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MS-042

MANAGEMENT PROGRAMME (MP)

Term-End Examination

June, 2026

**MS-042 : CAPITAL INVESTMENT AND
FINANCING DECISIONS**

Time : 3 Hours

Maximum Marks : 100

Weightage : 70%

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

1. What is 'Cost of Capital' for a firm ? How is it calculated for different sources of capital ?
2. What is a firm's capital structure ? Critically examine Modigliani-Miller (MM) theory of Capital structure. Discuss the factors influencing pattern of capital structure.
3. Briefly explain various stages involved in planning project work. How is the Work

Break down structure prepared and used for what purpose ?

4. What is 'Project Control' ? Describe various types of control processes.
5. Explain the following :
 - (a) Sensitivity Analysis
 - (b) Monte Carlo Simulation
6. Describe various non-traditional sources of long term financing and discuss their advantages over traditional sources of financing.
7. Describe Gordon's and Walter's models of Dividend Policy. Discuss the factors influencing the Dividend Policy.
8. What is 'Corporate Restructuring' ? Discuss its dimensions and motives. Describe various forms of mergers and discuss motives for mergers.

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