%** of its marks, ★★★ + ★★ **29%**, all three **57%**.
- **Answer in**: where your coaching books already answer the same question — for a sum: the SM illustration or ICMAI workbook problem the exam copied ("same problem") or closely followed ("similar problem"); its full solution is printed right after it. Blank = practise the problems listed under the topic.
- **Sums are listed by what they ask**, not the full problem: open the paper (or the SM / workbook page) to solve it. Each topic ends with **Problems to solve** from the SM and the workbook: ★★★ = the exam already used it, ★★ = SM illustration or workbook problem, ★ = SM exercise sum.

MCQ PLACES (Q1, 15 × 2 MARKS): TOPIC IN EACH PLACE, LAST FOUR PAPERS

Q1	Dec'24	Jun'25	Dec'25	Jun'26
(i)	1.1	8.7	1.1	2.4
(ii)	1.7	9.1	1.2	2.4
(iii)	2.4	4.2	1.7	3.2
(iv)	3.2	4.2	4.1	4.1
(v)	4.1	7.3	5.4	8.7
(vi)	5.4	4.1	8.3	7.1
(vii)	8.7	5.5	8.4	8.3
(viii)	9.2	8.3	8.4	8.4
(ix)	8.3	8.8	9.2	9.1
(x)	8.3	5.4	9.2	7.2
(xi)	1.1	2.5	2.2	8.7
(xii)	2.8	2.8	2.2	1.2
(xiii)	2.8	2.5	2.2	2.1
(xiv)	1.2	2.10	2.2	2.1
(xv)	2.2	2.10	2.2	2.1

DEC'26 MCQ CALLS: ONE TOPIC PER PLACE (A CALL, NOT A PROMISE)

Place	Call	Runner-up	Why
(i)	**1.1 Performance, productivity, efficiency**	1.2 Financial performance analysis	1.1 in D24 and D25; 2.4 J26; 1.4 MQP; 1.2 PTP.
(ii)	**2.4 Six Sigma and lean**	1.2 Financial performance	2.4 in J26 and the PTP.
(iii)	**3.2 Profit optimisation under market structures**	1.7 Customer profitability	3.2 in J26, MQP and PTP.
(iv)	**4.1 Risk management**	4.2 Corporate risk management	4.1 in D25, J26 and the PTP.
(v)	**8.7 EVA / MVA valuation**	5.4 Risk and return	8.7 in J26 and the PTP; 5.4 D25.
(vi)	**7.1 DCF valuation**	8.3 Shares and bonds	7.1 in J26 and the PTP.
(vii)	**8.3 Valuation of shares and bonds**	8.4 Intangibles	8.3 J26 and PTP-(ix); 8.4 D25 and MQP.
(viii)	**8.4 Valuation of intangibles**	7.1 DCF	8.4 in D25 and J26.
(ix)	**9.1 Acquisition pricing**	9.2 Acquisition outcome	9.1 J26; 9.2 D25.
(x)	**9.2 Acquisition outcome**	7.2 Earnings multiples	9.2 in D25 and the MQP; 7.2 J26.
(xi)-(xv)	**a 5-MCQ case on ONE Module 2 tool: 2.10 Data**	2.1 Balanced scorecard	The set rotates: 2.2 DuPont (D25), 2.1 BSC (J26, MQP), 2.10 DEA (PTP). Shape is sure; the topic is a call.

	envelopment analysis		

1.1 Performance, Productivity and Efficiency

SM pp. 7–9 · marks per attempt: **D25-2 · J25-7 · D24-4 · D23-2** · Dec'26 forecast: tier **B**, chance of any marks **68% (Likely)**, of a 7-mark question 23% (Unlikely), expected **2.6** marks (MCQ facts + one sum / answer type)

OUR DEC'26 CALLS FOR THIS TOPIC

1. Performance, productivity and efficiency with examples; performance management vs performance appraisal. [REPEAT · Jun'25 Q2(b); postal Q2(a); Dec'24 = Dec'25 Q1(i) MCQ]

Long questions and sums asked (past papers and ICMAI practice papers)

Priority	Question	Asked / marks	Answer in
★★	Explain with examples the main features of performance, productively and efficiency. [7]	J25 Q2(b) · 7 m · asked in 2 papers	
★	Performance management vs performance appraisal; objectives of performance management	POSTAL Q2(a) · 9 m	

MCQs asked on this topic

Priority	Question	Asked / marks	Answer in
★★	(i) Performance management is a key concept in the field of ____ (A) Human Resource Management (B) Financial Management (C) Technical Analysis (D) Marketing Management	D24 Q1(i) · D25 Q1(a)(i) · 2 m · asked in 2 papers	
★★	(iv) Performance will be a product of (A) Efficiency and Utilization (B) Utilization and Productivity (C) Efficiency and Productivity (D) Efficiency, Utilization and Productivity	D23 Q1(iv) · 2 m · asked in 2 papers	
★	(xi) Given the data about raw material costs, overheads, and labour costs, which strategy would likely have the most significant impact on Supreme's operating margin? (A) Reduce overheads through energy saving measures (B) Increasing output per labor hour (C) Lowering raw material costs by finding alternative suppliers (D) Implementing price adjustments to align with industry standards	D24 Q1(xi) · 2 m	

MCQ bank for this topic (ICMAI MCQ bank question numbers): Q1, Q2, Q185, Q186, Q187, Q188, Q189, Q190, Q191, Q192

1.2 Financial Performance Analysis

SM pp. 11–19 · marks per attempt: **J26-9 · D25-2 · J25-7 · D24-2 · D23-2 · J23-28** · Dec'26 forecast: tier **B**, chance of any marks **79% (Likely)**, of a 7-mark question 45% (Possible), expected **4.1** marks (One sum (ratios / trend analysis) + MCQ facts)

OUR DEC'26 CALLS FOR THIS TOPIC

1. Compute ROCE, asset turnover, current ratio, inventory turnover, gearing, dividend cover and P/E for two years and comment. [REPEAT · Jun'25 Q4(a); Jun'23 Q2(a), Q5; SM 1.2 Solved Case 1]
2. Trend analysis of revenue growth, EBIT and net margins over three years; is an investment to lift margins viable (NPV)? [REPEAT+PRACTICE · Jun'26 Q8(a) (= MQP Q8(a)); SM 1.2 Solved Case 1]

Long questions and sums asked (past papers and ICMAI practice papers)

Priority	Question	Asked / marks	Answer in
★	Three-year trend of revenue growth, EBIT and net margins; is Rs 1,500 lakh automation for +4% margin viable (= MQP Q8(a) with figures x 10)	J26 Q8(a) · MQP Q8(a) · 7 m	
★	Seven ratios (ROCE, asset turnover, current, inventory turnover, gearing, dividend cover, P/E) for two years; comment	J25 Q4(a) · 7 m	
★	Examine the cash flow patterns given below, infer and comment on the financial state/position of a company (each part is independent of the other) [10] | Cash Flow Patterns | Net Cash flows from Operating Activities | Net Cash flows from Investing Activities | Net Cash flows from Financing Activities | | | (i) Pattern#1 | (-) | (-) | (-) | | (ii) Pattern#2 | (+) | (-) | (-) | | (iii) Pattern#3 | (-) | (+) | (-) | | (iv) Pattern#4 | (-) | (+) | (+) | | (v) Pattern#5 | (+) | (-) | (+) |	J23 Q2(a) · 10 m	
★	EPS under two financing plans (debentures vs equity) at two EBIT levels; advise	J23 Q4(a) · 10 m	

Priority	Question	Asked / marks	Answer in
★	Khurana Enterprises started its business in the year 2015 with a share capital of ₹10,00,000. It increased last year. In the last seven years, the performance of the company was financially sound hence, at the end of Accounting Year 2022, the directors of Khurana Enterprises decided to expand their business. The return on capital employed is 15% in 2021 and 12.9% in 2022. Similar kind of firms have an 11% average return on capital employed. The gross margin ratio has also decreased. Operating ratio which is calculated with expenses to sales has fallen in 2022 by 1 %. Current and quick ratios are constant in both the years but there has been deterioration in stock turnover and debtor turnover ratios. The company did not use any long-term loans in 2021 but 6% debentures were issued for ₹5,00,000 in 2023 to expand the business. The company is in the highest income tax bracket however it is not in surcharge limit. Answer the following questions: (i) Is the decision of directors for expansion justified? (ii) What are the chances of further growth of the firm? [8] Section B: Business Valuation Answer to Question Nos.6 and 10 are compulsory; Answer any two from Question Nos.7, 8 & 9.	J23 Q5 · 8 m	

MCQs asked on this topic

Priority	Question	Asked / marks	Answer in
★★	(xv) A company with PAT of ₹ 60 Crores, Tax Rate 30% plus a cess of 3%, Return on Equity is 20%, Other Equity ₹ 225 Crores, PAT of the company is growing by 8% per year then equity share with a par value of ₹ 10 will have EPS of (A) ₹ 2 (B) ₹ 8 (C) ₹ 10 (D) Insufficient information	D23 Q1(xv) · 2 m · asked in 2 papers	
★	(xii) Which divisions have outperformed the industry benchmark ROI of 18%? (A) FD and R&D (B) API and R&D (C) FD & API (D) API	J26 Q1(xii) · MQP Q1(b)(xii) · 2 m	
★	(ii) The ____ ratios are used to compare financial statements of different size companies or the same company over different periods. (A) Common size (B) DuPont (C) Liquidity (D) P/E	D25 Q1(a)(ii) · PTP Q1(a)(i) · 2 m	
★	(xiv) Considering the trends in gross margin and operating margin, which of the following is the most plausible reasons for the company's declining profitability? (A) Poor Customer relationship and shift in the loyal customer base (B) Workers' unrest and poor productivity (C) Strained relations with the suppliers (D) High maintenance cost due to outdated machinery	D24 Q1(xiv) · 2 m	

Problems to solve (5): SM illustrations, SM exercise sums, ICMAI workbook

Priority	Problem (what it asks)	Where	Came in the exam
★★	Revenue and receivables growth, DSO and receivables turnover against the industry	Workbook ch.1 illustration 3 · WB p.2	
★★	ROCE and gross profit ratio against last year and the industry	Workbook ch.1 illustration 4 · WB p.3	
★★	Divisional ROI and residual income: where to invest extra cash	Workbook ch.1 illustration 5 · WB p.5	
★	Practical problem: An analyst would like to evaluate Lenovo Group’s efficiency in collecting its…	SM M1 exercise sum 1 · SM p.59	
★	Practical problem: Ritter Corporation’s accountants prepared the following financial statements…	SM M1 exercise sum 2 · SM p.59	

★ **SM exercise (if time):** M1 solved case 1 (p.12): Practical problem: Following is the extract of the financial statement of HDFC Ltd for the year…

MCQ bank for this topic (ICMAI MCQ bank question numbers): Q3, Q4, Q193, Q199

1.3 Procurement to Pay and Vendor Relationship Management

SM pp. 23–26 · **never asked in the seven papers** · Dec'26 forecast: tier **B**, chance of any marks **21% (Unlikely)**, of a 7-mark question 16% (Unlikely), expected **0.8** marks (Short sum or answer (one of a rotating set))

OUR DEC'26 CALLS FOR THIS TOPIC

1. The procure-to-pay process and vendor relationship management: stages, categorising vendors, benefits. [NEVER · Never asked in an exam; postal Q1(i) MCQ]

MCQs asked on this topic

Priority	Question	Asked / marks	Answer in
★	Selecting and categorising vendors, ideal number, vendor risk = vendor relationship management	POSTAL Q1(i) · 2 m	

MCQ bank for this topic (ICMAI MCQ bank question numbers): Q5, Q202, Q203, Q204, Q205

1.4 Supply Chain Management (SCM)

SM pp. 27–29 · marks per attempt: **D25-7 · J23-2** · Dec'26 forecast: tier **B**, chance of any marks **27% (Unlikely)**, of a 7-mark question 23% (Unlikely), expected **1.2** marks (MCQ facts + one sum / answer type)

OUR DEC'26 CALLS FOR THIS TOPIC

1. The key decision areas of supply chain management; how an OEM shapes its supply chain for a mass vs a niche market. [REPEAT · Dec'25 Q2(a); Jun'23 Q1(iv); MQP Q1(i) (ATP)]

Long questions and sums asked (past papers and ICMAI practice papers)

Priority	Question	Asked / marks	Answer in
★	"A supply chain and its management create an identification of the company and the market it serves." In the context of the above statement, elaborate on the five key decision-making areas that are integral to effective Supply Chain Management (SCM). Explain how an Original Equipment Manufacturer (OEM) would tailor its supply chain strategy differently when targeting a mass market versus a niche market. [7]	D25 Q2(a) · 7 m	

MCQs asked on this topic

Priority	Question	Asked / marks	Answer in
★	(iv) The program which encompasses the planning and management of all activities involved in sourcing procurement, conversion and logistics management activities is called [2 Marks] (A) Supply Chain Management (B) Customer Relationship Management (C) Total Quality Management (D) None of the above	J23 Q1(iv) · MQP Q1(a)(i) · 2 m	

MCQ bank for this topic (ICMAI MCQ bank question numbers): Q6, Q7, Q206, Q207

1.5 Reverse Mapping of Business Strategies from Market Place Using Data Analytics

SM pp. 33–37 · marks per attempt: **D23-2** · Dec'26 forecast: tier **C**, chance of any marks **13% (Rare)**, of a 7-mark question 8% (Rare), expected **0.5** marks (Read the headings)

MCQs asked on this topic

Priority	Question	Asked / marks	Answer in
★	(ix) A bottom-up approach used in strategy formulation is known as (A) strategy implementation (B) formulation of operational plan (C) formulation of tactical plan (D) reverse mapping	D23 Q1(ix) · 2 m	

★ **SM exercise (if time):** M1 solved case 29 (p.35): In 1978, Shri R

MCQ bank for this topic (ICMAI MCQ bank question numbers): Q8, Q208, Q209

1.6 Order to Cash and Customer Relationship Management (CRM)

SM pp. 38–42 · marks per attempt: **J26-7 · D24-7 · D23-7** · Dec'26 forecast: tier **B**, chance of any marks **43% (Possible)**, of a 7-mark question 40% (Possible), expected **2.2** marks (MCQ facts + one sum / answer type)

OUR DEC'26 CALLS FOR THIS TOPIC

1. Explain the order-to-cash (O2C) process and the practices that optimise it; or define CRM, its objective, its fundamental aspects / forms and why CRM initiatives go wrong. [REPEAT+PRACTICE · Dec'23 Q2(a), Dec'24 Q2(a), Jun'26 Q2(a); MQP Q2(a), PTP Q2(a)]

Long questions and sums asked (past papers and ICMAI practice papers)

Priority	Question	Asked / marks	Answer in
★★	Briefly define Customer Relationship Management (CRM) and state its primary objective in a business context. Explain the five misrepresentations of CRM. 7	J26 Q2(a) · 7 m · asked in 2 papers	
★★	Briefly explain three fundamental aspects of CRM to facilitate building relationship with customer. Discuss the impact of CRM initiative on an organization, in terms of enhanced risk that it may face. 7	D23 Q2(a) · MQP Q2(a) · 7 m · asked in 2 papers	
★	An efficiently operated Order to Cash (O2C) process creates a seamless value chain between the customer and the business. In light of the statement, briefly discuss the practices used for optimisation of O2C process. [7]	D24 Q2(a) · PTP Q2(a) · 7 m	

MCQ bank for this topic (ICMAI MCQ bank question numbers): Q9, Q10, Q210, Q211, Q212, Q213, Q214

1.7 Coustomer Profitability Analysis

SM pp. 46–51 · marks per attempt: **D25-9 · J25-7 · D24-2** · Dec'26 forecast: tier **B**, chance of any marks **71% (Likely)**, of a 7-mark question 45% (Possible), expected **3.6** marks (One sum (customer profitability statement) + one answer (decision grid))

OUR DEC'26 CALLS FOR THIS TOPIC

1. Why customer profitability analysis matters; the decision grid analysis - its components and four segments. [REPEAT · Jun'25 Q2(a); Dec'24 Q1(ii), Dec'25 Q1(iii) MCQs (MCQ bank 11, 14)]
2. Customer profitability statement for four customers or segments; rank them and suggest how to raise profit. [REPEAT · Dec'25 Q8(a); SM 1.7 Illustration 1]

Long questions and sums asked (past papers and ICMAI practice papers)

Priority	Question	Asked / marks	Answer in
★	Customer profitability statement for four customers (discounts, orders, visits, deliveries, set-ups); rank and comment (method of SM 1.7 Illustration 1, other data)	D25 Q8(a) · 7 m	
★	Decision Grid Analysis is a powerful tool used to develop strategies where customer profitability database is large. What are the components of the Decision Grid Analysis (DGA)? Illustrate the four segments of a decision grid along with explanation. [7]	J25 Q2(a) · 7 m	

MCQs asked on this topic

Priority	Question	Asked / marks	Answer in
★★	(iii) What is one of the very basic parameters of the financial performance of a company? (A) Employee satisfaction (B) Customer profitability (C) Production efficiency (D) Innovation rate	D25 Q1(a)(iii) · 2 m · asked in 2 papers	
★★	(ii) Which model has a tactical orientation in evaluating the financial performance of an organization? (A) Customer lifetime value model (B) Customer profitability analysis (C) Balanced Scorecard (D) Six Sigma	D24 Q1(ii) · 2 m · asked in 2 papers	

