

University of Mumbai
Examination May 2023

Course Code: **ILO8022** and Course Name: **Finance Management**

Time: 3 Hrs

Max. Marks: 80

Note : 1.Question No.01 is compulsory

2. Solve any 3 out of remaining

Q.1 Overview of Indian Financial System (5 marks each)

- A. Explain the concept of mezzanine finance and how it differs from equity and debt financing
- B. Explain the characteristic of basic financial instruments like equity shares, preference shares, and bonds-debentures
- C. Describe the key features of financial markets in India, including the capital market and money market
- D. Discuss the importance of understanding the time value of money
- E. How does the Indian Financial System play a role in the overall economic development of the country?

Q.2

A) Discuss the objectives of corporate finance. (10)

B) Perform financial ratio analysis, including liquidity ratios, efficiency or activity ratios, profitability ratios, capital structure ratios, and stock market ratios. Highlight the limitations of ratio analysis. (10)

Q.3

A) Explain the meaning and importance of capital budgeting. Discuss the investment appraisal criteria, including NPV, IRR, and Payback Period. (10)

B) Discuss working capital management and estimation of working capital requirements. (10)

Q.4

A) Discuss the long-term sources of finance, including equity, debt, hybrids, and mezzanine finance. Explain short-term sources like trade credit, bank finance, and commercial paper. (10)

B) Explain the capital structure and the concept of optimal capital structure. (10)

Q.5

A) Explain the meaning and importance of dividend policy. (10)

B) Discuss the factors affecting an entity's dividend decision and provide an overview of dividend policy theories and approaches. (10)

Q.6

A) Explain the concept of expected returns for a single security and a two-security portfolio. (10)

(B) Discuss the Gordon's approach of the dividend policy (10)