



IV Semester M.B.A. (Day) Examination, June/July 2010

(2007-08 Scheme)

Management

F-6 : PROJECT ANALYSIS AND IMPLEMENTATION

Time : 3 Hours

Max. Marks : 75

SECTION – A

1. Answer **any six** questions : (2×6=12)

- a) Define project.
- b) What is MIRR ?
- c) What is Break even analysis ?
- d) What is venture capital ?
- e) What is agency problem ?
- f) What is IRR ?
- g) What is CAPM ?
- h) What is CFAT ?

SECTION – B

Answer **any three** of the following questions : (3×8=24)

2. Explain the different techniques of project appraisal.
3. Explain the factors influencing the choice of technology.
4. Explain the different methods of project financing.
5. Discuss the pre-requisites for successful project implementation.
6. How would you evaluate capital budgeting system of an organisation ?

P.T.O.



SECTION – C

Answer **any two** of the following :

(2×12=24)

7. Explain the different sources of financing projects.
8. Discuss the different techniques of risk analysis in capital investments.
9. A textile company is considering two mutually exclusive investment proposals.

Their expected cash flow streams (CFAT) are given as follows :

Year	Proposal X (Rs. Thousand)	Proposal Y (Rs. Thousand)
0	(500)	(700)
1	145	100
2	145	110
3	145	130
4	145	150
5	145	160
6	145	150
7		120
8		120
9		110
10		100

Which project should be acceptable to the company if. The company employs the risk adjusted method of evaluating risky projects and select the appropriate required rate of return as follows :

Project pay back	Required rate of return (%)
Less than 1 year	8
1 to 5 years	10
5 to 10 years	12
over 10 years	15



SECTION - D

10. Case Study (Compulsory) : (1×15=15)

A company is considering an investment proposal to instal new milling tools at a cost of Rs. 50,000. The facility has a life expectancy of 5 years and salvage value. The tax rate is 35 per cent. Assume the firm uses straight line depreciation and the same is allowed for tax purposes. The estimated cash flows before depreciation and tax (CFBT) from the investment proposal are as follows :

Year	CFBT
1	Rs. 10,000
2	10,692
3	12,769
4	13,462
5	20,385

Compute the following :

Pay back period,

Average rate of return,

Internal rate of return,

Net present value at 10 per cent discount rate,

Profitability index at 10 per cent discount rate.