

BE (AU) (Sem VIII (R19)) SN 2023 / 16-12-2023

Q.P. Code 42907

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)**

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

**Q.2**

- Discuss the objectives of corporate finance. (10)
- 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**

- Explain the meaning and importance of capital budgeting. Discuss the investment appraisal criteria, including NPV, IRR, and Payback Period. (10)
- Discuss working capital management and estimation of working capital requirements. (10)

**Q.4**

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

**Q.5**

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

42907

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)

\*\*\*\*\*