Problems to solve (2): SM illustrations, SM exercise sums, ICMAI workbook

Priority	Problem (what it asks)	Where	Came in the exam
★★	Practical problem: The following information on four segments of customers is extracted from the…	SM M1 Illus. 1 · SM p.48	
★	Practical problem: The following is the summarised Income Statements for two consecutive years of…	SM M1 exercise sum 3 · SM p.60	

MCQ bank for this topic (ICMAI MCQ bank question numbers): Q11, Q12, Q13, Q14, Q215

1.8 Improvement of Corporate Credit Rating Score

SM pp. 52–54 · marks per attempt: **J23-6** · Dec'26 forecast: tier **C**, chance of any marks **8% (Rare)**, of a 7-mark question 8% (Rare), expected **0.4** marks (Read the headings)

Long questions and sums asked (past papers and ICMAI practice papers)

Priority	Question	Asked / marks	Answer in
★	Given below the long-term rating scaling of CRISIL. You are required to write what each rating scale suggest. If a rating has (+) or (–) attached with it, then what does it signify? [6] * CRISIL AAA * CRISIL AA * CRISIL A * CRISIL BBB * CRISIL BB * CRISIL B * CRISIL C * CRISIL D	J23 Q3(a) · PTP Q1(a)(viii) · 6 m	

MCQ bank for this topic (ICMAI MCQ bank question numbers): Q216

2.1 Balanced Score Card 2

SM pp. 66–75 · marks per attempt: **J26-6 · J24-16** · Dec'26 forecast: tier **B**, chance of any marks **83% (Very likely)**, of a 7-mark question 49% (Possible), expected **4.6** marks (MCQ facts + one sum / answer type)

OUR DEC'26 CALLS FOR THIS TOPIC

1. The four perspectives of the Balanced Scorecard and its limitations; or build a scorecard for a caselet (critical success factors + 2 measures per perspective). [REPEAT+PRACTICE · Jun'24 Q2(a), Jun'24 Q8(a); PTP Q2(b), postal Q2(b); Jun'26 Q1(xiii)-(xv)]
2. Balanced scorecard caselet: critical success factors and two measures per perspective. [REPEAT · Jun'24 Q8(a)]

Long questions and sums asked (past papers and ICMAI practice papers)

Priority	Question	Asked / marks	Answer in
★	Discuss the four perspectives of Balance Score Card (BSC) for measuring organizational performance. What are the limitations of BSC? [7]	J24 Q2(a) · 7 m	
★	Fitness Solution is a family-owned fitness company, founded in 2020 by Roshan & Suman with traditional style equipment. The company commenced operations in February 2021 within a shopping mall so that members after working out, can conveniently shop, dine, pick up their children from enrichment classes or go to the cinema. The owners pride themselves for providing a customized/tailored program by taking into account a person's medical history, present fitness level, fitness goals, fitness interests and offer many other small amenities that might be difficult to get in a similar Fitness Centre. They believe –"Each individual is unique and requires a specialized program plan which should be customized and tailored to his/her needs." They have a number of loyal members even though they offer the traditional style equipment. Roshan & Suman take care of most of the routine operations, along with a small permanent staff and temporary staff. They appoint you as a management consultant and seek your advice on the Balanced Scorecard of the company. (i) Identify at least three 'Critical Success Factors' for Fitness Solution. (ii) Construct a 'Balance Scorecard'. (2 measures for each of the 4 perspectives are sufficient) [7]	J24 Q8(a) · 7 m	
★	Where the BSC improves performance; steps in developing a BSC	POSTAL Q2(b) · 7 m	

MCQs asked on this topic

Priority	Question	Asked / marks	Answer in
★	(xiii) Based on Balanced Scorecard's Learning & Growth perspective, which division is performing best? (A) RD (B) API (C) FD (D) All are performing at the same level	J26 Q1(xiii) · MQP Q1(b)(xiii)(xiv)(xv) · 2 m	
★	(xiv) If Asterix plans to benchmark non-financial performance, which combination of metrics below would be MOST appropriate for the R&D division? (A) Operating profit, ROI (B) Capital Employed, WACC (C) EVA, Training hours (D) Customer Satisfaction, Employee Training Hours	J26 Q1(xiv) · 2 m	

Priority	Question	Asked / marks	Answer in
★	(xv) What strategic insight does the negative EVA and ROI of the R&D division provide in the context of long-term strategic performance management? (A) R&D should be shut down due to poor returns. (B) Financial metrics alone are insufficient to evaluate R&D (C) R&D is underperforming due to capital misallocation (D) EVA is not applicable for R&D	J26 Q1(xv) · 2 m	
★	(iv) Balance Score Card is a set of ____ measures relating to company's critical success factors. (A) Financial (B) Non-financial (C) Financial and non-financial (D) None of the above	J24 Q1(a)(iv) · MQP Q1(a)(ii) · PTP Q2(b) · 2 m	

Problems to solve (2): SM illustrations, SM exercise sums, ICMAI workbook

Priority	Problem (what it asks)	Where	Came in the exam
★★	Telecom company: performance against targets across scorecard perspectives	Workbook ch.1 illustration 6 · WB p.7	
★★	Non-profit versus commercial housing: value for money, service quality and cost benchmarks	Workbook ch.1 illustration 7 · WB p.8	

MCQ bank for this topic (ICMAI MCQ bank question numbers): Q16, Q17, Q18, Q26, Q27, Q217, Q218, Q219, Q220

2.2 DuPont Analysis and RONA Model

SM pp. 76–86 · marks per attempt: **J26-7 · D25-17 · D24-9 · J24-9 · D23-9 · J23-10** · Dec'26 forecast: tier **A**, chance of any marks **94% (Very likely)**, of a 7-mark question 74% (Likely), expected **8** marks (7-mark sum / answer + MCQ facts)

OUR DEC'26 CALLS FOR THIS TOPIC

1. DuPont: split the ROE of two companies (or of one company over several years) into margin, asset turnover and equity multiplier; say which driver moved ROE. [REPEAT+SM-ILLUS · Dec'23, Jun'24, Dec'24 Q4(a); Jun'23 Q3(b); MQP Q4(a), PTP Q4(a); SM 2.2 Solved Cases 1-3]
2. Return on Net Assets (RONA) and the 5-component DuPont analysis: meaning, components, importance. [REPEAT · Dec'25 Q4(a), Jun'26 Q4(a); Dec'25 Q1(xi)-(xv) extended DuPont case]

Long questions and sums asked (past papers and ICMAI practice papers)

Priority	Question	Asked / marks	Answer in
★★★	DuPont over four years from net income, revenue, assets and equity: compare in amounts and ratios	D24 Q4(a) · 7 m · asked in 4 papers	
★★★	ROE from net margin 5.95%, asset turnover 4.40, debt and equity; causes of low / high ROE against benchmarks of 25% and 40%	J24 Q4(a) · 7 m · asked in 4 papers	
★★★	DuPont over four years (margin, asset turnover, leverage) for a textile company; comment on the trend	D23 Q4(a) · 7 m · asked in 4 papers	
★★★	DuPont: ROE split into profitability, asset utilisation and leverage from two years' statements; comment on the drivers	J23 Q3(b) · MQP Q4(a) · PTP Q4(a) · 10 m · asked in 4 papers	
★	Give a detailed note on the importance of the 5-Component Dupont Analysis. 7	J26 Q4(a) · 7 m	
★	What is Return on Net Assets (RONA)? Explain its implications. [7]	D25 Q4(a) · 7 m	

MCQs asked on this topic

Priority	Question	Asked / marks	Answer in
★★	(xv) If equity multiplier is 2.5, ROE of Supreme Manufacturing Co. for 2023 is (A) 30% (B) 3% (C) 0.3% (D) 300%	D24 Q1(xv) · 2 m · asked in 2 papers	
★★	(xii) Net Income ₹ 1650; Interest Expenses ₹ 20; Tax on Income ₹ 900; Cash Sales ₹ 5000 and Credit Sales ₹ 2100, in this case what would be the DuPont Return on Equity? (A) 0.33 (B) 0.23 (C) 0.36 (D) 0.51	D23 Q1(xii) · POSTAL Q1(iv) · 2 m · asked in 2 papers	

Priority	Question	Asked / marks	Answer in
★	(xi) The Net Profit Margins for the financial years 2023-24 and 2024-25 are (A) 10.77% and 8.85% for the financial years 2023-24 and 2024-25 respectively. (B) 10.87% and 9.02% for the financial years 2023-24 and 2024-25 respectively. (C) 8.85% and 10.87% for the financial years 2023-24 and 2024-25 respectively. (D) 8.87% and 8.85% for the financial years 2023-24 and 2024-25 respectively.	D25 Q1(b)(xi) · 2 m	
★	(xii) The Returns on Equity (ROE) for the financial years 2023-24 and 2024-25 are (A) 11.53% and 8.85% for the financial years 2023-24 and 2024-25 respectively. (B) 10.87% and 8.58% for the financial years 2023-24 and 2024-25 respectively. (C) 11.35% and 8.93% for the financial years 2023-24 and 2024-25 respectively. (D) 10.77% and 8.75% for the financial years 2023-24 and 2024-25 respectively.	D25 Q1(b)(xii) · 2 m	
★	(xiii) The Equity Multiplier (Leverage) for the financial years 2023-24 and 2024-25 are (A) 1.75 and 1.87 for the financial years 2023-24 and 2024-25 respectively. (B) 1.85 and 1.87 for the financial years 2023-24 and 2024-25 respectively. (C) 1.87 and 1.75 for the financial years 2023-24 and 2024-25 respectively. (D) 1.65 and 1.47 for the financial years 2023-24 and 2024-25 respectively.	D25 Q1(b)(xiii) · 2 m	
★	(xiv) The Assets Turnover Ratios for the financial years 2023-24 and 2024-25 are (A) 0.53 and 0.60 for the financial years 2023-24 and 2024-25 respectively. (B) 0.56 and 0.66 for the financial years 2023-24 and 2024-25 respectively. (C) 0.68 and 0.57 for the financial years 2023-24 and 2024-25 respectively. (D) 0.60 and 0.53 for the financial years 2023-24 and 2024-25 respectively.	D25 Q1(b)(xiv) · 2 m	
★	(xv) Which is the most important and significant driver behind pulling down the profitability of Tata Steel Limited during the financial year 2024-25? (A) Profit Margin (B) Assets Utilization (C) Leverage (D) None of the above □Section-B	D25 Q1(b)(xv) · 2 m	
★	(v) The asset turnover is a measure of ____ which measures how efficiently a company uses its assets to generate sales. (A) profitability (B) productivity (C) Both (A) and (B) (D) None of the above	J24 Q1(a)(v) · 2 m	

★ **SM exercise (if time):** M2 solved case 1 (p.79): Mrs. EuCheu is an investor who has decided to invest her money in the business of either… · M2 solved case 2 (p.80): An investor has been watching two similar companies, Lotus Inc., and ASA Inc. that have… · M2 solved case 3 (p.82): Practical problem: Sulekha Ltd is planning to take over the buisness of Krishna LLP. For the…

MCQ bank for this topic (ICMAI MCQ bank question numbers): Q19, Q20, Q198, Q221, Q222, Q223

2.3 Benchmarking & Bench Trending

SM pp. 87–92 · marks per attempt: **D24-7** · Dec'26 forecast: tier **B**, chance of any marks **23% (Unlikely)**, of a 7-mark question 18% (Unlikely), expected **0.9** marks (Short sum or answer (one of a rotating set))

OUR DEC'26 CALLS FOR THIS TOPIC

1. Types of benchmarking (by nature of business and by process); benchmarking vs bench trending. [REPEAT+PRACTICE · Dec'24 Q2(b); postal Q3(a)]

Long questions and sums asked (past papers and ICMAI practice papers)

Priority	Question	Asked / marks	Answer in
★	Examine the various types of benchmarking, with a focus on how they are categorized based on the nature of the business and the specific practices or processes being benchmarked. [7]	D24 Q2(b) · POSTAL Q3(a) · 7 m	

MCQ bank for this topic (ICMAI MCQ bank question numbers): Q21, Q28, Q224

2.4 Six Sigma and Lean Management

SM pp. 93–100 · marks per attempt: **J26-11 · D24-2 · J24-7** · Dec'26 forecast: tier **B**, chance of any marks **52% (Possible)**, of a 7-mark question 23% (Unlikely), expected **1.9** marks (MCQ facts + one sum / answer type)

OUR DEC'26 CALLS FOR THIS TOPIC

1. Lean: the myths, focus areas, 5S, Muda / Mura / Muri; Six Sigma as a structured approach. [REPEAT · Jun'26 Q2(b) (just asked), Jun'24 Q2(b); MQP Q2(b)]

Long questions and sums asked (past papers and ICMAI practice papers)

Priority	Question	Asked / marks	Answer in
★	A manufacturing company, Prime Auto Components Ltd., is facing frequent production delays, poor workplace organization, rising defects, low employee morale, and reduced equipment availability. The management believes that Lean manufacturing is only about waste reduction and has little wider relevance. The Cost Accountant has suggested implementation of the 5S technique of Lean to improve visual control, workplace discipline, and production efficiency. Required: (i) Analyze why the view that Lean is only about waste management is a myth, and mention the three focus areas of Lean manufacturing. (ii) Explain the five elements of 5S. (iii) Align any four benefits of implementing a Lean 5S programme. 7	J26 Q2(b) · MQP Q2(b) · 7 m	
★	Six sigma delivers better and effective results than total quality management. In the light of the statement differentiate between Six Sigma and Total Quality Management. [7]	J24 Q2(b) · 7 m	

MCQs asked on this topic

Priority	Question	Asked / marks	Answer in
★	(i) ____ refers to systemized reduction of time within the production cycle including response times of suppliers and customers. (A) Lean System Management (B) Lean Manufacturing (C) Benchmarking (D) Six Sigma	J26 Q1(i) · 2 m	
★	(ii) Six Sigma is a business-driven, multi-dimensional structured approach to ____. (A) Reducing process variability (B) Lowering Defects (C) Improving Processes (D) All of the above	J26 Q1(ii) · 2 m	
★	(iii) Mura and Muri refer to ____ and ____ respectively. (A) unevenness, waste (B) unevenness, overburden (C) overburden, waste (D) overburden, poka-yoke	D24 Q1(iii) · PTP Q1(a)(ii) · 2 m	

MCQ bank for this topic (ICMAI MCQ bank question numbers): Q22, Q23, Q24, Q29, Q30, Q31, Q32, Q225, Q226, Q227

2.5 Statistical Quality Control (SQC)

SM pp. 104–114 · marks per attempt: **J25-4 · D23-2** · Dec'26 forecast: tier **B**, chance of any marks **48% (Possible)**, of a 7-mark question 11% (Rare), expected **1.4** marks (MCQ facts / formulas only)

MCQs asked on this topic

Priority	Question	Asked / marks	Answer in
★	(xi) What is the calculated fraction nonconforming (p) in the production process? (A) 0.043 (B) 0.047 (C) 0.050 (D) 0.055	J25 Q1(b)(xi) · 2 m	
★	(xiii) What does a process being "out of control" in SQC indicate? (A) Defects are present in every sample. (B) The process is stable but shows minor deviations. (C) A single data point lies outside the control limits. (D) All defect rates are within normal variation.	J25 Q1(b)(xiii) · 2 m	
★	(x) The probability of a product's failure in relation to a time frame is categorized as the dimension of (A) Conformance (B) Durability (C) Reliability (D) Aesthetics	D23 Q1(x) · 2 m	

Problems to solve (2): SM illustrations, SM exercise sums, ICMAI workbook

Priority	Problem (what it asks)	Where	Came in the exam
★★	Practical problem: A process that produces bearing housings is investigated	SM M2 Illus. 1 · SM p.110	
★★	Practical problem: The number of weekly customer complaints are monitored in a large hotel using a...	SM M2 Illus. 2 · SM p.111	

MCQ bank for this topic (ICMAI MCQ bank question numbers): Q25

2.6 Plan-Do-Check-Action (PDCA)

SM pp. 115–118 · **never asked in the seven papers** · Dec'26 forecast: tier **C**, chance of any marks **11% (Rare)**, of a 7-mark question 11% (Rare), expected **0.5** marks (Read the headings)

OUR DEC'26 CALLS FOR THIS TOPIC

1. The PDCA cycle: its four steps and where it is used. [NEVER · Never asked]

MCQ bank for this topic (ICMAI MCQ bank question numbers): Q33, Q34, Q35, Q228

2.7 Management Information System in a Digital Environment

SM pp. 119–123 · marks per attempt: **D23-7 · J23-2** · Dec'26 forecast: tier **B**, chance of any marks **18% (Unlikely)**, of a 7-mark question 18% (Unlikely), expected **0.8** marks (Short sum or answer (one of a rotating set))

OUR DEC'26 CALLS FOR THIS TOPIC

1. Objectives of MIS in a digital environment and the types of reports it produces. [ROTATION · Dec'23 Q2(b); Jun'23 Q1(iii) (OLAP)]

Long questions and sums asked (past papers and ICMAI practice papers)

