

Time: 2.30 Hrs

Marks: 75

Q. 1 A] State True or False. (Any 8)

[8 Marks]

- 1) In a network organizational structure, departments are formed based on grouping individuals with similar skills into distinct groups
- 2) Social cost-benefit analysis enhances the quality of life.
- 3) Project auditing serves as a framework for guiding project progress and enhancing its success rate.
- 4) Technical feasibility is about engineering aspect of Project.
- 5) For capital budgeting decisions depreciation is to be ignored.
- 6) Human resource risk primarily emerges from various factors such as market volatility, economic instability.
- 7) Within a business, a Strategic Business Unit functions as a profit center, concentrating on product offerings and market segments.
- 8) Capacity planning is the process of determining the production capacity needed by an organization to meet changing demands for its products.
- 9) Monitoring and Control represent the final phase of project management.
- 10) A project manager is responsible for overseeing the entire project lifecycle, from initiation to closure.

B] Multiple Choice Questions. (Any 7)

[7 Marks]

- 1) In project management, what is the primary purpose of a milestone?
 - a) To mark the completion of a project phase or deliverable
 - b) To assign tasks to team members
 - c) To estimate the duration of a project
 - d) To track project costs
- 2) Which of the following is NOT one of the stages in the Project Life Cycle?
 - a) Initiating
 - b) Planning
 - c) Executing
 - d) Reviewing
- 3) Which of the following is a risk response strategy aimed at reducing the likelihood or impact of a risk?
 - a) Avoidance
 - b) Acceptance
 - c) Mitigation
 - d) Transfer
- 4) Which of the following skills is NOT typically required for a project manager?
 - a) Communication and leadership
 - b) Negotiation and conflict resolution
 - c) Financial accounting
 - d) Technical expertise related to the project
- 5) Which project selection method considers the present value of a project's future cash flows compared to its initial investment?
 - a) Payback Period
 - b) Benefit-Cost Ratio
 - c) Net Present Value (NPV)
 - d) Internal Rate of Return (IRR)

1. Determine the financial leverage, operating leverage, and combined leverage for each firm.
2. Calculate the EPS for each firm (Consider Tax Rate at 30%)

Q. 3 A) What is project feasibility study? Describe types of feasibility study. [8 Marks]

B) Discuss the various Information Tools used in project management. [7 Marks]

OR

P) Company XYZ, a medium-sized manufacturing firm, is exploring investment opportunities to expand its operations. After conducting market research, the company has identified a new project with promising potential. The project involves the development of a product line targeting a niche market segment. The company is evaluating the financial feasibility of the project to make an informed decision.

The proposed project requires an initial investment of Rs. 50,000 to initiate production and marketing activities. The project is expected to generate cash flows over a period of five years. The projected cash flows are as follows:

Year 1	Year 2	Year 3	Year 4	Year 5
Rs. 25,000	Rs. 20,000	Rs. 30,000	Rs. 35,000	Rs. 40,000

The company's cost of capital, reflecting the required rate of return for investment projects, is determined to be 10%.

	Year 1	Year 2	Year 3	Year 4	Year 5
PV of Rs. 1 @ 10%	0.9091	0.8264	0.7513	0.6830	0.6209

1. Determine the Net Present Value (NPV) of the project to assess its profitability.
2. Calculate the Payback Period to evaluate the time required to recover the initial investment. [15 Marks]

Q. 4 A) What are the various sources of finance available for funding a project? [8 Marks]

B) Explain project monitoring and control. [7 Marks]

OR

P) Apex Enterprises acquires Horizon Holdings. Here are the financial details for both companies.

Particulars	Apex Enterprises Rs.	Horizon Holdings Rs.
Equity Capital (Rs. 10 Per Share)	10,00,000	4,00,000
Retained Earning	2,00,000	1,00,000
General Reserves	3,00,000	1,00,000
Unsecured Loans	5,00,000	2,00,000
Creditors	1,00,000	50,000
Total	21,00,000	7,50,000
Fixed Assets	15,00,000	5,00,000
Investments	3,00,000	1,00,000
Current Assets	3,00,000	1,50,000
Total	21,00,000	7,50,000

Goodwill may be taken at Rs. 75,000 for Apex Enterprises and Rs. 50,000 for Horizon Holdings. Fixed Assets are valued at Rs. 16,00,000 and Rs. 4,00,000 for Apex Enterprises and Horizon Holdings respectively.

Calculate the net asset value per share for each company and determine the exchange ratio between Apex Enterprises and Horizon Holdings based on these calculations. [15 Marks]

Q5. A] A company, XYZ Corporation, is planning to expand its operations by investing in new equipment. The total project cost is estimated to be Rs. 300,000, with Rs. 250,000 allocated for the machinery and the remaining balance for installation and other expenses. The company plans to finance 70% of the machinery cost through a bank loan. The company anticipates revenues of Rs. 500,000 in the first year, with a projected annual increase of 15% in subsequent years. The cost of goods sold is expected to be 60% of sales. Additionally, the company incurs fixed overhead expenses of Rs. 50,000 in the first year, which are expected to increase by Rs. 10,000 each subsequent year. Depreciation is calculated at a rate of 20% on the initial machinery cost using the straight-line method. The loan is repayable in five equal annual instalments along with an interest rate of 8% per annum, payable at the end of each year. The corporate tax rate applicable to the company is 25%. You can now proceed to analyse and solve this problem using the provided data.

You are required to:

- 1) Prepare an Income Statement for the initial 3 years
 - 2) Amortization Schedule outlining the repayment plan for the loan over a span of 5 years
 - 3) Determine the Debt Service Coverage Ratio and Interest Coverage Ratio for 3 years
- [15 Marks]

OR

Short Notes (any three)

- a) Project Selection.
- b) Demand Forecasting
- c) Importance of Operational Analysis.
- d) Risk Analysis and Identification
- e) Project Auditing

[15 Marks]
