

No. of Printed Pages : 3

**MS-42**

**MANAGEMENT PROGRAMME (MP)**

**Term-End Examination**

**December, 2025**

**MS-42 : CAPITAL INVESTMENT AND  
FINANCING DECISIONS**

*Time : 3 Hours*

*Maximum Marks : 100*

*Weightage : 70%*

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**Note :** *Attempt any five questions. All questions carry equal marks.*

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1. What is meant by cost of capital for a firm ? Discuss its relevance in investment decisions. How is cost of capital calculated for long-term debt and preference shares ?
2. Explain the term 'Capital Structure' and critically examine various theories of capital structure. Discuss the factors influencing pattern of capital structure.

3. Explain the distinguishing features of a project and describe the concept of project life cycle. Briefly describe the elements contained in Project Plan.
4. What do you understand by Economic Appraisal of a Project ? Explain the various aspects of social cost-benefit analysis.
5. What is Project Monitoring and Control ? How is the monitoring system designed ? Discuss the application of earned value chart in project monitoring.
6. What is Project Risk ? Briefly explain the techniques used for measurement of project risk.
7. Write short notes on any **four** of the following :
  - (a) Warrants
  - (b) Euro Currency Market

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- (c) Asset Securitization
  - (d) Non-traditional source of short-term finance
  - (e) Corporate Governance
8. Describe the factors influencing the dividend policy. Explain Modigliani-Miller hypothesis regarding dividends. Critically evaluate its assumptions.

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