Priority	Question	Asked / marks	Answer in
★	Explain the objectives of the Management Information system. Discuss different types of reports prepared under such a system. 7	D23 Q2(b) · 7 m	

MCQs asked on this topic

Priority	Question	Asked / marks	Answer in
★	(iii) Which one of the following is Not true about On-Line Analytical Processing (OLAP)? [2 Marks] (A) OLAP functionality includes trend analysis over sequential time periods. (B) It provides slicing subsets for on-screen viewing. (C) It is a category of hardware technology. (D) It helps the end user to drill-down to deeper levels of consolidation data.	J23 Q1(iii) · 2 m	

MCQ bank for this topic (ICMAI MCQ bank question numbers): Q36, Q37

2.8 Total Productive Maintenance (TPM)

SM pp. 127–132 · marks per attempt: **J25-2 · D24-4 · J24-2** · Dec'26 forecast: tier **B**, chance of any marks **69% (Likely)**, of a 7-mark question 18% (Unlikely), expected **2.4** marks (Short sum or answer (one of a rotating set))

OUR DEC'26 CALLS FOR THIS TOPIC

1. Total productive maintenance: what it is, its pillars, 5S as its base, OEE = availability x performance rate x quality rate (benchmark 85%). [NEVER · Never long; Jun'24 Q1(i), Jun'25 Q1(xii), Dec'24 case set; SM 2.8 Solved Case 4]

MCQs asked on this topic

Priority	Question	Asked / marks	Answer in
★	(xii) What is the OEE for Machine M1? (A) 78.2% (B) 81.5% (C) 85.1% (D) 77.6%	J25 Q1(b)(xii) · 2 m	
★	(xii) If Supreme Manufacturing Co. were to invest in new machinery to improve productivity, which of the following would be the most likely outcome? (A) Decrease in downtime and increase in output per machine hour (B) Increase in energy consumption and decrease in output per labor hour (C) Increase in raw material waste and decrease in production costs (D) Increase in operating margin with no change in net income	D24 Q1(xii) · 2 m	
★	(xiii) Given Supreme Manufacturing Co's average downtime rate of 10% and its peaks of 15%, which strategy would be most effective in addressing productivity issues? (A) Implementing predictive maintenance to reduce downtime (B) Increasing labor hours to offset production delays (C) Reducing the number of production lines to focus on core products (D) Outsourcing part of the production to reduce labor costs	D24 Q1(xiii) · 2 m	
★	(i) Which principle/technique is considered base platform for TPM? (A) Six Sigma (B) 5S (C) SMED (D) Kaizen	J24 Q1(a)(i) · 2 m	

★ **SM exercise (if time):** M2 solved case 4 (p.129): Practical problem: Dr Sreekumar, the owner of Krishna Inks, calculates the OEE for his...

MCQ bank for this topic (ICMAI MCQ bank question numbers): Q229

2.9 Total Quality Management

SM pp. 133–138 · marks per attempt: **D25-7** · Dec'26 forecast: tier **B**, chance of any marks **27% (Unlikely)**, of a 7-mark question 23% (Unlikely), expected **1.2** marks (MCQ facts + one sum / answer type)

OUR DEC'26 CALLS FOR THIS TOPIC

1. Steps to implement TQM; TQM vs Six Sigma. [REPEAT · Dec'25 Q2(b), Jun'24 Q2(b)]

Long questions and sums asked (past papers and ICMAI practice papers)

Priority	Question	Asked / marks	Answer in
★	Discuss the steps for implementation of Total Quality Management (TQM). [7]	D25 Q2(b) · 7 m	

MCQ bank for this topic (ICMAI MCQ bank question numbers): Q230

2.10 Data Envelopment Analysis

SM pp. 142–156 · marks per attempt: **J25-4 · J24-10 · J23-6** · Dec'26 forecast: tier **B**, chance of any marks **72% (Likely)**, of a 7-mark question 8% (Rare), expected **2.4** marks (MCQ facts / formulas only)

Long questions and sums asked (past papers and ICMAI practice papers)

Priority	Question	Asked / marks	Answer in
★	Explain Data Envelopment Analysis (DEA) and the concept of 'Relative Efficiency' in the context of DEA. Give any two areas of applications where DEA can be used. [6]	J23 Q2(b) · 6 m	

MCQs asked on this topic

Priority	Question	Asked / marks	Answer in
★★	(xiv) Which plant is the most efficient based on DEA? (A) P1 (B) P2 (C) P3 (D) P4	J25 Q1(b)(xiv) · 2 m · asked in 2 papers	
★★	(xv) If Krishna Inks wants to improve its financial efficiency while maintaining quality, which strategy is optimal? (A) Reduce input costs in the least efficient plant (B) Increase production without adjusting costs (C) Lower quality control inspections to save time (D) Expand investment in the highest cost plant Section - B Answer any five questions from Question No.2 to Question No.8 in Section B. Each question carries 14 marks. [14×5=70]	J25 Q1(b)(xv) · 2 m · asked in 2 papers	
★★	(xi) Which firm has the highest efficiency? (A) A (B) B (C) C (D) D	J24 Q1(b)(xi) · PTP Q1(b)(xi)(xii)(xiii)(xiv)(xv) · 2 m · asked in 2 papers	
★★	(xii) Relative efficiency of Firm B is (A) 85.88 (B) 43.40 (C) 62.08 (D) 100	J24 Q1(b)(xii) · 2 m · asked in 2 papers	
★★	(xiii) For inefficient firm, (A) Input Target = Actual Input (B) Input Target > Actual Input (C) Input Target < Actual Input (D) Input Target = Input Slack	J24 Q1(b)(xiii) · 2 m · asked in 2 papers	
★★	(xiv) Input slack for Firm B is (A) 2.2 (B) 1.245 (C) 0 (D) 0.955	J24 Q1(b)(xiv) · 2 m · asked in 2 papers	
★★	(xv) Output Target for Firm B is (A) 0.46 million (B) 0.26 million (C) 0.95 million (D) 0.80 million --- Section - B : Business Valuation Answer any five questions from Question No.2 to Question No.8 in Section B. Each question carries 14 marks [14×5=70]	J24 Q1(b)(xv) · 2 m · asked in 2 papers	

★ **SM exercise (if time):** M2 solved case 5 (p.143): Practical problem: There are eight stores (A to H) across a city in which certain number of... · M2 solved case 6 (p.145): There are four firms (A, B, C and D) which operates under similar conditions and are comparable · M2 solved case 7 (p.148): Practical problem: SI no · M2 solved case 8 (p.149): In a bank two issues are considered as output

3.1 Economic Performance Indicator

SM pp. 161–168 · marks per attempt: **J25-7** · Dec'26 forecast: tier **B**, chance of any marks **16% (Unlikely)**, of a 7-mark question 16% (Unlikely), expected **0.7** marks (Short sum or answer (one of a rotating set))

Long questions and sums asked (past papers and ICMAI practice papers)

Priority	Question	Asked / marks	Answer in
★	CVP: rebuild the income statement, units and price; why profit rose by more than the P/V ratio (CVP is not in the P20A SM)	J25 Q8(a) · 7 m	

Problems to solve (1): SM illustrations, SM exercise sums, ICMAI workbook

Priority	Problem (what it asks)	Where	Came in the exam
★★	Leading economic indicators: which phase of the business cycle the economy is in	Workbook ch.1 illustration 2 · WB p.2	

MCQ bank for this topic (ICMAI MCQ bank question numbers): Q38, Q39, Q40, Q41

3.2 Profit Optimization under Different Market Structure

SM pp. 170–186 · marks per attempt: **J26-9 · D25-7 · J25-7 · D24-9 · J24-7 · D23-11 · J23-4** · Dec'26 forecast: tier **A**, chance of any marks **90% (Very likely)**, of a 7-mark question 80% (Very likely), expected **7.8** marks (7-mark sum / answer + MCQ facts)

OUR DEC'26 CALLS FOR THIS TOPIC

1. Two markets with given demand functions and one cost function: profit-maximising prices, quantities and profit with price discrimination, and with one price for both; compare the profits. [REPEAT+SM-ILLUS · Dec'23 Q3(a), Jun'24 Q3(a), Dec'25 Q3(a) (= SM 3.2 Illustration 4 = postal Q4(b))]
2. From TR and TC (or price = a - bQ and a cost function): profit-maximising output, price and maximum profit (MR = MC, second-order check). [REPEAT+SM-ILLUS · Jun'23 Q1(v) and Jun'25 Q3(a) (= SM 3.2 Illustration 2), Jun'26 Q3(a); SM Illustration 3 (price 330 - Q) not yet asked]
3. Two products with a joint profit function P(x, y): profit-maximising quantities by partial derivatives, and the maximum profit. [PRACTICE · MQP Q3(a) - never in an exam]
4. From a total cost function: output where MC is minimum, where AC is minimum, and where MC = AC. [REPEAT · Dec'24 Q3(a) = PTP Q3(a)]

Long questions and sums asked (past papers and ICMAI practice papers)

Priority	Question	Asked / marks	Answer in
★★★	Demand p = 1,200 - 2x, cost C = $3x^2$ + 200x + 15,000: optimum output, price, maximum profit	J26 Q3(a) · 7 m · asked in 3 papers	
★★★	Two markets, one price (no discrimination): profit-maximising price and profit [SM 3.2 Illustration 4; also the postal paper]	D25 Q3(a) · 7 m · asked in 3 papers	same problem: SM M3 Illus. 4 (SM p.183; solution there)
★★★	Domestic and export demand functions with variable cost 38 - Q: optimum price and contribution in each market	J24 Q3(a) · 7 m · asked in 3 papers	
★★★	Monopolist with two sub-markets P1 = 300 - 2Q1, P2 = 200 - 2Q2: maximum profit with price discrimination	D23 Q3(a) · POSTAL Q4(b) · 7 m · asked in 3 papers	
★	Cost = 300x - $10x^2$ + $x^3/3$: output where MC is minimum, AC is minimum, MC = AC	D24 Q3(a) · PTP Q3(a) · 7 m	
★	Profit P = 100x - x^2 - 2xy + 200y - $3y^2$: profit-maximising quantities and maximum profit (partial derivatives)	MQP Q3(a) · 7 m	

MCQs asked on this topic

Priority	Question	Asked / marks	Answer in
★★★	3. (a) ABC Ltd., a manufacturing firm, operates in a competitive market and aims to maximize its profit. The company's Total Revenue (TR) and Total Cost (TC) functions are given as follows: TR = 4000Q - 33Q² TC = 2Q³ - 3Q² + 400Q + 5000 Where Q represents the quantity of goods produced and sold. The management seeks to determine the maximum possible profit the firm can achieve, assuming Q > 0. Required: At what level of output does ABC Ltd. achieve maximum profit, and what is the maximum profit value? [7]	J23 Q1(v) · J25 Q3(a) · 2 m · asked in 3 papers	same problem: SM M3 Illus. 2 (SM p.179; solution there)
★★	(iv) If the price (P) is equal to average cost (AC), what is the profit condition of the firm? (A) The firm incurs a loss. (B) The firm breaks even. (C) The firms earn super normal profit. (D) The firm shuts down.	D24 Q1(iv) · 2 m · asked in 2 papers	
★★	(vi) Under perfect competition and at the point of equilibrium of firm (A) MC curve must be falling. (B) MC curve must be rising. (C) MR curve must be falling. (D) None of the above	D23 Q1(vi) · 2 m · asked in 2 papers	
★	(iii) In order to maximize profits, a firm should produce at the output level for which: (A) Average cost is minimized (B) Marginal revenue equals marginal cost (C) Marginal cost is minimized (D) Price minus average cost is as large as possible	J26 Q1(iii) · PTP Q1(a)(iii) · 2 m	
★	(xi) Monopolistic competition and Oligopoly are the examples of ____ market. (A) perfect (B) imperfect (C) no market structure. (D) All of the above	D23 Q1(xi) · 2 m	
★	(ii) If the average cost function of a firm is given by AC = x^2 - 4x + 7, where x is the output, what will be its marginal cost? [2 Marks] (A) $2x^3$-$4x^2$ + 7x (B) $3x^2$ - 8x + 7 (C) x^3- $8x^2$ + 7x (D) None of the above	J23 Q1(ii) · POSTAL Q1(iii) · 2 m	
★	A Pareto improvement makes at least one person better off without making anyone worse off	MQP Q1(a)(iii) · 2 m	

Problems to solve (4): SM illustrations, SM exercise sums, ICMAI workbook

Priority	Problem (what it asks)	Where	Came in the exam
★★★	Practical problem: Maximize profits for the firm, given Total revenue (TR) = 4000Q – 33Q2 and…	SM M3 Illus. 2 · SM p.179	J23 Q1(v)
★★★	Practical problem: A producer has the possibility of discriminating between two markets; market A…	SM M3 Illus. 4 · SM p.183	D25 Q3(a)
★★	Optimize y = 2x3 - 30x2 +126x + 59	SM M3 Illus. 1 · SM p.177	
★★	A manufacturer can sell 'Q' items (Q > 0) at a price of (330 – Q) each	SM M3 Illus. 3 · SM p.180	

MCQ bank for this topic (ICMAI MCQ bank question numbers): Q42, Q43, Q44, Q47, Q48, Q49, Q50, Q51, Q52, Q53, Q54, Q55, Q56, Q57

3.3 Market Factors Affecting Pricing Decisions

SM pp. 188–193 · marks per attempt: **J24-2 · D23-4** · Dec'26 forecast: tier **C**, chance of any marks **28% (Unlikely)**, of a 7-mark question 8% (Rare), expected **0.8** marks (MCQ facts / formulas only)

MCQs asked on this topic

Priority	Question	Asked / marks	Answer in
★	(ii) The pricing of niche products is appropriate to (A) Perceived value pricing (B) Penetration pricing (C) Differential pricing (D) Full cost pricing	J24 Q1(a)(ii) · 2 m	
★	(i) If the proportionate change in the price is more than the proportionate change in the demand, it is called (A) Relatively inelastic demand. (B) Relatively elastic demand. (C) Perfectly inelastic demand. (D) Perfectly elastic demand.	D23 Q1(i) · 2 m	
★	(vii) The demand curve for X is given by the equation: P = 24 – 1/2√q where P & q denote price and quantity respectively. Find the price point elasticity for P = 20. (A) 64 (B) 48 (C) 72 (D) 60	D23 Q1(vii) · 2 m	
★	Not a modern theory of the firm: shareholders' wealth maximisation	POSTAL Q1(ii) · 2 m	

MCQ bank for this topic (ICMAI MCQ bank question numbers): Q45, Q46

4.1 Risk Management

SM pp. 200–226 · marks per attempt: **J26-9 · D25-9 · J25-2 · D24-2 · D23-7 · J23-2** · Dec'26 forecast: tier **A**, chance of any marks **79% (Likely)**, of a 7-mark question 57% (Possible), expected **4.7** marks (7-mark sum / answer + MCQ facts)

OUR DEC'26 CALLS FOR THIS TOPIC

1. ERM: the COSO components, the elements of ERM, the steps of the risk-management process, the types of risk and their features. [REPEAT · Dec'23, Dec'25, Jun'26 Q3(b); postal Q4(a); MCQs Jun'25 (vi), Dec'25 (iv), Jun'26 (iv)]

Long questions and sums asked (past papers and ICMAI practice papers)

Priority	Question	Asked / marks	Answer in
★★★	Explain the interrelated components of an Enterprise Risk Management framework Advocated by Committee of Sponsoring Organization's (COSO). 7	D23 Q3(b) · 7 m · asked in 3 papers	
★	"Risk management is a more realistic term than safety. It implies that future uncertainty and threats are ever-present, that they must be identified, analyzed, evaluated and controlled or rationally accepted." In the light of this statement, define risk management and mention the steps to be undertaken by a firm in the process of risk management. 7	J26 Q3(b) · 7 m	
★	Discuss the essentials of Risk Management. What are the features of various types of risk? [7]	D25 Q3(b) · 7 m	
★	Palm caselet: the risks that hit the company; strategic decisions to avoid a repeat	POSTAL Q5 · 8 m	

MCQs asked on this topic

Priority	Question	Asked / marks	Answer in
★★★	(iv) The goal of ERM as provided in Committee of Sponsoring Organisation's (COSO) ERM - Integrated Framework is to provide companies with ____. (A) Key principles and concepts (B) Common language (C) Clear direction and guidance regarding the management enterprise (D) All of the above	J26 Q1(iv) · 2 m · asked in 3 papers	
★★★	(vi) The COSO Framework of ERM (Enterprise Risk Management) advocates eight interrelated components of an ERM. Which one of the following is not a component of the said framework? (A) Risk Response (B) Risk Avoidance (C) Risk Assessment (D) Monitoring	J25 Q1(a)(vi) · 2 m · asked in 3 papers	
★★	(v) What type of risk is associated with the difficulty of selling an asset quickly without a price discount? (A) Liquidity risk (B) Credit risk (C) Market risk (D) Operational risk	D24 Q1(v) · 2 m · asked in 2 papers	
★★	(i) The risk which is primarily influenced by the level of financial gearing, interest cover, operating leverage and cash flow adequacy, is called [2 Marks] (A) Financial risk (B) Business risk (C) External risk (D) Exchange risk	J23 Q1(i) · POSTAL Q7(b) · 2 m · asked in 2 papers	
★	(iv) The elements of ERM includes ____ (A) Risk identification (B) Risk assessment (C) Risk response (D) All of the above	D25 Q1(a)(iv) · POSTAL Q4(a) · 2 m	
★	Not a qualitative risk-assessment method: computer simulation	PTP Q1(a)(iv) · 2 m	
★	Not a qualitative risk-assessment method: computer simulation	POSTAL Q1(v) · 2 m	

