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

April – May 2023
(B.Tech.) Program: All Scheme I/II: II
Examination: LY Semester: VIII
Course Code: 1LC8042 and Course Name: Finance Management
Date of Exam: 20-05-23 Duration: 2.5 Hours 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)	Explain the meaning of financial system and characteristics of financial system.	2	CO1	U
ii)	What do you mean by time value of money?	2	CO2	R
iii)	What do you mean by Current ratio?	2	CO3	R
iv)	Explain the importance of capital budgeting decision.	2	CO4	U
v)	What is an offer for sale?	2	CO5	R
vi)	What do you mean by Dividend Discount Models (DDM)?	2	CO6	R
vii)	What is a role of merchant banker in public issue?	2	CO1	R
viii)	What do you mean by Return on Investment (ROI)?	2	CO3	R
Q.2	**Solve any four questions out of six.**	**16**		
i)	What are the methods of raising funds in the primary market?	4	CO1	U
ii)	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	A
iii)	What are the main functions of finance manager?	4	CO3	U
iv)	Explain the operating cycle?	4	CO4	U

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v)	What are the elements of capital structure of the firm?	4	CO5	U
vi)	What are the factors affecting the dividend policy?	4	CO6	U
Q.3	**Solve any two questions out of three.**	**16**		
i)	What are the components of financial system?	8	CO1	R
ii)	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	A
iii)	Explain in detail the Dividend Irrelevance: Modigliani-Miller Approach (MM)?	8	CO6	U
Q.4	**Solve any two questions out of three.**	**16**		
i)	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	A
ii)	Explain why Net Present Value Method (NPV) is most appropriate capital budgeting technique?	8	CO4	U
iii)	What are the different sources of short term financing?	8	CO5	R

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