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

May-June 2024
(B. Tech) Program: All Scheme II
Regular/Supplementary Examination: LY Semester: VIII
Course Code: ILC8042 and Course Name: Finance Management Date of Exam: 21/05/2024
Duration: 02.5 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)	Define certificates of deposit (CDs) and treasury bills (T-bills) as financial instruments and discuss their characteristics	2	CO1	BL1
ii)	Define expected returns for a single security portfolio and discuss the factors influencing the estimation of expected returns.	2	CO2	BL1
iii)	What do you mean by Quick ratio and how it is calculated?	2	CO3	BL2
iv)	Explain the importance of capital budgeting decision.	2	CO4	BL2
v)	Evaluate the advantages and disadvantages of short-term finance.	2	CO5	BL2
vi)	What is an offer for sale?	2	CO6	BL1
vii)	Define working capital and its significance in ensuring the smooth operation and financial health of a business.	2	CO4	BL1
viii)	What do you mean by Return on Investment (ROI)?	2	CO3	BL1
Q. 2	Solve any four questions out of six.	16		
i)	Explain the functions of financial markets and their significance in the economy.	4	CO1	BL2
ii)	Mr. A bought 200 shares of X company for ₹ 250 per share. Company X declares a dividend of ₹ 10 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 ₹ 275 at the end of the year. Calculate Capital gain amount, Capital Gain yield, Dividend amount and Dividend yield. Solve the above question with modified value.	4	CO2	BL3
iii)	Explain the capital structure ratios and their role in assessing a	4	CO3	BL2

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	company's financial leverage and risk.			
iv)	Explain difference between Internal Rate of Return (IRR) and Accounting Rate of Return (ARR).	4	CO4	BL2
v)	Explain the concept of mezzanine finance and its role in bridging the gap between debt and equity financing.	4	CO5	BL2
vi)	Describe Gordon's dividend growth model and its application in determining the value of a stock.	4	CO6	BL1
Q.3	Solve any two questions out of three.	16		
i)	Explain the concept of financial instruments and their classifications.	8	CO1	BL2
ii)	Describe the objectives of corporate finance and how they influence financial decision-making within a firm.	8	CO3	BL2
iii)	Explain the different theories and approaches to capital structure.	8	CO5	BL2
Q.4	Solve any two questions out of three.	16		
i)	Calculate the present value of ₹ 1500 receivable at the end of 6 years, if interest is compounded annually, quarterly and continuously. Opportunity cost of capital (required rate of return) is 8% per annum.	8	CO2	BL3
ii)	Explain the concept of net present value (NPV) and its role in capital budgeting decisions.	8	CO4	BL2
iii)	Describe Walter's dividend irrelevance theory and its implications for dividend policy.	8	CO6	BL2

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