★ **SM exercise (if time):** M4 solved case 12 (p.200): Practical problem: Tinkuji is a small vendor who is undecided on what to sell in the fairground as… · M4 solved case 2 (p.213): Practical problem: Mr Sandeep Awasthi created a portfolio consisting of two asset classes; ~… · M4 short essay 1 (p.269): Diversification · M4 short essay 2 (p.269): Risk Mapping is a fundamental tool of risk management – discuss

MCQ bank for this topic (ICMAI MCQ bank question numbers): Q58, Q60, Q61, Q62, Q63, Q64, Q66, Q67, Q68, Q69, Q70, Q71, Q72, Q73, Q74, Q231, Q232, Q233

4.2 Corporate Risk Management

SM pp. 230–247 · marks per attempt: **J25-11 · D24-7 · J24-7 · J23-6** · Dec'26 forecast: tier **A**, chance of any marks **68% (Likely)**, of a 7-mark question 53% (Possible), expected **3.8** marks (7-mark sum / answer + MCQ facts)

OUR DEC'26 CALLS FOR THIS TOPIC

1. Risk Enabled Performance Management; risk retention (meaning, reasons); Value at Risk (meaning, advantages, limitations). [REPEAT+PRACTICE · Jun'25 Q3(b), Dec'24 Q3(b), Jun'24 Q3(b); MQP Q3(b), PTP Q3(b)]
2. Value at Risk of a share holding (and of a two-share portfolio) at 99% over 10 days: N-day VaR = one-day VaR x square root of N. [SM-ILLUS · SM 4.2 Solved Cases 4 and 5 - never asked (Q3(b) has always been theory)]

Long questions and sums asked (past papers and ICMAI practice papers)

Priority	Question	Asked / marks	Answer in
★	What is Risk Enabled Performance Management? [7]	J25 Q3(b) · MQP Q3(b) · 7 m	
★	What is Risk Retention? What are the reasons for adopting a Risk Retention strategy? [7]	D24 Q3(b) · PTP Q3(b) · 7 m	
★	What is Value at Risk (VaR)? What are its advantages? Discuss its limitations. [7]	J24 Q3(b) · 7 m	
★	Bank capital fund and capital adequacy ratio from Tier I / Tier II items and risk-weighted assets; comment [old 4.1]	J23 Q4(b) · 6 m	

MCQs asked on this topic

Priority	Question	Asked / marks	Answer in
★	(iii) Which of the following is not a method of risk management strategy? (A) Avoidance (B) Retention (C) Asset (D) Transfer	J25 Q1(a)(iii) · 2 m	
★	(iv) A colour coded version of the risk map is known as (A) Red-Blue risk map (B) Red-Yellow map (C) Heat map (D) None of the above	J25 Q1(a)(iv) · 2 m	

Problems to solve (1): SM illustrations, SM exercise sums, ICMAI workbook

Priority	Problem (what it asks)	Where	Came in the exam
★★	Practical problem: The following information is available from XYZ Bank as on 31/03/2024	SM M4 Illus. 2 · SM p.243	

★ **SM exercise (if time):** M4 solved case 4 (p.238): Dr Sheldon has exposure to ₹10 million shares of Satyam · M4 solved case 5 (p.240): Dr Sheldon is assumed to posses the two assets (discussed in Caselet 4) at the same time · M4 short essay 3 (p.269): Implication of Capital Adequacy Ratio (CAR) for risk management · M4 short essay 4 (p.269): Operational risk capital estimation techniques introduced in Basel II

MCQ bank for this topic (ICMAI MCQ bank question numbers): Q59, Q65, Q75, Q76, Q77, Q78, Q79, Q80, Q81, Q82, Q83, Q84, Q85, Q86, Q159

4.3 Corporate Failure

SM pp. 251–265 · marks per attempt: **J26-7 · D25-7 · J25-7 · D24-7 · J24-9 · D23-7** · Dec'26 forecast: tier **A**, chance of any marks **85% (Very likely)**, of a 7-mark question 83% (Very likely), expected **7.5** marks (7-mark sum / answer + MCQ facts)

OUR DEC'26 CALLS FOR THIS TOPIC

1. Altman Z-score of two companies; which is safer for a bond investor (Z = 1.2X1 + 1.4X2 + 3.3X3 + 0.6X4 + 0.999X5). [REPEAT+SM-ILLUS · Dec'23, Jun'25, Dec'25, Jun'26 Q4(b) - Dec'25 and Jun'26 were SM 4.3 Solved Case 6 with the same numbers]
2. Beneish M-score from the eight indices; is the company manipulating its earnings (cut-off -2.22)? [REPEAT+SM-ILLUS · Dec'24 Q4(b) = PTP Q4(b); MQP Q4(b); SM 4.3 Solved Case 7 (Pelikan Inc) never asked]
3. NCAER model: stage of sickness from cash profit, net working capital and net worth. [REPEAT · Jun'24 Q4(b); postal Q3(b)]

Long questions and sums asked (past papers and ICMAI practice papers)

Priority	Question	Asked / marks	Answer in
★★★	Altman Z from a balance-sheet extract (market value per share, operating profit given)	D23 Q4(b) · J26 Q4(b) · 7 m · asked in 4 papers	
★★★	Altman Z of two companies: which is safer to invest in [SM 4.3 Solved Case 6, same numbers]	D25 Q4(b) · 7 m · asked in 4 papers	

Priority	Question	Asked / marks	Answer in
★★★	Mr. Sharma, a Cost Accountant by profession, is an independent financial analyst. He extracted the respective ratios (Note 1) and calculated the overall Altman Z-score for Y-Connection, an Indian firm engaged in the manufacture of electronics products during the period 2020 to 2024, which is given as under: | Years | 2020 | 2021 | 2022 | 2023 | 2024 | | | X1 | 0.020 | 0.010 | -0.010| 0.020 | 0.040 | | X2 | 0.174 | 0.110 | 0.110 | 0.110 | 0.070 | | X3 | 0.253 | 0.080 | 0.180 | 0.200 | 0.130 | | X4 | 0.565 | 0.469 | 0.663 | 0.922 | 0.724 | | X5 | 0.823 | 0.900 | 1.060 | 1.200 | 1.540 | | Score | 1.840 | 1.580 | 2.000 | 2.450 | 2.490 | Note 1: X_1 = Working Capital to Total Assets X_2 = Retained Earnings to Total Assets X_3 = EBIT to Total Assets X_4 = Market Value of Equity to Total Debts X_5 = Sales to Total Assets You, as a new recruit, have been asked by Mr. Sharma to interpret the above results and comment on the financial position of the firm. What would be your response? [7]	J25 Q4(b) · 7 m · asked in 4 papers	
★	Beneish M-score from the eight indices; is the company a likely manipulator?	D24 Q4(b) · MQP Q4(b) · PTP Q4(b) · 7 m	
★	NCAER model: stage of sickness from a balance sheet with negative net worth	J24 Q4(b) · POSTAL Q3(b) · 7 m	

MCQs asked on this topic

Priority	Question	Asked / marks	Answer in
★	(iii) Which of the following is/are not the element(s)/parameter of NCAER model of corporate distress prediction? (A) Net Worth Position (B) Outstanding Liability Position (C) Net Working Capital Position (D) Cash Profit Position	J24 Q1(a)(iii) · 2 m	

Problems to solve (3): SM illustrations, SM exercise sums, ICMAI workbook

Priority	Problem (what it asks)	Where	Came in the exam
★★	Read a Beneish M-score: likely manipulator or not, and what DSRI and DEPI say	Workbook ch.1 illustration 1 · WB p.1	
★★	Altman Z-score of 1.6: which zone the company is in	Workbook ch.1 illustration 8 · WB p.15	
★★	Argenti A-score of six firms: which are healthy	Workbook ch.1 illustration 9 · WB p.16	

★ **SM exercise (if time):** M4 solved case 6 (p.257): Mr Hajime is considering investing in bonds of two companies · M4 solved case 7 (p.263): Mr Holdon is considering investing ₹ 15,00,000 in a Pelikan Inc as the company has decided to...

MCQ bank for this topic (ICMAI MCQ bank question numbers): Q15, Q87, Q88, Q234

5.1 Purpose of Business Valuation

SM pp. 277–277 · marks per attempt: **D23-2** · Dec'26 forecast: tier **C**, chance of any marks **6% (Rare)**, of a 7-mark question 0% (Rare), expected **0.1** marks (Read the headings)

MCQs asked on this topic

Priority	Question	Asked / marks	Answer in
★	(ii) It is assumed that M. Ltd, would realize ₹ 40 million from the liquidation of its assets. It pays ₹ 20 million to its Creditors and Preference Shareholders in full and final settlement of their claims. If the number of equity shares of M. Ltd. is 2 million, the liquidation value per share would be (A) ₹ 1 per share (B) ₹ 10 per share (C) ₹ 12 per share (D) ₹ 15 per share	D23 Q1(ii) · 2 m	

5.2 Valuation Premise

SM pp. 282–285 · **never asked in the seven papers** · Dec'26 forecast: tier **C**, chance of any marks **0% (Rare)**, of a 7-mark question 0% (Rare), expected **0** marks (Read the headings)

MCQs asked on this topic

Priority	Question	Asked / marks	Answer in
★	Tangible assets are valued on every premise except one (going concern / forced sale / orderly liquidation / highest and best use)	MQP Q1(a)(v) · 2 m	

★ **SM exercise (if time):** M5 MCQ (not in the bank) 11 (p.314): The ____ elements of Going Concern Value result from factors such as having a trained… · M5 MCQ (not in the bank) 12 (p.314): The valuation approach, inputs and assumptions applied are highly____ on the selected… · M5 MCQ (not in the bank) 41 (p.318): When valuation process is under multiple scenarios, you take into consideration,

MCQ bank for this topic (ICMAI MCQ bank question numbers): Q91, Q92, Q96, Q97, Q98, Q99

5.3 Valuation Approaches

SM pp. 286–292 · marks per attempt: **D25-7 · J25-7 · J24-7 · D23-2** · Dec'26 forecast: tier **B**, chance of any marks **51% (Possible)**, of a 7-mark question 45% (Possible), expected **2.6** marks (MCQ facts + one sum / answer type)

OUR DEC'26 CALLS FOR THIS TOPIC

1. Capitalised value of a business: adjust profit for extraordinary items and a new product, capitalise it; market price at a given P/E. [REPEAT · Jun'24 Q5(b), Jun'25 Q5(b) (same template); Dec'23 Q1(viii)]
2. Business value as a weighted average of market, income and asset approaches; capitalisation rate = discount rate - growth. [REPEAT · Dec'25 Q5(b)]

Long questions and sums asked (past papers and ICMAI practice papers)

Priority	Question	Asked / marks	Answer in
★★★	Value of business: profit adjusted for extraordinary items + a new product, capitalised at 14%; market price at P/E 10 [old 7.2]	J24 Q5(b) · 7 m · asked in 3 papers	
★	Business value weighting the market, income and asset approaches; capitalisation rate = discount rate - growth	D25 Q5(b) · 7 m	
★	Circumstances when the market approach should be applied	POSTAL Q7(c) · 7 m	

MCQs asked on this topic

Priority	Question	Asked / marks	Answer in
★★★	□5. (b) XENON Ltd. reported a profit of ₹ 100.32 lakhs after 34% tax for the financial year 2024-25. An analysis of the accounts reveals that the income included extraordinary items of ₹ 14 lakhs and an extraordinary loss of ₹ 5 lakhs. The existing operations, except for the extraordinary items, are expected to continue in future. Further, a new product is launched and the expectations are as under: | Particulars | Amount in lakhs | | | Sales | 70 | | Material Costs | 20 | | Labour Costs | 16 | | Fixed Costs | 10 | The company has 50,00,000 Equity Shares of ₹ 10 each and 80,000 9% Preference Shares of ₹ 100 each with P/E Ratio being 6 times. Cost of capital is 12% (post tax). You are required to (i) compute the value of the business. (ii) determine the market price per equity share. [7]	D23 Q1(viii) · J25 Q5(b) · 2 m · asked in 3 papers	

Problems to solve (3): SM illustrations, SM exercise sums, ICMAI workbook

Priority	Problem (what it asks)	Where	Came in the exam
★★	Terminal value by the Gordon model and by a P/E multiple	Workbook ch.2 illustration 5 · WB p.21	
★★	Share value of a non-paying firm with high growth then stable dividends	Workbook ch.2 illustration 6 · WB p.22	
★★	Equity value by the cost approach using fair values of assets	Workbook ch.3 illustration 6 · WB p.31	

★ **SM exercise (if time):** M5 MCQ (not in the bank) 14 (p.314): Which of the following approaches to valuation would most likely use EV to EBITDA Multiple for… · M5 MCQ (not in the bank) 17 (p.315): ____is the value of an asset, business, or project beyond the explicit forecast period… · M5 MCQ (not in the bank) 18 (p.315): If business is financed solely through Equity, Kc is the same as · M5 MCQ

(not in the bank) 19 (p.315): Cost of capital represents a ____ benchmark rate that a company must overcome before it... · M5 MCQ (not in the bank) 20 (p.315): In case the business is expected to mature at the end of the explicit forecast period, the... · M5 MCQ (not in the bank) 21 (p.316): PECV of Capitalisation of Earnings Method is a simplified application of___ · M5 MCQ (not in the bank) 22 (p.316): When to apply Cost approach · M5 MCQ (not in the bank) 31 (p.317): As the amount of debt increases the present value of ____ · M5 MCQ (not in the bank) 37 (p.318): Which of the following approaches to valuation would most likely use Price to Sales Multiple... · M5 MCQ (not in the bank) 42 (p.318): Does either the NPV or free cash flow model subtract the value of debt in its calculations

MCQ bank for this topic (ICMAI MCQ bank question numbers): Q93, Q100, Q101, Q235, Q236, Q237, Q238, Q242

5.4 Fundamentals of Valuation – Risk & Return

SM pp. 293–294 · marks per attempt: **J26-7 · D25-2 · J25-2 · D24-2 · D23-2 · J23-4** · Dec'26 forecast: tier **B**, chance of any marks **69% (Likely)**, of a 7-mark question 29% (Unlikely), expected **2.8** marks (MCQ facts + one sum / answer type)

Long questions and sums asked (past papers and ICMAI practice papers)

Priority	Question	Asked / marks	Answer in
★★	Intrinsic value of two shares by CAPM + constant-growth DDM; why they differ; buy / sell at the market prices	J26 Q5(b) · 7 m · asked in 2 papers	

MCQs asked on this topic

Priority	Question	Asked / marks	Answer in
★★	(vi) The 10 year Government bond yield is 7.5% and the BSE Sensex return over the last one year is 15%. Assuming the company's Beta is 1.2, what is the required return on equity? (A) 15.6 Percent (B) 16.6 Percent (C) 16.5 Percent (D) 17 Percent	D24 Q1(vi) · 2 m · asked in 2 papers	
★★	(iii) Given: The growth rate in the dividends is expected to be 8%. The Beta of the stock is 1.60 and the return on the market index is 13%. The required rate of return would be (A) 14% (B) 16% (C) 18% (D) 20%	D23 Q1(iii) · 2 m · asked in 2 papers	
★	(v) An investment is risk free when actual returns are always ____ the expected results. (A) equal to (B) less than (C) more than (D) depends upon circumstances	D25 Q1(a)(v) · 2 m	
★	(x) Which category of risks are measured by Beta? (A) Management (B) Inflation (C) Financing (D) Market	J25 Q1(a)(x) · 2 m	
★	Choose the correct alternative. Provide justification in each case. 1 mark is allotted for correct selection and 1 mark for the justification: 2×5=10 (i) The price that a willing buyer pays to a willing seller in a transaction at the open market is known as [2 Marks] (A) Fair Value (B) Equitable Value (C) Investment Value (D) None of the above (ii) If business is financed solely through equity, then cost of capital is the same as [2 Marks] (A) Cost of Equity (B) Cost of Debt (C) Cost of Retained earnings (D) None of the above (iii) If a company is having higher price to Book Value Ratio than those of the peers in the industry, it may be due to the fact that [2 Marks] (A) it enjoys better goodwill in the market (B) it has strong brands of its products (C) it may have a lot of intangibles not reflected in its Balance Sheet (D) All the above statements are true (iv) If earnings per share of a company is ₹10 and the price earnings ratios of other similar companies is 5, then market value of share of the company will be [2 Marks] (A) 50 (B) 2 (C) 0.5 (D) 7.5 (v) If stock A has a beta of 1.6 and stock B has a beta of 1.2, they make up the portfolio in the ratio of 70 : 30. What would be the beta of the portfolio? [2 Marks] (A) 1.48 (B) 2.48 (C) 1.92 (D) Beta cannot be calculated	J23 Q6(ii)(v) · 4 m	
★	Correlation of -1 between two securities: portfolio risk can be eliminated	MQP Q1(a)(iv) · 2 m	
★	WACC with debt twice equity, debt 8%, equity 10%, tax 30%	MQP Q1(a)(vi) · 2 m	

