

Program: T.Y.B.M.S. **Semester:** VI **Program Code:** 2M00156
Course: PROJECT MANAGEMENT **Course Code:** 86008
Duration: 2 ½ Hours **Examination Pattern:** REV16-Autonomous External **Max. Marks:** 75

Instructions:

1. All questions are compulsory.
2. Figures to the right indicate full marks.
3. Draw neat diagrams wherever necessary.

Examination:

REGULAR

Q. 1 A) Fill in the blanks with an appropriate answer from the alternatives given.(Any 08) [08]

- i) A project is best defined as a _____
 - a) Functional department
 - b) Temporary endeavor with a specific objective
 - c) Continuous process
 - d) Routine activity
- ii) _____ is a criterion for project selection.
 - a) Random decision
 - b) Political influence
 - c) Personal bias
 - d) Strategic fit
- iii) In a strong matrix organisation, the authority lies mainly with _____
 - a) Top Management
 - b) Supervisor
 - c) Functional Manager
 - d) Project Manager
- iv) Market feasibility primarily studies _____.
 - a) Technical tools
 - b) Machine efficiency
 - c) Demand and supply conditions
 - d) Production capacity
- v) Break-even point occurs when _____.
 - a) Contribution is zero
 - b) Total cost equals total revenue
 - c) Sales equal variable cost
 - d) Profit is maximum
- vi) _____ is a long-term source of finance.
 - a) Cash credit
 - b) Debentures
 - c) Bank overdraft
 - d) Trade credit
- vii) Risk management process begins with _____.
 - a) Risk control
 - b) Risk identification
 - c) Risk financing
 - d) Risk auditing

PV Factors @10%:

Year	1	2	3	4	5
PV	0.909	0.826	0.751	0.683	0.621

Required :

1. NPV
2. Profitability Index
3. Recommend the project

- b) A project requires ₹1,80,000. [07]
Cash inflows are:
Year 1: 40,000
Year 2: 50,000
Year 3: 60,000
Year 4: 70,000
Year 5: 80,000

Calculate Payback Period.

OR

- c) Explain the Needs of Project Management. [08]
d) Explain Strategic Business Unit (SBU) in project management. [07]

Q. 3 Answer the following.

- a) **Required :** [08]
Degree of Operating Leverage (DOL)
Degree of Financial Leverage (DFL)
Degree of Combined Leverage (DCL)

Particulars	X Ltd	Y Ltd
Output (Units)	60,000	40,000
Selling Price	8	7
Variable Cost	4	3
Fixed Cost	1,20,000	80,000
Interest	40,000	30,000

- b) A firm approaches a bank for a term loan of ₹10,00,000 at 12% interest for 5 years. [07]
Annual principal repayment is ₹2,00,000.
Projected Profit After Tax = ₹4,20,000
Depreciation = ₹1,10,000

Required:

Calculate the Debt Service Coverage Ratio (DSCR) and comment on loan feasibility.

OR

- c) Explain different types of Project Feasibility Study. [08]
- d) Explain Customer Requirement Analysis. [07]

Q. 4 Answer the following.

- a) Balance Sheet shows: [08]
- Equity Share Capital (₹10 each): ₹5,00,000
- General Reserve: ₹1,20,000
- 10% Debentures: ₹3,00,000
- Profits after tax for last 5 years:
- 80,000
- 90,000
- 1,00,000
- 1,10,000
- 1,20,000
- Company transfers 10% to reserve.
- Normal rate of return: 10%

Required :
Value Per Share.

- b) Selling Price per unit: ₹20 [07]
- Variable Cost per unit: ₹12
- Fixed Cost: ₹1,60,000

Required :

1. Break Even Point (Units)
2. Break Even Sales
3. Margin of Safety if sales = 25,000 units

OR

- c) Explain types of risk in projects. [08]
- d) Explain the term Planning-Monitoring-Controlling Cycle. [07]

- Q. 5 A)** Global Tech Industries plans to introduce a new product line. The project requires an initial investment of ₹7,00,000. Expected cash inflows are: [15]

Year	Cash Inflow (₹)
1	2,00,000
2	2,20,000
3	2,40,000
4	2,60,000

Cost of Capital = 11%
PV Factors @11%: 0.901, 0.812, 0.731, 0.659

Additional Information:

- Scrap Value = ₹60,000
- Life = 4 years
- Average Annual Profit after tax = ₹1,25,000

Required:

- a) Calculate Net Present Value (NPV).
- b) Calculate Accounting Rate of Return (ARR).
- c) Explain two operational risks associated with such expansion.
- d) Suggest suitable source of finance for this project with reason.

OR

B) Short Note: (Any 3) (5 marks each)

[15]

- i) Reasons of Termination of Projects.
- ii) Project Management Information System.
- iii) Environment Impact Assessment.
- iv) Sources of Finance.
- v) Characteristics of Project Management.

-- X -- X --