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MMPF-002

**MASTER OF BUSINESS
ADMINISTRATION**

(MBA)

Term-End Examination

June, 2024

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

Time : 3 Hours

Maximum Marks : 100

(Weightage : 70%)

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

1. Describe the Cardinal principles of financing decisions. Discuss wealth maximisation and maximization of profit pool objectives.

P. T. O.

2. XYZ Ltd. has the following capital structure :

Particulars	Market Values	Book Values	Cost (%) (₹ in crores)
Equity share capital	80	120	18
Preference share capital	30	20	15
Fully secured debentures	40	40	14

Calculate the company's weighted average cost of capital based on both market values and book values. Cost of individual sources of capital is net of tax.

3. What is Work Breakdown Structure (WBS) ? Explain the application of WBS to monitor and control a project.
4. What do you understand by project control ? Discuss in detail the types of control processes.
5. Explain the concept of risk and uncertainty and discuss any *two* techniques used for measurement of project risk.

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6. Explain the various instruments through which companies raise equity capital.
7. How would you assess mergers as a source of value addition ? What criteria is used for determining exchange ratio in a merger process ?
8. What is Financial Engineering ? Discuss the factors leading to financial engineering.