

No. of Printed Pages : 2

**MS-42**

**MANAGEMENT PROGRAMME (MP)**

**Term-End Examination**

**June, 2024**

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

*Time : 3 Hours*

*Maximum Marks : 100*

*Weightage : 70%*

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**Note :** (i) Attempt any **five** questions.

(ii) All questions carry equal marks.

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1. Why is Time Value of money independent of inflation and risk ? What is net present value ? How is the NPV rule related to wealth maximisation objective of the firm ?
2. What do you understand by Capital Structure ? Describe the criteria for determining pattern of capital structure and discuss factors influencing pattern of capital structure.
3. How are cash flows for capital budgeting estimated ? Discuss the general principles used for evaluating investment proposals. Describe the discounting techniques used for evaluating investment proposals.

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4. Explain the nature of control and types of control for projects. Describe the various types of control processes.
5. In the context of measurement of project risk explain the following :
  - (a) Scenario Analysis
  - (b) Decision Tree Analysis
6. Write short notes on the following :
  - (a) Warrants
  - (b) Venture Capital
  - (c) Euro Currency Market
  - (d) Asset Securitization
7. What is Financial Engineering ? Discuss the factors contributing to evolution of financial engineering.
8. What are Corporate and Financial Restructuring ? Describe the various forms of merger and discuss the motives for mergers.