Reg. No.

IV Semester M.B.A (Day & EVE) Degree Examination, Sept./Oct.- 2022

MANAGEMENT

Project Management Analysis

(CBCS Scheme 2019-20 Onwards)

Paper : 4.2.1

Time : 3 Hours   Maximum Marks : 70

SECTION - A

Answer any five questions from the following. Each question carries 5 marks.

(5×5=25)

1. 'A project is different from routine and regular activities'. Draw a list of characteristics and distinguish the projects from other activities.

2. Explain the role of Project Manager in managing projects. According to you, what qualities the present day Project Manager should have?

3. Write a short note on:

   a) Social Cost Benefit Analysis, and

   b) Risk management in infrastructure projects

4. What do you understand by Venture Capital? Discuss the importance and stages in venture capital financing.

5. Explain the importance of "Project Review" in the context of control of a project. What are the elements of controls in projects?

6. What are PPP Projects? Discuss structures of PPP and financing sources for PPP projects in India.

7. What is Project Audit? Why project audit is important in project? Explain the steps involved in project audit.

SECTION - B

Answer any three questions from the following. Each question carries 10 marks.

(3×10=30)

8. What do you understand by Project Feasibility study? What are the objectives of this study? Explain briefly the marketing, financial and technical aspects of a project feasibility study.

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9. Briefly explain the Sensitivity and Simulation Analysis used while evaluating risky investment proposals. Out of these two, which one do you prefer? And why?

10. a) What are Network Techniques? Explain the procedure involved in CPM analysis.

b) A project consists of the following activities represented in terms of preceding and succeeding events and the mean time (in weeks).

Activity	1-2	1-3	1-4	2-4	3-4	4-5	2-5	4-6	5-6
Most likely Time	4	2	3	5	6	2	1	5	3
Optimistic Time	3	1	1	3	4	0.5	0.5	4	1
Pessimistic Time	5	3	5	7	8	3.5	1.5	6	5

i) Draw the network diagram.

ii) Determine the critical path.

ii) Find the standard deviation of the critical path duration.

11. The balance sheet of AB Ltd at the end of year n (the year which is just over) is as follows:

Liabilities	Amount (Rs. In million)	Assets	Amount (Rs. In million)
Share Capital	5	Fixed Assets	11
Reserves & Surplus	4	Investments	0.5
Secured Loans	4	Inventories	6.5
Unsecured Loans	3	Receivables	4
Current Liabilities	6	Cash	1
Provisions	1		
Total	**23**	**Total**	**23**

The projected income statement and the distribution of earnings is given below:

Particulars	Amount (Rs. In million)
Sales	25
Cost of Goods Sold	19

Depreciation	1.5
EBIT	4.5
Interest	1.2
PBT	3.3
Tax	1.8
PAT	1.5
Dividends	1.0
Retained Earnings	0.5

During the year n + 1, the firm plans to raise a secured loan of Rs. 1 million, repay a previous term loan to the extent of Rs.0.5 million. Current liabilities and provisions would increase by 5%. Further, the firm plans to acquire fixed assets worth Rs. 1.5 million and raise its inventories by Rs.0.5 million. Receivables are expected to increase by 5%. The level of cash would be the balancing amount in the projected balance sheet.

Given the above information, prepare the following:

a) Projected Cash Flow Statement

b) Projected Balance Sheet

SECTION - C

12. **Compulsory Case Study** (1×15=15)

X Company Ltd., having its head office at Mumbai, wants to set up a factory at Penya, Bangalore. The Finance Department of the company developed the following data for the purpose of determining the economic feasibility of the proposal:

a) Purchase of land Rs.30,00,000 to be paid at the time of purchase (t=0) and two instalments of Rs.20,00,000 each to be made at the end of the next two years (t = 1-2)

b) Constitution of the factory building to be completed in two years. The contractor is to be paid Rs.50,00,000 in two equal instalments at the end of year 2 and 3 (t = 2-3)

I Equipment cost to be incurred at the start of year 4 (t=3) is Rs.50,00,000.

c) The operations will begin at the start of year 5 (t = 4).

d) It is expected that there will be a need for working capital investment. The details are:

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Rs.20,00,000 accounts receivable, Rs.50,00,000 inventories and current liabilities will also increase by Rs.20,00,000.

The operations will begin in year 5 and will continue for 12 years through year 16. The sales revenues and operating costs are assumed to come at the end of each year (t = 5 to 16). The following additional assumptions are made:

i) The building and equipment will be depreciated over a 12 year life starting in year 5. The factory building after 12 years is estimated to have a salvage value of Rs.20,00,000. The plant, however, expected to have no salvage value. The company expects to sell the land at Rs.80,00,000 when the plant is closed down. The company uses the straight line method of depreciation.

ii) Its cost of capital is 10%.

iii) Annual sales are Rs.50,00,000.

iv) Annual variable operating costs are Rs.30,00,000.

v) Annual fixed operating costs excluding depreciation are Rs.8,00,000.

vi) The company's normal tax rate is 35%.

Should the company accept this project? Use the NPV method for the purposes of calculation.

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