Problems to solve (3): SM illustrations, SM exercise sums, ICMAI workbook

Priority	Problem (what it asks)	Where	Came in the exam
★★	WACC and expected NPV of a start-up under two sets of projections	Workbook ch.2 illustration 1 · WB p.17	

Priority	Problem (what it asks)	Where	Came in the exam
★★	Required return from standard deviations, correlation and CAPM	Workbook ch.2 illustration 3 · WB p.21	
★★	Share value by the Gordon model with a CAPM cost of equity	Workbook ch.2 illustration 4 · WB p.21	

★ **SM exercise (if time):** M5 MCQ (not in the bank) 23 (p.316): The father of modern finance · M5 MCQ (not in the bank) 24 (p.316): Expected rate of return for any asset is the ____ average rate of return · M5 MCQ (not in the bank) 25 (p.316): Risk and return go hand in hand considering ____ · M5 MCQ (not in the bank) 26 (p.316): Higher the risk ____ is the expected return · M5 MCQ (not in the bank) 27 (p.316): ____risk due to changes in prices of all commodities · M5 MCQ (not in the bank) 28 (p.316): Liquidity risk associated with the ____ market in which the security is traded · M5 MCQ (not in the bank) 29 (p.317): Unsystematic Risk is also known as ____ · M5 MCQ (not in the bank) 38 (p.318): If the expected rate of return on a stock exceeds the required rate · M5 MCQ (not in the bank) 43 (p.318): Beta measures ____ risk Fundamentals of Business Valuation · M7 MCQ (not in the bank) 39 (p.455): The risk that is eliminated by diversification is called · M7 MCQ (not in the bank) 40 (p.455): The risk inherent to the entire market or market segment is called

MCQ bank for this topic (ICMAI MCQ bank question numbers): Q239, Q246

5.5 Financial Statement Analysis

SM pp. 298–308 · marks per attempt: **J25-2 · J24-2** · Dec'26 forecast: tier **C**, chance of any marks **32% (Unlikely)**, of a 7-mark question 8% (Rare), expected **0.9** marks (Read the headings)

MCQs asked on this topic

Priority	Question	Asked / marks	Answer in
★★	(vii) Market price per share of a firm having Return on Equity (ROE) of 10.50%, EPS of ₹ 8.50 and P/B (Price to Book Value) Ratio of 0.75 is (Answer is up to 2 places of decimals.) (A) ₹ 60.71 (B) ₹ 66.71 (C) ₹ 71.60 (D) None of the above	J25 Q1(a)(vii) · 2 m · asked in 2 papers	
★★	(viii) A Company has reported Profit Before Tax ₹ 1,000 crore. The applicable tax rate is 30% and it has ROE (Return on Equity) of 14%. If it has Other Equity of ₹ 4,000 crore and the face value of the share is ₹ 10, then its EPS (Earnings Per Share) is (A) ₹ 2 (B) ₹ 5 (C) ₹ 7 (D) Insufficient Information	J24 Q1(a)(viii) · 2 m · asked in 2 papers	

Problems to solve (1): SM illustrations, SM exercise sums, ICMAI workbook

Priority	Problem (what it asks)	Where	Came in the exam
★★★	Practical problem: Smart Ltd. is deciding whether to pay out ₹4,00,000 in excess cash in the form...	SM M5 exercise sum 1 · SM p.320	D24 Q5(a)

★ **SM exercise (if time):** M5 MCQ (not in the bank) 33 (p.317): Which is the most important ratios for shareholders who can assess how much profit has the... · M5 MCQ (not in the bank) 34 (p.317): High P/E generally reflects ____ risk and/or____ growth prospects for earnings · M5 MCQ (not in the bank) 40 (p.318): In Inventory Turnover calculation, what is taken in the numerator

MCQ bank for this topic (ICMAI MCQ bank question numbers): Q102, Q103, Q163, Q194, Q195, Q196, Q197, Q200, Q201, Q247, Q251

5.6 Market Value and Enterprise Value

SM pp. 309–312 · marks per attempt: **J24-7 · J23-2** · Dec'26 forecast: tier **B**, chance of any marks **27% (Unlikely)**, of a 7-mark question 23% (Unlikely), expected **1.2** marks (MCQ facts + one sum / answer type)

OUR DEC'26 CALLS FOR THIS TOPIC

1. Enterprise value from market capitalisation, market value of debt and cash. [REPEAT · Jun'24 Q5(a); Jun'23 Q6(i)]

Long questions and sums asked (past papers and ICMAI practice papers)

Priority	Question	Asked / marks	Answer in
★	Enterprise value from shares, market price, market value of debt and cash	J24 Q5(a) · 7 m	

MCQs asked on this topic

Priority	Question	Asked / marks	Answer in
★	Choose the correct alternative. Provide justification in each case. 1 mark is allotted for correct selection and 1 mark for the justification: 2×5=10 (i) The price that a willing buyer pays to a willing seller in a transaction at the open market is known as [2 Marks] (A) Fair Value (B) Equitable Value (C) Investment Value (D) None of the above (ii) If business is financed solely through equity, then cost of capital is the same as [2 Marks] (A) Cost of Equity (B) Cost of Debt (C) Cost of Retained earnings (D) None of the above (iii) If a company is having higher price to Book Value Ratio than those of the peers in the industry, it may be due to the fact that [2 Marks] (A) it enjoys better goodwill in the market (B) it has strong brands of its products (C) it may have a lot of intangibles not reflected in its Balance Sheet (D) All the above statements are true (iv) If earnings per share of a company is ₹10 and the price earnings ratios of other similar companies is 5, then market value of share of the company will be [2 Marks] (A) 50 (B) 2 (C) 0.5 (D) 7.5 (v) If stock A has a beta of 1.6 and stock B has a beta of 1.2, they make up the portfolio in the ratio of 70 : 30. What would be the beta of the portfolio? [2 Marks] (A) 1.48 (B) 2.48 (C) 1.92 (D) Beta cannot be calculated	J23 Q6(i) · 2 m	

Problems to solve (1): SM illustrations, SM exercise sums, ICMAI workbook

Priority	Problem (what it asks)	Where	Came in the exam
★★	Price-to-EBITDA and EV-to-EBITDA of two steel companies	Workbook ch.2 illustration 2 · WB p.19	

★ **SM exercise (if time):** M5 solved case 1 (p.311): Parth Das is a valuer for a Professional Valuation Services Company · M5 MCQ (not in the bank) 30 (p.317): Formula to Calculate Enterprise Value is ____ · M5 MCQ (not in the bank) 36 (p.318): ____ is the "typical price a product fetches in an unregulated market" · M5 MCQ (not in the bank) 39 (p.318): Valuation done under Enterprise Model (DCF) and Economic Profit Model lead to identical results · M5 MCQ (not in the bank) 44 (p.319): Fair Value is defined as the price that would be received to sell an asset or paid to transfer…

MCQ bank for this topic (ICMAI MCQ bank question numbers): Q89, Q90, Q94, Q95, Q248, Q249, Q250

6.1 Salient Features of the Insolvency and Bankruptcy Code, 2016

SM pp. 329–332 · **never asked in the seven papers** · Dec'26 forecast: tier **C**, chance of any marks **0% (Rare)**, of a 7-mark question 0% (Rare), expected **0** marks (Read the headings)

★ **SM exercise (if time):** M6 MCQ (not in the bank) 2 (p.385): Practical problem: The Insolvency and Bankruptcy Code, 2016 is applicable to corporates if the… · M6 MCQ (not in the bank) 16 (p.387): Practical problem: The Insolvency and bankruptcy code was passed in ____ A. 2013 B. 2014 C….

MCQ bank for this topic (ICMAI MCQ bank question numbers): Q104, Q105, Q106, Q107, Q108, Q109, Q110

6.2 The Companies Act, 2013: Section 192(2), 230(1), (2), (3), 231, 247, 281(1)

SM pp. 336–341 · **never asked in the seven papers** · Dec'26 forecast: tier **C**, chance of any marks **0% (Rare)**, of a 7-mark question 0% (Rare), expected **0** marks (Read the headings)

MCQ bank for this topic (ICMAI MCQ bank question numbers): Q111, Q112, Q113

6.3 Salient Features of the Companies (Registered Valuers and Valuation) Rules, 2017

SM pp. 345–348 · **never asked in the seven papers** · Dec'26 forecast: tier **C**, chance of any marks **0% (Rare)**, of a 7-mark question 0% (Rare), expected **0** marks (Read the headings)

★ **SM exercise (if time):** M6 MCQ (not in the bank) 12 (p.386): A person shall be eligible to be a registered valuer if he · M6 MCQ (not in the bank) 13 (p.386): If you have Graduated in Valuation of Plant and Machinery or equivalent,What is the minimum…

6.4 Sailent Feature of the [SARFAESI] Act, 2002 on Valuation

SM pp. 352–366 · **never asked in the seven papers** · Dec'26 forecast: tier **C**, chance of any marks **0% (Rare)**, of a 7-mark question 0% (Rare), expected **0** marks (Read the headings)

Long questions and sums asked (past papers and ICMAI practice papers)

Priority	Question	Asked / marks	Answer in
★	Asset reconstruction and the role of asset reconstruction companies	POSTAL Q7(a) · 6 m	

★ **SM exercise (if time):** M6 MCQ (not in the bank) 14 (p.387): Non-payment of any debt or any other amount payable by the borrower to any secured creditor… · M6 MCQ (not in the bank) 20 (p.388): As per the provision of the SARFAESI Act, if the borrower fails to comply with the notice, the… · M6 MCQ (not in the bank) 39 (p.390): Which Act is responsible for entrusting the Asset reconstruction Companies (ARCs) for raising…

MCQ bank for this topic (ICMAI MCQ bank question numbers): Q114, Q115, Q116, Q117, Q118

6.5 Valuation Standards [IVSC]

SM pp. 367–384 · marks per attempt: **J23-6** · Dec'26 forecast: tier **C**, chance of any marks **0% (Rare)**, of a 7-mark question 0% (Rare), expected **0** marks (Read the headings)

Long questions and sums asked (past papers and ICMAI practice papers)

Priority	Question	Asked / marks	Answer in
★	Explain the different 'standard of value' along with book value and liquidation value used in business valuation. [6]	J23 Q7(a) · 6 m	

Problems to solve (2): SM illustrations, SM exercise sums, ICMAI workbook

Priority	Problem (what it asks)	Where	Came in the exam
★★	Practical problem: Pankaj is an investor who invested ₹10,000 @ ₹5 per share and consequently…	SM M6 Illus. 1 · SM p.378	
★	Practical problem: Balance Sheet of Exim Limited for the year ended 31.3.24 are as follows	SM M6 exercise sum 1 · SM p.392	

★ **SM exercise (if time):** M6 solved case 1 (p.378): Human Resources Management is a mid-sized company is considering expansion into related field,… · M6 MCQ (not in the bank) 22 (p.388): Which of the following defines the term 'fair value · M6 MCQ (not in the bank) 23 (p.388): Which of the following are not the exceptions for application of IND AS 113 · M6 MCQ (not in the bank) 24 (p.388): Which of the followings is not the core principle of valuation · M6 MCQ (not in the bank) 25 (p.388): IVS for Scope of Work · M6 MCQ (not in the bank) 26 (p.388): IVS for Investigation and compliance · M6 MCQ (not in the bank) 27 (p.389): IVS for Reporting · M6 MCQ (not in the bank) 28 (p.389): IVS for Bases of Value · M6 MCQ (not in the bank) 29 (p.389): IVS for Valuation Approaches and Methods · M6 MCQ (not in the bank) 30 (p.389): IVS for Businesses and Business Interests · M6 MCQ (not in the bank) 31 (p.389): IVS for Intangible Assets · M6 MCQ (not in the bank) 32 (p.389): IVS for Non-Financial Liabilities · M6 MCQ (not in the bank) 33 (p.389): IVS for Inventory · M6 MCQ (not in the bank) 34 (p.390): IVS for Plant & Machinery · M6 MCQ (not in the bank) 35 (p.390): IVS for Real property Interests · M6 MCQ (not in the bank) 36 (p.390): IVS for Development Property · M6 MCQ (not in the bank) 37 (p.390): IVS for Financial Instruments · M6 MCQ (not in the bank) 38 (p.390): Which rule determines Fair Value of Shares and Securities · M6 MCQ (not in the bank) 40 (p.390): Reports need not contain one of the following

7.1 Discounted Cash Flow Analysis (DCF) and Other Important Valuation Methods

SM pp. 400–415 · marks per attempt: **J26-2 · D25-7 · D24-7 · D23-7 · J23-26** · Dec'26 forecast: tier **A**, chance of any marks **74% (Likely)**, of a 7-mark question 67% (Likely), expected **4.9** marks (7-mark sum / answer + MCQ facts)

OUR DEC'26 CALLS FOR THIS TOPIC

1. Two-stage DDM / DCF with a terminal value: intrinsic value of a share or firm; is it over- or under-valued? [REPEAT+SM-ILLUS · Dec'23 Q5(a), Dec'25 Q5(a), Jun'26 Q5(b); SM 7.1 Illustrations 1 and 4-6 never asked]
2. Net incremental cash flows of a new activity and its NPV. [REPEAT · Dec'24 Q8(a) = PTP Q8(a)]

Long questions and sums asked (past papers and ICMAI practice papers)

Priority	Question	Asked / marks	Answer in
★★	Intrinsic value of two shares by CAPM + constant-growth DDM; why they differ; buy / sell at the market prices (listed under 5.4 too)	J26 Q5(b) · 7 m · asked in 2 papers	
★★	Present value of the stock by DDM: dividend 2.50, discount rate 10.5%, growth 2%; Is the stock overvalued at Rs 35 given ROE 9% and EPS 2.25?	D23 Q5(a)(i)(ii) · 7 m · asked in 2 papers	
★★	Gordon DDM: last dividend Rs 10, growth 5%, required return 7%	J23 Q8(a) · 6 m · asked in 2 papers	
★	DCF of a biotech target: negative first year, licensing cash flows, 15% for 5 years then 8% with 5% growth	D25 Q5(a) · 7 m	

Priority	Question	Asked / marks	Answer in
★	Drug store soda fountain: net incremental cash flows and NPV at 12% (not in the SM text)	D24 Q8(a) · PTP Q8(a) · 7 m	
★	DDM: 5 years of dividends growing 5% + price at P/E 10.5 after 5 years, at 10% - buy at Rs 50?	J23 Q7(b) · MQP Q1(a)(viii) · 10 m	
★	FCFF from EBIT, tax, working capital and capex for 5 projected years + terminal growth 8% at WACC 12.5%; value per share after debt	J23 Q8(b) · 10 m	
★	Correct a firm value that used book-value weights: WACC at market weights, value = FCF / (WACC - g)	MQP Q5(b) · 7 m	

MCQs asked on this topic

Priority	Question	Asked / marks	Answer in
★	(vi) Key inputs of Discounted Cash Flow (DCF) Method are ____. (A) Cashflow (B) Terminal Value (C) Discount Rate (D) All of the above	J26 Q1(vi) · 2 m	
★	Capital-budgeting method based on DCF = NPV	PTP Q1(a)(vi) · 2 m	
★	Terminal value of a business that matures: cash flows continue for an infinite period	POSTAL Q6(i) · 2 m	

Problems to solve (14): SM illustrations, SM exercise sums, ICMAI workbook

Priority	Problem (what it asks)	Where	Came in the exam
★★	Practical problem: Python Ltd currently pays a dividend of ₹2 per share	SM M7 Illus. 1 · SM p.407	
★★	Practical problem: With the given the financial statement extracts, calculate Capital Expenditure…	SM M7 Illus. 2 · SM p.409	
★★	Practical problem: With the given the financial statement extracts, calculate Working Capital…	SM M7 Illus. 3 · SM p.410	
★★	Practical problem: A valuer Super Ltd has anticipated that the expected profit of Super Ltd at the…	SM M7 Illus. 4 · SM p.413	
★★	Practical problem: Ashiana Ltd currently earns a Revenue of INR 20 million	SM M7 Illus. 5 · SM p.414	
★★	Practical problem: The following information is available for Panther Ltd.	SM M7 Illus. 6 · SM p.415	
★★	FCFE valuation with growing sales, falling margins and debt-financed investment	Workbook ch.3 illustration 1 · WB p.24	
★★	Equity value by the capitalised free cash flow method	Workbook ch.3 illustration 5 · WB p.30	
★★	Forecast FCFF and FCFE from projected statements	Workbook ch.3 illustration 7 · WB p.32	
★★	FCFE valuation over six years of falling growth and margins	Workbook ch.3 illustration 8 · WB p.34	
★★	Build-up cost of equity for a private target (size, company and industry premiums)	Workbook ch.3 illustration 11 · WB p.38	
★★	Next year's FCFF from revenue growth, margins, capex and working capital	Workbook ch.3 illustration 12 · WB p.40	
★★	Correct a firm value worked out on book-value weights	Workbook ch.3 illustration 14 · WB p.42	
★★	Firm value with falling debt ratio and stable growth: per-share value, under or overvalued	Workbook ch.5 illustration 1 · WB p.54	

★ **SM exercise (if time):** M7 MCQ (not in the bank) 4 (p.450): Which of the following has Net profit as basis for calculation · M7 MCQ (not in the bank) 5 (p.450): Internal rate of return is___ · M7 MCQ (not in the bank) 6 (p.450): Corporate wealth maximization is the value maximization for___ · M7 MCQ (not in the bank) 7 (p.450): Listed companies can be valued at · M7 MCQ (not in the bank) 19 (p.452): Companies may adopt an aggressive or a conservative working capital policy · M7 MCQ (not in the bank) 32 (p.454): Which cash flow is accessible for a firm's investors · M7 MCQ (not in the bank) 33 (p.454): The cost of funds used for financing the business is known as · M7 MCQ (not in the bank) 34 (p.454): The rate of return that the suppliers of capital (bondholders and owners) require as... · M7 MCQ (not in the bank) 35 (p.454): Under IFRS / Ind AS environment, Depending on their terms of issue Preference Shares are being... · M7 MCQ (not in the bank) 36 (p.454): As the risk-free rate increases, the cost of debt for companies will Business Valuation... · M7 MCQ (not in the bank) 49 (p.456): Which theory describes money received in the current time it has more worth than money... · M7 MCQ (not in the bank) 50 (p.457): A project assumed monetary gain or loss by discounting entire cash inflows and outflows by... · M7 MCQ (not in the bank) 51 (p.457): The cash flows method, utilized by the internal rate of return and net present value method are · M7 MCQ (not in the bank) 53 (p.457): Cash flows are a project's revenue and are indicated by · M7 MCQ (not in the bank) 54 (p.457): In which payback period a due cash flows are discounted with the cost of capital of the... · M7 MCQ (not in the bank) (list 2) 1 (p.458): Anita, a valuer is evaluating Axis Ltd and expects that the company will give its first...

