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MMPF-002

**MASTER OF BUSINESS
ADMINISTRATION
(MBA)**

Term-End Examination

June, 2025

**MMPF-002 : CAPITAL INVESTMENT AND
FINANCING DECISIONS**

Time : 3 Hours

Maximum Marks : 100

Weightage : 70%

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

1. (a) What is the meaning of Capital Structure ? Discuss the major consideration in capital structure planning.

(b) XYZ Ltd. has 1000000 shares of ₹ 10 each with market price of ₹ 50 per share. It has also issued bonds of ₹ 4 crore @ 12% per annum. It is considering expansion plan and needs to raise ₹ 5 crore. The alternatives considered are :

- (i) Issue of equity at ₹ 40 per share
- (ii) Issue bonds at 10% per annum
- (iii) Issue preference shares @ 12% per annum
- (iv) Finance 50% with equity at ₹ 40 per share and 50% with bonds @ 10% per annum

The company is in the tax bracket of 35%. If the company generates EBIT of ₹ 2.50 crores after expansion which method is best from shareholders point of view ?

2. Describe the distinguishing features of a project and explain the concept of Project Life Cycle.
3. How are cash flows for capital budgeting estimated ? Describe the various discounting techniques used for capital budgeting decisions.
4. What are the various categories of controls required for project implementation ? Explain the cybernetic and Go/No-go control process.
5. What do you understand by Social Cost-Benefit Analysis (SCBA) ? Describe the basic steps required for conducting SCBA.
6. Write short notes on the following :
 - (a) Bonds
 - (b) Venture Capital
 - (c) Asset Securitization
 - (d) External Commercial Borrowings

7. What are the dimensions of corporate restructuring ? How will you assess merger as a source of value addition ?
8. Explain the Financial Engineering Process. Discuss innovations that took place in equity products and explain what they achieve.

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