

MANAGEMENT PROGRAMME**Term-End Examination, 2019****MS-042 : CAPITAL INVESTMENT AND
FINANCING DECISIONS****Time : Three Hours]****[Maximum Marks : 100***(Weightage : 70%)*

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

1. What do you understand by 'Cost of Capital' ? How is it calculated for different sources of capital ?
2. What is meant by a firm's capital structure ? Explain the Net Income Approach and Net Operating Income Approach to capital structure of a company.
3. What do you understand by Economic Appraisal of a project ? Explain the various aspects of economic appraisal.
4. What is Project Risk ? Briefly explain the techniques used for the measurement of project risk.

5. What do you understand by 'Venture Capital' ? Explain its distinguishing features. How does it differ from development finance provided by banks and financial institutions ? Explain.
6. What do you understand by Financial Reconstruction ? How does it differ from re-organisation of capital ? What steps are taken for the formulation of a Reconstruction Plan ? Explain.
7. What are the factors which influence dividend decision of a company ? Explain the Walter's and Gordon's Model relating to dividend policy.
8. Discuss the various sources of finance available to an enterprise in India and evaluate equity shares and debentures as source of finance. Why are Preference shares considered as hybrid securities ? Explain.

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