

Project Management

Time : 3 Hours]

[Max. Marks : 80

[Min.Marks 32

Note : Attempt any three questions out of total five questions from Section A. Each question carry equal marks. Section B is compulsory and carries -20 marks.

Section A

1. Write a note on Projects with the typical characteristics and types of Projects
2. Describe the Project Selection Process along with different Models of Analysis for it.
3. What is the importance of Financial Feasibility and its impact on Project Financing and deciding optimum capital structure?
4. Write short comments on the following :
(a) Network Analysis (b) CPM.
5. How is Project Monitoring undertaken? Describe various methods of Analysis.

Section B

- A. Vikram, Naresh, and Ravi worked in the R & D centre of a multinational company in Bangalore for about five years. Bitten by the entrepreneurial bug, they quit their jobs recently and set up a company called VNR Informatics Private Limited with the immediate object of developing a software product for the telecom sector. At present the company has an equity capital of Rs. 1.5 crore contributed equally by the three promoters. According to the business plan for the proposed software product, the company needs additional financing of Rs. 1.5 crore.
- B. Manas Textiles, a leading producer of cotton fabrics, is based in Ahmedabad. Nearly three-fourths of its production is exported to customers in the U. S. The company's plant and equipment have been financed to the extent of 50 percent by a consortium of lenders, who are

not inclined as of now to increase their exposure to the company as the company went through debt, restructuring sometime back. The company buys its inputs in cash but offers 90 days credit to its customers in the U. S. Thanks to a recent spurt in export sales, the company needs Rs. 50 crore of additional financing.

- C. Bharat Oil Company needs Rs. 150 crore for doing test drilling in a certain block awarded to it by the Government of India. If the outcome of the test drilling is favourable, Bharat Oil Company will require Rs. 350 crore for developing the site. As per the latest balance sheet, the total assets of Bharat Oil Company are Rs. 2500 crore. The market price per share of the company is Rs. 270 and the earnings per share are Rs. 30. Other firms in the oil industry sell at an earnings multiple between 11 and 13. Bharat Oil Company's debt-equity ratio is 30 percent, compared to the industry's average of 40 percent.
- D. ADCL is a movie production company set up by three persons with experience in the movie industry about six years ago. One of them is a leading star and he owns 50 percent equity of ADCL; the other two own 25 percent each. ADCL's recent movie, The Indian Dream turned out to be a blockbuster at the box office. Enthused by this success, the promoters want to double the number of movies produced by the company. To achieve this goal the company plans to raise Rs. 50 crore from external sources.
- E. Tasty Foods Private Limited runs a chain of food stores in western India. It is owned by three Patil brothers each of whom holds one-third equity in the company. Though profitable, the company is experiencing financial strain due to its rapid growth rate. Its real estate is mortgaged, its inventories are hypothecated, and its debtors are largely factored. Presently, the company has Rs. 20 crore of total assets. It needs equipment costing Rs. 2 crore for its shipping department.

Required:

Suggest the financing method that seems most appropriate for each situation and give your reasons for the same.

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