

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)