MCQ bank for this topic (ICMAI MCQ bank question numbers): Q120, Q121, Q123, Q125, Q127, Q128, Q129, Q130, Q131, Q133, Q134, Q136, Q240, Q241, Q244, Q245, Q253, Q254, Q255

7.2 Earnings Multiples

SM pp. 419–430 · marks per attempt: **J26-2 · D24-14 · J24-4 · D23-9 · J23-2** · Dec'26 forecast: tier **B**, chance of any marks **68% (Likely)**, of a 7-mark question 45% (Possible), expected **3.3** marks (MCQ facts + one sum / answer type)

OUR DEC'26 CALLS FOR THIS TOPIC

1. Value from comparable firms' P/S, P/E and P/BV (weighted); EV/EBITDA of one company applied to a comparable. [REPEAT+SM-ILLUS · Dec'24 Q5(b) = PTP Q5(b); PTP Q6(b) (= SM 7.2 Illustration 11); SM 7.2 Illustration 10 not yet asked]
2. Justified P/E from payout, growth and cost of equity; the growth implied by the current P/E. [PRACTICE+SM-ILLUS · MQP Q5(a); SM 7.2 Illustration 9 - never in an exam]

Long questions and sums asked (past papers and ICMAI practice papers)

Priority	Question	Asked / marks	Answer in
★★★	Value of business: profit adjusted for extraordinary items + a new product, capitalised at 14%; market price at P/E 10 [old 7.2] (listed under 5.3 too)	J24 Q5(b) · 7 m · asked in 3 papers	
★	Extra dividend vs share repurchase: effect on price, EPS and P/E; which is better	D24 Q5(a) · 7 m	same problem: SM M5 exercise sum 1 (SM p.320; solution there)
★	Value from three comparable firms' P/S, P/E and P/BV, weighted 25 : 50 : 25	D24 Q5(b) · PTP Q5(b) · 7 m	
★	Value a chat app from a peer's value per user, with a 95% size discount [old 7.4; SM 7.2 Illustration 12 word for word]	D23 Q5(b) · 7 m	same problem: SM M7 Illus. 12 (SM p.427; solution there)
★	P/E and EV/EBIT of three companies with different debt: is the low P/E justified? [old 7.2; SM 9.1 Illustration 5] (listed under 9.1 too)	D23 Q6(b) · 7 m	
★	Earnings valuation model: P/E from payout, growth and cost of equity; growth implied by the current P/E; value at P/E 8	MQP Q5(a) · 7 m	
★	EV/EBITDA of one company, then EV of a comparable (an SM 7.2 illustration)	PTP Q6(b) · 7 m	

MCQs asked on this topic

Priority	Question	Asked / marks	Answer in
★★	(x) Under the market approach, a firm with EPS ₹25 and industry P/E of 15 would have an estimated equity value of: (A) ₹200 (B) ₹375 (C) ₹167 (D) ₹60	J26 Q1(x) · 2 m · asked in 2 papers	
★★	(vi) Market price of share ₹ 50, earnings per share ₹ 22.20, dividend per share ₹ 12.5 then what would be the price earnings ratio? (A) 2.25 (B) 4 (C) 6.25 (D) 10.25	J24 Q1(a)(vi) · 2 m · asked in 2 papers	
★★	(xiv) Market price of share ₹ 500; earnings per share ₹ 25, dividend per share ₹ 50, what would be earnings yield? (A) 5% (B) 10% (C) 15% (D) 2%	D23 Q1(xiv) · 2 m · asked in 2 papers	

Priority	Question	Asked / marks	Answer in
★★	Choose the correct alternative. Provide justification in each case. 1 mark is allotted for correct selection and 1 mark for the justification: 2×5=10 (i) The price that a willing buyer pays to a willing seller in a transaction at the open market is known as [2 Marks] (A) Fair Value (B) Equitable Value (C) Investment Value (D) None of the above (ii) If business is financed solely through equity, then cost of capital is the same as [2 Marks] (A) Cost of Equity (B) Cost of Debt (C) Cost of Retained earnings (D) None of the above (iii) If a company is having higher price to Book Value Ratio than those of the peers in the industry, it may be due to the fact that [2 Marks] (A) it enjoys better goo	J23 Q6(iv) · 2 m · asked in 2 papers	
★	(ix) A Company's share is currently trading in the market at ₹ 450. It is estimated that its cost of equity is 18% and the value of growth opportunities is ₹ 250. Then, its Price/Earnings Ratio will be (A) 11.11 (B) 12.25 (C) 12.50 (D) None of the above	J24 Q1(a)(ix) · 2 m	

Problems to solve (11): SM illustrations, SM exercise sums, ICMAI workbook

Priority	Problem (what it asks)	Where	Came in the exam
★★★	Monika is trying to value ChatApp, a Chat messaging app that currently has 16 million users…	SM M7 Illus. 12 · SM p.427	D23 Q5(b)
★★	Practical problem: Aditya has been assigned to value the investment portfolio of ABC Corp Ltd for…	SM M7 Illus. 7 · SM p.420	
★★	Practical problem: Turtle Ltd.'s EPS for the year is INR 100	SM M7 Illus. 8 · SM p.422	
★★	Practical problem: Jack Ltd has an expected dividend payout ratio of 20%, a required rate of…	SM M7 Illus. 9 · SM p.423	
★★	Practical problem: PAS Steel is a privately held company with Revenues of ₹ 122,000 Million and a…	SM M7 Illus. 10 · SM p.423	
★★	Practical problem: A valuer has obtained the following information regarding Infolink Ltd	SM M7 Illus. 11 · SM p.425	
★★	EV/EBITDA from a consolidated balance sheet and income items	Workbook ch.3 illustration 3 · WB p.26	
★★	EV/EBITDA multiple of a listed company	Workbook ch.3 illustration 9 · WB p.36	
★★	Business value from normalised profits plus a new product	Workbook ch.3 illustration 13 · WB p.41	
★★	Value of a firm from peers' revenue, book and earnings multiples	Workbook ch.5 illustration 9 · WB p.68	
★	Practical problem: Mahavir Ltd. has the following capital structure based on market values	SM M7 exercise sum 1 · SM p.460	

★ **SM exercise (if time):** M7 MCQ (not in the bank) 2 (p.450): Value of the firm usually based on · M7 MCQ (not in the bank) 3 (p.450): Shareholders wealth increases with the increase in ____ · M7 MCQ (not in the bank) 10 (p.451): Practical problem: A company has a profit attributable to ordinary shareholders of ₹ 100,000 · M7 MCQ (not in the bank) 11 (p.451): What does the price/earnings (PE) ratio measure · M7 MCQ (not in the bank) 12 (p.451): What does the price-to-earnings ratio (P/E) tell you · M7 MCQ (not in the bank) 13 (p.451): P/E ratio calculated · M7 MCQ (not in the bank) 14 (p.451): Which of the following is the most important use of the P/E ratio for investors · M7 MCQ (not in the bank) 18 (p.452): The ____ is defined as the present value of all cash proceeds to the investor in the stock · M7 MCQ (not in the bank) (list 2) 2 (p.458): Practical problem: A firm has an expected dividend payout ratio of 60% and an expected future…

MCQ bank for this topic (ICMAI MCQ bank question numbers): Q119, Q122, Q135, Q162, Q243, Q256

7.3 Book Value Multiples

SM pp. 431–435 · marks per attempt: **J25-2 · J23-2** · Dec'26 forecast: tier **C**, chance of any marks **30% (Unlikely)**, of a 7-mark question 16% (Unlikely), expected **1** marks (Read the headings)

OUR DEC'26 CALLS FOR THIS TOPIC

1. Net asset value of a privately held company with no market comparables. [SM-ILLUS · SM 7.3 Illustration 13 - never asked]

Long questions and sums asked (past papers and ICMAI practice papers)

Priority	Question	Asked / marks	Answer in
★	Explain the different 'standard of value' along with book value and liquidation value used in business valuation. [6] (listed under 6.5 too)	J23 Q7(a) · 6 m	

MCQs asked on this topic

Priority	Question	Asked / marks	Answer in
★★	(v) If a company has a P/E ratio of 20 and a ROE (Return on Equity) of 15% then the Market to Book Value Ratio is (A) 3 times (B) 0.03 (C) Cannot be calculated from the given information (D) None of the above	J25 Q1(a)(v) · 2 m · asked in 2 papers	
★★	Choose the correct alternative. Provide justification in each case. 1 mark is allotted for correct selection and 1 mark for the justification: 2×5=10 (i) The price that a willing buyer pays to a willing seller in a transaction at the open market is known as [2 Marks] (A) Fair Value (B) Equitable Value (C) Investment Value (D) None of the above (ii) If business is financed solely through equity, then cost of capital is the same as [2 Marks] (A) Cost of Equity (B) Cost of Debt (C) Cost of Retained earnings (D) None of the above (iii) If a company is having higher price to Book Value Ratio than those of the peers in the industry, it may be due to the fact that [2 Marks] (A) it enjoys better goodwill in the market (B) it has strong brands of its products (C) it may have a lot of intangibles not reflected in its Balance Sheet (D) All the above statements are true (iv) If earnings per share of a company is ₹10 and the price earnings ratios of other similar companies is 5, then market value of share of the company will be [2 Marks] (A) 50 (B) 2 (C) 0.5 (D) 7.5 (v) If stock A has a beta of 1.6 and stock B has a beta of 1.2, they make up the portfolio in the ratio of 70 : 30. What would be the beta of the portfolio? [2 Marks] (A) 1.48 (B) 2.48 (C) 1.92 (D) Beta cannot be calculated	J23 Q6(iii) · 2 m · asked in 2 papers	

Problems to solve (1): SM illustrations, SM exercise sums, ICMAI workbook

Priority	Problem (what it asks)	Where	Came in the exam
★★	Arvind has been assigned to value VG Pvt Ltd. The company is privately held and does not have...	SM M7 Illus. 13 · SM p.431	

★ **SM exercise (if time):** M7 MCQ (not in the bank) 1 (p.450): Which of the following is not one of the three fundamental methods of firm valuation · M7 MCQ (not in the bank) 8 (p.451): Unlisted company can be valued at · M7 MCQ (not in the bank) 9 (p.451): Which of the following valuation methods is based on "Going concern concept" · M7 MCQ (not in the bank) 20 (p.452): Permanent working capital · M7 MCQ (not in the bank) 24 (p.453): Which of the following are commonly cited reasons for M&As · M7 MCQ (not in the bank) 27 (p.453): As per the net present value, any projects to be acceptable should have a · M7 MCQ (not in the bank) 45 (p.456): Estimated fair value of an asset is based on the ____ value of operating cash flows · M7 MCQ (not in the bank) 52 (p.457): Which method in a capital budgeting is based on the discounted cash flow

MCQ bank for this topic (ICMAI MCQ bank question numbers): Q132, Q137

7.4 Revenue and Sector Specific Multiples

SM pp. 436–449 · marks per attempt: **D23-7** · Dec'26 forecast: tier **B**, chance of any marks **35% (Unlikely)**, of a 7-mark question 35% (Unlikely), expected **1.8** marks (MCQ facts + one sum / answer type)

Long questions and sums asked (past papers and ICMAI practice papers)

Priority	Question	Asked / marks	Answer in
★	Is the asking price of a retail florist reasonable? P/S and P/E of past sales (mean, CV, top 10)	D23 Q8(b) · 7 m	
★	Value of a levered and an unlevered firm by the net income approach	PTP Q5(a) · 7 m	

Problems to solve (4): SM illustrations, SM exercise sums, ICMAI workbook

Priority	Problem (what it asks)	Where	Came in the exam
★★★	Consider A Ltd that has assets in place in which it has capital invested of ₹100 crores	SM M7 Illus. 14 · SM p.437	J24 Q6(b)
★★	Share value and present value of economic profit (residual income model)	Workbook ch.2 illustration 7 · WB p.23	
★★	Price-to-sales comparison of two distributors: which looks cheaper	Workbook ch.3 illustration 2 · WB p.25	
★★	Residual income valuation over four years: intrinsic value and buy or sell	Workbook ch.3 illustration 10 · WB p.36	

★ **SM exercise (if time):** M7 solved case 1 (p.438): Quinton Johnston is evaluating TMI Manufacturing Company, Ltd., which is headquartered is… · M7 MCQ (not in the bank) 21 (p.452): Which of the performance evaluation methods takes into consideration tax effects · M7 MCQ (not in the bank) 22 (p.452): Which of the following best describes "Market Value Added · M7 MCQ (not in the bank) (list 2) 3 (p.458): Practical problem: An analyst wishes to calculate the WACC for a company · M7 MCQ (not in the bank) (list 2) 4 (p.458): Practical problem: Reliance Motors shares are expected to pay dividends of ₹1.50, ₹ 1.60, and… · M7 MCQ (not in the bank) (list 2) 5 (p.458): Practical problem: Aura Mines Ltd is trading at a price of ₹245 per share

MCQ bank for this topic (ICMAI MCQ bank question numbers): Q124, Q126

8.1 Valuation of Plant & Machinery

SM pp. 479–484 · **never asked in the seven papers** · Dec'26 forecast: tier **C**, chance of any marks **16% (Unlikely)**, of a 7-mark question 16% (Unlikely), expected **0.7** marks (Read the headings)

OUR DEC'26 CALLS FOR THIS TOPIC

1. Value of plant and machinery by the index method, less depreciation for the years used. [NEVER+SM-ILLUS · SM 8.1 Illustration 1 - never asked]

★ **SM exercise (if time):** M8 MCQ (not in the bank) 1 (p.535): International Financial Reporting Standards (IFRS) defines Property, Plant and Equipment as · M8 MCQ (not in the bank) 2 (p.535): Methods are often used to value machinery and equipment by the income approach,

MCQ bank for this topic (ICMAI MCQ bank question numbers): Q257

8.2 Valuation of Inventory

SM pp. 485–485 · **never asked in the seven papers** · Dec'26 forecast: tier **C**, chance of any marks **8% (Rare)**, of a 7-mark question 8% (Rare), expected **0.4** marks (Read the headings)

★ **SM exercise (if time):** M8 MCQ (not in the bank) 36 (p.540): The market-based methods for the valuation of a share should not be adopted if ____

MCQ bank for this topic (ICMAI MCQ bank question numbers): Q139, Q260

8.3 Valuation of Investments – Shares and Bonds/Debentures

SM pp. 489–502 · marks per attempt: **J26-2 · D25-9 · J25-9 · D24-11 · J24-2** · Dec'26 forecast: tier **A**, chance of any marks **83% (Very likely)**, of a 7-mark question 53% (Possible), expected **4.8** marks (7-mark sum (bond / warrant / unquoted shares) + MCQ facts)

OUR DEC'26 CALLS FOR THIS TOPIC

1. Fair value of an unlisted bond held to maturity (YTM of similar bonds); minimum price and premium of a warrant; fair value per share of an unquoted company (land at fair value, contingent liability). [REPEAT+SM-ILLUS · Dec'25 Q6(b), Dec'24 Q6(b) (= SM 8.3 Illustration 9), Jun'25 Q6(a) (SM 8.3); SM 8.3 Illustrations 2, 4, 6]

Long questions and sums asked (past papers and ICMAI practice papers)

Priority	Question	Asked / marks	Answer in
★★	Warrant: minimum price and premium, and both again at a higher share price [SM 8.3 Illustration 9]	D24 Q6(b) · 7 m · asked in 2 papers	
★	Fair value of an unlisted 9.5% bond held to maturity, discounted at the A+ YTM 8.5%	D25 Q6(b) · 7 m	

