

Re-exam conducted in Aug. 2022 Date: 01-08-2022

K. J. Somaiya Institute of Engineering and Information Technology, Sion, Mumbai-22  
(Autonomous College Affiliated to University of Mumbai)

End Semester Exam April - May 2022

(B.Tech) Program: ALL

Examination: LY Semester: VIII

Course Code: B. Tech \_ LY\_VIII\_1UILC8042 and Course Name: B. Tech All

Duration: 03 Hours *Finance Management* Max. Marks: 60

Instructions:

- (1) All questions are compulsory.
- (2) Draw neat diagrams wherever applicable.
- (3) Assume suitable data, if necessary.

		Max. Marks	CO	BT level
Q.1	Solve any six questions out of eight:	12		
i)	What is the role of merchant banker in public issue?	2	CO1	L1
ii)	What do you mean by time value of money?	2	CO2	L1
iii)	What do you mean by Quick ratio?	2	CO3	L1
iv)	Explain the concept of gross working capital and net working capital.	2	CO4	L2
v)	What is a public issue?	2	CO5	L1
vi)	Why it is important to have a dividend policy for a firm?	2	CO6	L2
vii)	What do you mean by Return on Equity (ROE)?	2	CO3	L1
viii)	Why capital budgeting is most important investment decision for a company?	2	CO4	L2
Q.2	Solve any four questions out of six.	16		
i)	Distinguish between capital market and money market.	4	CO1	L2
ii)	How does ratio analysis help in financial analysis?	4	CO3	L2
iii)	Mr. A bought 100 shares of X company for ₹ 200 per share. Company X declares a dividend of ₹ 5 per share every year and expected to continue same for current year. Further due to growth in capital market, shares price of X company is expected to reach ₹250 at the end of the year. Calculate Capital gain amount, Capital Gain yield, Dividend amount and Dividend yield.	4	CO2	L3

iv)	How the shortcomings of IRR methodology is overcome?	4	CO4	L2
v)	What is warrant? Explain its advantages and disadvantages.	4	CO5	L1
vi)	What are the assumptions of Modigliani-Miller (MM) approach on dividend policy?	4	CO6	L1
<b>Q.3</b>	<b>Solve any two questions out of three.</b>	<b>16</b>		
i)	What are the components of financial system?	8	CO1	L1
ii)	A company has total sales of ₹ 55,00,000, total shareholders' equity of ₹ 20,00,000, and profit after tax of ₹ 5,00,000. The company has 50,000 shares outstanding and market price per share is ₹ 75. Calculate return on equity, price to earnings ratio and price to book ratio.	8	CO3	L3
iii)	What is a capital structure theories? Explain the approaches to decide capital structure of the firm.	8	CO5	L1
<b>Q.4</b>	<b>Solve any two questions out of three.</b>	<b>16</b>		
i)	Calculate the present value of ₹ 1000 receivable at the end of 5 years, if interest is compounded annually, quarterly and continuously. Opportunity cost of capital (required rate of return) is 10% per annum.	8	CO2	L3
ii)	What are the elements of credit policy in receivable management?	8	CO4	L1
iii)	Explain in detail the Gordon's Model for dividend policy.	8	CO6	L2

← X ←