Priority	Question	Asked / marks	Answer in
★	Value of equity shares for a purchaser: net assets at revised values + goodwill at 4 x adjusted average super profit (listed under 8.4 too)	J25 Q5(a) · 7 m	
★	Fair value per share (land at fair value, contingent liability), fair value of the investment, CAGR over 4 years [SM 8.3 illustration word for word]	J25 Q6(a) · PTP Q6(a) · 7 m	

MCQs asked on this topic

Priority	Question	Asked / marks	Answer in
★★	(vii) The rate of return required by the bond holders from the bond is known as the ____. (A) Bond Price (B) Call Option (C) Bond Yield (D) Coupon	J26 Q1(vii) · 2 m · asked in 2 papers	
★★	(vi) A bond with a face value of ₹1,000, coupon 9% and maturity of 10 years is trading in a bond market. Its current yield is 8.18%. Then, the bond is trading in the market at ____ (A) premium (B) discount (C) par (D) Nothing can be said about it	D25 Q1(a)(vi) · PTP Q1(a)(ix) · 2 m · asked in 2 papers	
★★	(viii) A ____ is an option issued by a company to buy a stated number of shares of stock at a specified price. (A) Warrant (B) Bond (C) Puttable Bond (D) None of the above	J25 Q1(a)(viii) · 2 m · asked in 2 papers	
★★	(x) Smith Ltd. has announced issue of warrants on 1:1 basis for its equity shareholders. The warrants are convertible at an exercise price of ₹15. Warrants are detachable and trading at ₹7. What is the minimum price of the warrant if the current price of the stock is ₹20? (A) ₹4 (B) ₹5 (C) ₹7 (D) ₹15	D24 Q1(x) · POSTAL Q6(iii) · 2 m · asked in 2 papers	
★	(ix) The number of shares outstanding as on 31/03/2024 for A Ltd. is 10 lakhs and it has reported a net profit of ₹20 lakhs for FY 2023-24. The company decides to repurchase 20% shares at ₹32 per share. If the P/E ratio remains unchanged after repurchase, the post buy-back price per share is (A) ₹40 (B) ₹32 (C) ₹25 (D) ₹16	D24 Q1(ix) · 2 m	
★	(x) If a person buys a five year bond in which he can realize a coupon rate of 5%, but the rate of inflation is 8%, the purchasing power of the bond interest has (A) increased (B) declined (C) no effect on purchasing power (D) all of these depend upon the market situation	J24 Q1(a)(x) · 2 m	

Problems to solve (5): SM illustrations, SM exercise sums, ICMAI workbook

Priority	Problem (what it asks)	Where	Came in the exam
★★	The share trading details of Reliance Industries Ltd from stock exchange is available as…	SM M8 Illus. 2 · SM p.489	
★★	Practical problem: An 8% bond of Face Value ₹ 100 is selling for ₹ 96	SM M8 Illus. 6 · SM p.494	
★★	Value of a semi-annual coupon bond	Workbook ch.4 illustration 4 · WB p.47	
★★	Bond yield to maturity, duration and volatility	Workbook ch.4 illustration 5 · WB p.48	
★	Practical problem: X Ltd. has the following portfolio of investment on 31st March 2023	SM M8 exercise sum 1 · SM p.541	

★ **SM exercise (if time):** M8 MCQ (not in the bank) 9 (p.536): Option which entitles the issuer to call back the bonds and redeem them before maturity · M8 MCQ (not in the bank) 11 (p.536): Current yield of bonds selling at a premium would be more than the coupon interest rate · M8 MCQ (not in the bank) 13 (p.536): ____is the yield actually earned by the investor on his investment and depends on the… · M8 MCQ (not in the bank) 14 (p.536): Which bonds don't pay any coupon payments the entire interest is accumulated and is paid at… · M8 MCQ (not in the bank) 15 (p.537): For a bond, the relationship between the price and the required yield is opposite.Is it true · M8 MCQ (not in the bank) 16 (p.537): Price does not remains constant when the bond moves towards its maturity, and if the interest… · M8 MCQ (not in the bank) 17 (p.537): Discount bonds ____ their prices when they approach maturity · M8 MCQ (not in the bank) 18 (p.537): If YTM decreases above the coupon rate then the market value is ____ than the face value · M8 MCQ (not in the bank) 19 (p.537): Higher the coupon rate ____ would be the duration · M8 MCQ (not in the bank) 35 (p.540): Primary purpose for the valuation of shares · M8 MCQ (not in the bank) 38 (p.540): Asset-Liability management can be used to manage · M8 MCQ (not in the bank) 40 (p.540): Which of the following risk is involved in debt instrument · M8 MCQ (not in the bank) 41 (p.540): Interest rate and bond prices are · M8 MCQ (not in the bank) 42 (p.540): Credit rating AAA denotes for · M8 MCQ (not in the bank) 43 (p.541): Which of the following is true about the callable bond · M8 MCQ (not in the bank) 44 (p.541): A callable bond is worth

MCQ bank for this topic (ICMAI MCQ bank question numbers): Q138, Q140, Q141, Q142, Q143, Q144, Q145, Q146, Q147, Q148, Q149, Q150, Q151, Q152

8.4 Valuation of Intangibles – Copy Rights, Goodwill, Brand

SM pp. 505–516 · marks per attempt: **J26-2 · D25-11 · J25-7 · J24-2 · J23-16** · Dec'26 forecast: tier **A**, chance of any marks **80% (Likely)**, of a 7-mark question 61% (Likely), expected **5** marks (7-mark sum (copyright / brand / goodwill) + MCQ facts)

OUR DEC'26 CALLS FOR THIS TOPIC

1. Value of a copyright / a brand / goodwill (years' purchase of average super profit). [REPEAT+SM-ILLUS · Dec'25 Q6(a) (= SM 8.4 Illustration 10), Jun'23 Q9(b), postal Q8(a) (= SM 8.4 Illustration 11); SM 8.4 Illustration 12 (brand, Logos Ltd) never asked]

Long questions and sums asked (past papers and ICMAI practice papers)

Priority	Question	Asked / marks	Answer in
★★	Goodwill at 5 years' purchase of average super profit (capital employed at fair values, normal return 12%) + value of the business	J23 Q9(b) · POSTAL Q8(a) · 10 m · asked in 2 papers	
★	Value of a book's copyright: 10 years of margins growing 5% then 2%, at 10% [SM 8.4 Illustration 10, other names]	D25 Q6(a) · 7 m	same problem: SM M8 Illus. 10 (SM p.507; solution there)
★	Value of equity shares for a purchaser: net assets at revised values + goodwill at 4 x adjusted average super profit	J25 Q5(a) · 7 m	
★	□9. (a) Why is brand valuation needed? Explain the steps in valuation of a brand. [6]	J23 Q9(a) · 6 m	

MCQs asked on this topic

Priority	Question	Asked / marks	Answer in
★★	(vii) An analyst has estimated ₹ 450 crore as future maintainable profits for Super Shine Limited. If the expected rate of return on capital employed is 15% and the Average Capital Employed is ₹ 1200 crore, the goodwill of Super Shine Limited at 4 years purchase will be (A) ₹ 180 crore (B) ₹ 270 crore (C) ₹ 1,080 crore (D) ₹ 1,200 crore	J24 Q1(a)(vii) · 2 m · asked in 2 papers	
★	(viii) Which is not a human-capital related intangible asset? (A) Trained workforce (B) Employment agreements (C) Union Contracts (D) Design patent	J26 Q1(viii) · 2 m	
★	(vii) Which valuation method is primarily used to value franchise agreements and certain licenses? (A) Relief-from-royalty method (B) Multi period excess earning method (C) Greenfield method (D) With and without method	D25 Q1(a)(vii) · MQP Q1(a)(vii) · 2 m	
★	(viii) On April 1, 2024, "Zenith Logistics" entered into a lease agreement for a specialized piece of warehouse equipment. An analyst is tasked with determining the initial value of the Right-of-Use (ROU) Asset to be recognized on Zenith's balance sheet as per Ind AS 116. The following data has been gathered: * Present Value of Lease Payments: ₹1,75,400 * Initial Direct Costs (e.g., legal fees to draft the lease): ₹12,000 * Lease Incentives received from Lessor: (₹5,000) * Estimated Cost to Dismantle & Restore at end of lease (PV): ₹8,500 Based on the information provided, which of the following calculations correctly determines the value of the Right-of-Use (ROU) Asset that Zenith Logistics	D25 Q1(a)(viii) · 2 m	

Problems to solve (7): SM illustrations, SM exercise sums, ICMAI workbook

Priority	Problem (what it asks)	Where	Came in the exam
★★★	Let's say V	SM M8 Illus. 10 · SM p.507	D25 Q6(a)
★★	Practical problem: The following information is available for ST Ltd Liabilities 31.3.20×4…	SM M8 Illus. 11 · SM p.509	
★★	Practical problem: Logos Ltd is considering evaluating its brand value	SM M8 Illus. 12 · SM p.511	
★★	Practical problem: JDM Ltd has entered into a lease agreement to use an equipment for 7 years	SM M8 Illus. 13 · SM p.512	

Priority	Problem (what it asks)	Where	Came in the exam
★★	Value of a book's publishing rights from five years of royalties and sales	Workbook ch.4 illustration 1 · WB p.45	
★★	Excess earnings method: value of intangibles and of the firm	Workbook ch.4 illustration 2 · WB p.46	
★★	Firm value by the excess earnings model	Workbook ch.4 illustration 8 · WB p.52	

MCQ bank for this topic (ICMAI MCQ bank question numbers): Q153, Q178, Q180, Q259

8.5 Valuation of Human Resources

SM pp. 517–520 · marks per attempt: **J26-7 · J24-7** · Dec'26 forecast: tier **A**, chance of any marks **42% (Possible)**, of a 7-mark question 35% (Unlikely), expected **1.9** marks (7-mark sum (Lev & Schwartz))

OUR DEC'26 CALLS FOR THIS TOPIC

1. Value of human resources by Lev & Schwartz (earnings to retirement, discounted); maximum bid for a new employee.
   [REPEAT+PRACTICE · Jun'24 Q6(a), Jun'26 Q6(a); MQP Q6(a)]

Long questions and sums asked (past papers and ICMAI practice papers)

Priority	Question	Asked / marks	Answer in
★★	Lev & Schwartz: value of skilled and unskilled employee groups (earnings to retirement at 20%)	J26 Q6(a) · 7 m · asked in 2 papers	
★★	Value of employees by age group: annual earnings x annuity factor to retirement at 10% (lowest age of each class)	J24 Q6(a) · 7 m · asked in 2 papers	
★	Maximum bid and salary for a new employee from the extra profit over the peer return	MQP Q6(a) · 7 m	

MCQs asked on this topic

Priority	Question	Asked / marks	Answer in
★	Model where an individual generates value moving through roles = Flamholtz stochastic rewards	PTP Q1(a)(vii) · 2 m	

★ **SM exercise (if time):** M8 MCQ (not in the bank) 28 (p.538): ___assumes that an individual generates work value as he or she occupies and moves… · M8 MCQ (not in the bank) 29 (p.539): ____ is based on the economic concept of recognising humans as wealth-providing sources of…

8.6 Valuation of Real Estate

SM pp. 521–525 · marks per attempt: **J26-7 · D23-7** · Dec'26 forecast: tier **B**, chance of any marks **51% (Possible)**, of a 7-mark question 45% (Possible), expected **2.7** marks (One sum type (real estate by comparables))

OUR DEC'26 CALLS FOR THIS TOPIC

1. Value of a building from comparable sales: price per square foot (adjusted for occupancy) and price per rupee of gross rent.
   [REPEAT · Dec'23 Q6(a)]

Long questions and sums asked (past papers and ICMAI practice papers)

Priority	Question	Asked / marks	Answer in
★	Vacant land: build now or in a year, 8 or 12 units - value of the land with the option to wait (not in the SM text)	J26 Q5(a) · 7 m	
★	Office building from six comparable sales: value by price per square foot at 94% occupancy; Same building: value by price per rupee of gross rent	D23 Q6(a)(i)(ii) · 7 m	
★	Principles that govern the valuation of real estate	POSTAL Q9(b) · 6 m	

Problems to solve (1): SM illustrations, SM exercise sums, ICMAI workbook

Priority	Problem (what it asks)	Where	Came in the exam
★★	Office building value by direct capitalisation of net operating income	Workbook ch.4 illustration 3 · WB p.47	

MCQ bank for this topic (ICMAI MCQ bank question numbers): Q258

8.7 Value Added, Economic Value Added, Market Value Added

SM pp. 526–529 · marks per attempt: **J26-11 · J25-9 · D24-2 · J24-7 · D23-2** · Dec'26 forecast: tier **A**, chance of any marks **78% (Likely)**, of a 7-mark question 45% (Possible), expected **3.9** marks (7-mark sum (EVA) + MCQ facts)

OUR DEC'26 CALLS FOR THIS TOPIC

1. EVA for two years - has shareholder value been created despite higher sales and profit? EVA = NOPAT - capital employed x cost of capital. [REPEAT · Jun'25 Q6(b), Jun'26 Q6(b); postal Q10; MQP Q6(b)]
2. Firm value by the EVA approach: capital in place + PV of the EVA of assets in place and of new investments. [REPEAT+SM-ILLUS · Jun'24 Q6(b) (= SM 8.7 Illustration 16)]

Long questions and sums asked (past papers and ICMAI practice papers)

Priority	Question	Asked / marks	Answer in
★★★	EVA for two years; was shareholder value created despite higher turnover and profits? (postal paper Q10 template)	J26 Q6(b) · 7 m · asked in 3 papers	
★★★	EVA from a full balance sheet and P&L at WACC 12.5%	J25 Q6(b) · 7 m · asked in 3 papers	
★	Firm value by the EVA approach: assets in place + PV of the EVA of five years' new investments [SM 8.7 Illustration 16]	J24 Q6(b) · 7 m	same problem: SM M7 Illus. 14 (SM p.437; solution there)

MCQs asked on this topic

Priority	Question	Asked / marks	Answer in
★★★	(xiii) Net operating profit before tax 1 crore, Net operating profit after tax ₹ 98 lakh, Weighted average cost of capital 11.5%, Average cost of capital 13.5% and total capital ₹ 700 lakhs, then economic value added will be (A) 10.50 lakhs (B) 16.50 lakhs (C) 17.50 lakhs (D) 18.75 lakhs	D23 Q1(xiii) · MQP Q6(b) · POSTAL Q10 · 2 m · asked in 3 papers	
★★	(v) Market value Added (MVA) is the difference between the current market value of a firm and the ____. (A) Net Worth of the Company (B) Total Value of the Assets of the Company (C) Capital Employed in the Company (D) Total Outsider's Liabilities of the Company	J26 Q1(v) · 2 m · asked in 2 papers	
★★	(vii) X Ltd has ₹100 crores worth of common equity on its Balance Sheet comprising of 50 lakhs shares. The company's Market Value Added (MVA) is ₹24 crores. What is company's stock price? (A) 230 (B) 238 (C) 248 (D) 264	D24 Q1(vii) · MQP Q1(a)(ix) · POSTAL Q6(ii) · 2 m · asked in 2 papers	
★	(xi) What is the EVA of the API Division? (A) ₹630 lakhs (B) ₹1,400 lakhs (C) ₹620 lakhs (D) ₹1,330 lakhs	J26 Q1(xi) · MQP Q1(b)(xi) · 2 m	
★	(i) EVA is ____ related to shareholder's value. (A) directly (B) inversely (C) not related (D) None of the above	J25 Q1(a)(i) · PTP Q1(a)(v) · 2 m	

Problems to solve (4): SM illustrations, SM exercise sums, ICMAI workbook

Priority	Problem (what it asks)	Where	Came in the exam
★★	Economic value added from EBIT, interest, tax and costs of capital	Workbook ch.3 illustration 16 · WB p.44	
★★	EVA for three years with changing capital structure and beta	Workbook ch.4 illustration 6 · WB p.49	
★★	EVA and MVA from an income statement and balance sheet	Workbook ch.4 illustration 7 · WB p.50	

Priority	Problem (what it asks)	Where	Came in the exam
★★	EVA of a firm with an unrecorded patented product	Workbook ch.4 illustration 9 · WB p.53	

★ **SM exercise (if time):** M8 MCQ (not in the bank) 30 (p.539): EVA = · M8 MCQ (not in the bank) 33 (p.539): A ____ MVA means that the value of the actions and investments of management is less than... · M8 MCQ (not in the bank) 34 (p.539): The aim of the company should be to maximize ____

MCQ bank for this topic (ICMAI MCQ bank question numbers): Q154, Q155, Q156, Q157, Q158, Q160, Q261, Q262

8.8 Valuation of Liabilities

SM pp. 530–534 · marks per attempt: **J25-2** · Dec'26 forecast: tier **C**, chance of any marks **23% (Unlikely)**, of a 7-mark question 8% (Rare), expected **0.7** marks (Read the headings)

MCQs asked on this topic

Priority	Question	Asked / marks	Answer in
★	(ix) Which of the following is a financial liability for a company? (A) X Ltd. has issued 10 crore equity shares of ₹ 10 each. (B) X Ltd. has issued 10 crore cumulative redeemable preference shares of ₹ 10 each. (C) X Ltd. has issued 10 crore non-cumulative compulsorily convertible preference shares of ₹ 10 each. (D) Both (B) and (C)	J25 Q1(a)(ix) · 2 m	

★ **SM exercise (if time):** M8 MCQ (not in the bank) 37 (p.540): Which of the following is false regarding "Options

MCQ bank for this topic (ICMAI MCQ bank question numbers): Q164

9.1 Acquisition Pricing

SM pp. 577–592 · marks per attempt: **J26-23 · D25-21 · J25-9 · D24-28 · J24-21 · D23-28 · J23-8** · Dec'26 forecast: tier **A**, chance of any marks **97% (Very likely)**, of a 7-mark question 95% (Very likely), expected **19.6** marks (7-mark sum / answer + MCQ facts)

OUR DEC'26 CALLS FOR THIS TOPIC

1. Exchange ratio (on EPS, market price or weighted), post-merger EPS and price, gain or loss for each set of shareholders; the ratio that keeps EPS intact. [REPEAT · Dec'23 Q7(a), Dec'24 Q7(b), Dec'25 Q7(a), Jun'26 Q7(b) + Q8(b); MQP Q7(a), Q8(b)]
2. Gain from a merger; cost of a cash offer vs a stock offer to the acquirer. [REPEAT · Dec'24 Q7(a), Dec'25 Q7(b)]
3. Acquisition price from comparable companies (P/E) or comparable transactions (EV/Sales, EV/EBITDA, P/E) plus a deal premium. [REPEAT+SM-ILLUS · Jun'24 Q7(b) (= SM 9.1 Illustration 1), Jun'26 Q7(a) (= Illustration 2)]
4. A merger creates synergy of a given value: maximum price the acquirer can pay, premium, and how the gain is shared. [SM-ILLUS · SM 9.1 Illustration 3 (Ace / Base) - never asked]
5. Stock-for-stock offer: purchase premium, exchange ratio, new shares, post-merger EPS, P/E and share price. [REPEAT · Dec'24 Q8(b) (= PTP Q8(b), postal Q8(b)), Jun'24 Q8(b), Jun'26 Q8(b)]
6. Acquire or not: NPV of the target's cash flows against the price; range of valuation against the market value. [REPEAT · Dec'25 Q8(b); Jun'25 Q7(b) = PTP Q7(a)]

Long questions and sums asked (past papers and ICMAI practice papers)

Priority	Question	Asked / marks	Answer in
★★★	New EPS at a market-price exchange ratio; the ratio that keeps the target's earnings per share intact	J26 Q7(b) · 7 m · asked in 6 papers	
★★★	Three possible share exchanges (20,000 / 25,000 / 30,000 shares): effect on each set of shareholders; which is fair	J26 Q8(b) · 7 m · asked in 6 papers	
★★★	Swap ratio on market prices; post-merger price at unchanged P/E; gain / loss for each set of shareholders	D25 Q7(a) · 7 m · asked in 6 papers	
★★★	Take over one or both of two targets? EPS / P/E analysis	D24 Q7(b) · 7 m · asked in 6 papers	
★★★	Stock-for-stock offer at Rs 90: purchase premium, exchange ratio, new shares, post-merger EPS, P/E and share price	D24 Q8(b) · 7 m · asked in 6 papers	same problem: Workbook ch.5 illustration 5 (WB p.60; solution there)
★★★	Exchange in the ratio of EPS vs 0.5 : 1: post-merger EPS and the impact on each set of shareholders	J24 Q8(b) · 7 m · asked in 6 papers	

Priority	Question	Asked / marks	Answer in
★★★	EPS of both companies and the exchange ratio (market-price basis)	D23 Q7(a) · 7 m · asked in 6 papers	
★★★	Three acquisition plans (cash per share, cash + share, share exchange): EPS and share price at unchanged P/E; best strategy	J23 Q10 · MQP Q7(a) · MQP Q8(b) · PTP Q7(b) · PTP Q8(b) · POSTAL Q8(b) · 8 m · asked in 6 papers	
★★	Acquisition price of a target from comparable transactions (EV/Sales, EV/EBITDA, P/E) [SM 9.1 Illustration 2, same data]	J26 Q7(a) · 7 m · asked in 2 papers	same problem: SM M9 Illus. 2 (SM p.580; solution there)
★★	Benefit of an acquisition (growth 7% -> 8%); cost of a cash offer vs one share for every three	D25 Q7(b) · 7 m · asked in 2 papers	
★★	Buy a company for Rs 1 crore? NPV of five years' after-tax cash flows at WACC 9%	D25 Q8(b) · 7 m · asked in 2 papers	
★★	Range of valuation for a target: market value vs PV of three years' cash inflows at 12%	J25 Q7(b) · PTP Q7(a) · 7 m · asked in 2 papers	
★★	Gain from a merger (cost savings in perpetuity); cost of a cash offer vs a 50% stock offer	D24 Q7(a) · 7 m · asked in 2 papers	
★★	Deal price for a target: average P/E of comparable companies x EPS + average premium of recent deals [SM 9.1 Illustration 1, other names]	J24 Q7(b) · 7 m · asked in 2 papers	same problem: SM M9 Illus. 1 (SM p.579; solution there)
★	PE investor (40% required return, 5 years): ownership share, post-money and pre-money value from an exit EBITDA multiple [old 9.3; SM 9.1.5 covers PE / VC acquisitions but not this sum]	D24 Q6(a) · 7 m	
★	Merged firm's capital structure and debt share; has financial risk fallen; extra debt to get back to 50% debt	J24 Q7(a) · 7 m	
★	P/E and EV/EBIT of three companies with different debt: is the low P/E justified? [old 7.2; SM 9.1 Illustration 5]	D23 Q6(b) · 7 m	
★	Market price and market capitalisation of acquirer and target from EPS and P/E	D23 Q7(b) · 7 m	
★	Swap ratio weighted on EPS 40%, book value 25%, market price 35%; promoter holding, post-merger EPS, price, free-float market cap	D23 Q8(a) · 7 m	

MCQs asked on this topic

Priority	Question	Asked / marks	Answer in
★★	(ix) Synergy expected from merger = ₹40 crore, price paid = ₹360 crore, target value = ₹320 crore. Acquirer's gain = ? (A) ₹0 crore (B) ₹5 crore (C) ₹10 crore (D) ₹15 crore	J26 Q1(ix) · 2 m · asked in 2 papers	
★	(ii) The merger of one or more companies with another company or the merger of two or more companies to form one company is called ____ (A) Demerger (B) Acquisition (C) Amalgamation (D) Slump sale	J25 Q1(a)(ii) · POSTAL Q6(v) · POSTAL Q9(a) · 2 m	

Problems to solve (15): SM illustrations, SM exercise sums, ICMAI workbook

Priority	Problem (what it asks)	Where	Came in the exam
★★★	Practical problem: Aruna has been assigned the task of estimating a fair acquisition price for…	SM M9 Illus. 1 · SM p.579	J24 Q7(b)
★★★	Practical problem: Valuation using Comparable Transaction Method Yasmin has been assigned to…	SM M9 Illus. 2 · SM p.580	J26 Q7(a)
★★★	Purchase premium, exchange ratio, new shares, post-merger EPS, price and ownership	Workbook ch.5 illustration 5 · WB p.60	D24 Q8(b)
★★★	Gain from a merger and the cost of a cash offer versus a stock offer (same figures as the Dec'24 exam Q7(a))	Workbook ch.5 illustration 10 · WB p.69	D24 Q7(a)

Priority	Problem (what it asks)	Where	Came in the exam
★★	Practical problem: Ace Ltd is considering the acquisition of Base Ltd. Ace's management estimates…	SM M9 Illus. 3 · SM p.582	
★★	Practical problem: Acquirer Ltd is proposing to acquire Target Ltd. Expected Post Merger Combined…	SM M9 Illus. 4 · SM p.584	
★★	Practical problem: The below information is given about 3 companies	SM M9 Illus. 5 · SM p.587	
★★	Share values by net assets and by earnings capitalisation; exchange ratio for a takeover	Workbook ch.3 illustration 4 · WB p.28	
★★	NPV of a merger to the acquirer and to the target	Workbook ch.5 illustration 2 · WB p.57	
★★	True cost of a share-for-share offer and the gain to each side	Workbook ch.5 illustration 3 · WB p.57	
★★	Merger NPV from stand-alone and combined cash flows with terminal growth	Workbook ch.5 illustration 4 · WB p.58	
★★	Takeover price that shares synergy and management-cost savings	Workbook ch.5 illustration 7 · WB p.65	
★★	Share exchange ratio with a premium, new shares and post-merger EPS	Workbook ch.5 illustration 11 · WB p.70	
★★	EPS, P/E, shares to issue and post-merger EPS for a 0.5-for-1 offer	Workbook ch.5 illustration 12 · WB p.71	
★★	Exchange ratio from share prices averaged over six months	Workbook ch.5 illustration 13 · WB p.72	

★ **SM exercise (if time):** M9 MCQ (not in the bank) 2 (p.624): In a ____, the companies are in different points in the value chain · M9 MCQ (not in the bank) 3 (p.624): If the acquirer moves up the value chain towards the ultimate consumer it is called____ · M9 MCQ (not in the bank) 4 (p.624): An ice cream manufacturer acquires restaurants where it can serve ice cream · M9 MCQ (not in the bank) 5 (p.624): If the acquirer moves down the value chain towards raw materials it is called ____ · M9 MCQ (not in the bank) 6 (p.624): A ____ is one where the merging companies are neither into the same products or services,… · M9 MCQ (not in the bank) 7 (p.625): In 2018, Walmart acquired 77 percent stake in Flipkart India for USD 16 billion · M9 MCQ (not in the bank) 8 (p.625): Acquisitions create value when the cash flows of the combined companies are greater than the… · M9 MCQ (not in the bank) 9 (p.625): The purchase price of an acquisition will nearly always be ____ than the intrinsic value of… · M9 MCQ (not in the bank) 10 (p.625): The net present value of the cashflows that will result from improvements made when the… · M9 MCQ (not in the bank) 11 (p.625): Value gap is the difference between ____and ____ · M9 MCQ (not in the bank) 32 (p.629): If purchase consideration is less than net assets of the transferor company, then difference… · M9 MCQ (not in the bank) 37 (p.630): If a bond of a company is trading at a premium in the market then its yield-to-maturity will… · M9 MCQ (not in the bank) 38 (p.630): Net operating Profit After Taxes is called ____ · M9 MCQ (not in the bank) 41 (p.630): X ltd has ₹ 100 crores worth of common equity on its balance sheet comprising of 50 lakhs… · M9 MCQ (not in the bank) 44 (p.631): An investment is the risk free when actual returns are always ____ the expected returns · M9 MCQ (not in the bank) 47 (p.631): Tax consequences of a taxable merger · M9 case 20 (p.657): Practical problem: Mohit Co. Ltd. is studying the possible acquisition of Neeraj Co. Ltd., by way…

MCQ bank for this topic (ICMAI MCQ bank question numbers): Q161, Q165, Q166, Q167, Q168, Q169, Q170, Q173, Q175, Q176, Q177, Q263, Q264

9.2 Acquisition Outcome

SM pp. 593–603 · marks per attempt: **D25-4 · J25-14 · D24-2 · D23-2** · Dec'26 forecast: tier **A**, chance of any marks **83% (Very likely)**, of a 7-mark question 53% (Possible), expected **4.8** marks (7-mark sum (synergy value / demerger) + MCQ facts)

OUR DEC'26 CALLS FOR THIS TOPIC

1. Value of synergy for two steady-state firms (lower COGS or higher growth); demerger ratio and post-demerger prices. [REPEAT+PRACTICE · Jun'25 Q7(a), Jun'25 Q8(b); MQP Q7(b); SM 9.2 Illustration 7]
2. Demerger: ratio of the new shares, expected market prices, book value per share. [REPEAT · Jun'25 Q8(b)]

Long questions and sums asked (past papers and ICMAI practice papers)

Priority	Question	Asked / marks	Answer in
★	Value of two steady-state firms before the merger and of the combined firm with a cost synergy	J25 Q7(a) · MQP Q7(b) · 7 m	
★	Demerger: share-issue ratio, expected market price, book value per share of both companies	J25 Q8(b) · 7 m	

MCQs asked on this topic

Priority	Question	Asked / marks	Answer in
★★	(x) An acquisition is being considered where the acquirer would pay ₹200 million for a target company that has a standalone value of ₹150 million. The acquirer has estimated ₹60 million in synergies, but expects the cost of integration to be ₹20 million. What is the net gain or loss? (A) ₹10 million net loss (B) ₹10 million net gain (C) ₹30 million net loss (D) ₹30 million net gain	D25 Q1(a)(x) · MQP Q1(a)(x) · POSTAL Q6(iv) · 2 m · asked in 2 papers	
★	(ix) "Titan Innovations" is planning to acquire "Synergy Tech". You are provided with the following financial data and transaction details: * Combined Net Profit After Tax (PAT) post-merger (including synergies): ₹3,500 crores * 'Titan Innovations' pre-merger PAT: ₹2,000 crores * 'Titan Innovations' pre-merger shares outstanding: 400 crores * New shares to be issued by Titan to acquire Synergy Tech: 100 crores Based on the data, match the financial metrics in List-I with their corresponding values in List-II. | List-I (Financial Metric) | List-II (Value) | | | (P) Pre-Merger EPS of "Titan Innovations"	D25 Q1(a)(ix) · 2 m	
★	(viii) If the combined entity is more than the sum of its parts, the transaction is said to have created (A) Combined Value (B) Net Worth (C) Synergies (D) Economic gains	D24 Q1(viii) · 2 m	
★	(v) If the divestiture value is greater than the present value of the expected cash flows, the value of the divesting firm will (A) increase on the divestiture (B) decrease on the divestiture (C) remain same on the divestiture (D) None of the above	D23 Q1(v) · 2 m	

Problems to solve (2): SM illustrations, SM exercise sums, ICMAI workbook

Priority	Problem (what it asks)	Where	Came in the exam
★★	Practical problem: The following is the list of key players in an industry along with their market…	SM M9 Illus. 6 · SM p.596	
★★	Practical problem: Value of target Co. is ₹ 500 Million Value of the acquiring Co. is ₹ 800 Million	SM M9 Illus. 7 · SM p.597	

★ **SM exercise (if time):** M9 MCQ (not in the bank) 1 (p.624): When merger is between two companies that are into the same products or services, it is called… · M9 MCQ (not in the bank) 15 (p.626): When the target's management or Board of Directors are not receptive to the idea of a merger,… · M9 MCQ (not in the bank) 16 (p.626): In a tender offer: and securities · M9 MCQ (not in the bank) 17 (p.626): In a proxy fight: Valuation in Mergers and Acquisitions · M9 MCQ (not in the bank) 19 (p.627): ____give target company bondholders the right to sell their bonds back to the target at a… · M9 MCQ (not in the bank) 21 (p.627): Practical problem: If the Value of target Co. is ₹ 500 Million and the value of acquiring company… · M9 MCQ (not in the bank) 23 (p.627): The transfer of one or more undertaking for a lump sum consideration without values being… · M9 MCQ (not in the bank) 27 (p.628): Practical problem: Reliance Ltd takes over the business of Future retails · M9 MCQ (not in the bank) 28 (p.628): Future retail Ltd is liquidated and a new company Future Enterprises is formed to take over… · M9 MCQ (not in the bank) 29 (p.628): Amalgamation is known to be in the nature of merger: Transferee Company) Valuation in Mergers… · M9 MCQ (not in the bank) 33 (p.629): The difference between the purchase consideration and net asset is adjusted in case of merger… · M9 MCQ (not in the bank) 36 (p.629): ____ is a measure of value of which tells wheather a company is able to generate…

MCQ bank for this topic (ICMAI MCQ bank question numbers): Q171, Q172, Q174, Q179, Q181, Q182, Q183, Q184, Q252

9.3 Financial Modelling

SM pp. 606–623 · **never asked in the seven papers** · Dec'26 forecast: tier **C**, chance of any marks **19% (Unlikely)**, of a 7-mark question 8% (Rare), expected **0.6** marks (Read the headings)

MCQs asked on this topic

Priority	Question	Asked / marks	Answer in
★	Not an attribute of a good financial model: hard-coded values	PTP Q1(a)(x) · 2 m	

Problems to solve (2): SM illustrations, SM exercise sums, ICMAI workbook

Priority	Problem (what it asks)	Where	Came in the exam
★★	Financial model of a target's projections and its value per share	Workbook ch.5 illustration 6 · WB p.61	
★	Practical problem: The risk-free rate = 5.5% The market price of risk = 7% The company's beta =…	SM M9 exercise sum 1 · SM p.632	

★ **SM exercise (if time):** M9 solved case 1 (p.613): Practical problem: The projected financial statements can be prepared for the next 5 years i.e.… · M9 MCQ (not in the bank) 42 (p.630): A firm's current assets and current liabilities are 1600 and 1000 respectively · M9 MCQ (not in the bank) 43 (p.631): Which of the following is not a financial liability · M9 MCQ (not in the bank) 45 (p.631): Which of the followings is not a attribute of good financial models