

Time: 2½ Hours

Total Marks: 75

- Note – (1) All questions are compulsory.
(2) Figures to the right indicate marks.

Q. 1 (a) Multiple Choice Questions (Any Eight)

(8)

1. _____ project are those in which the ownership is shared by government and by private entrepreneurs.
 - a. Public
 - b. Private
 - c. Joint sector
 - d. Normal
2. A _____ is a problem scheduled for solution.
 - a. Project
 - b. Plan
 - c. Schedule
 - d. Workflow
3. In _____ matrix organizations, power and authority are shared between the functional managers and the project managers.
 - a. Strong
 - b. Weak
 - c. Balanced
 - d. Planned
4. A _____ study is used to determine the viability of an idea.
 - a. In deep
 - b. Feasibility
 - c. Overall
 - d. Detailed
5. _____ helps to simplify the business processes and make them faster and efficient.
 - a. Information
 - b. Communication
 - c. E-commerce
 - d. Digitalization
6. Product mix is also known as _____.
 - a. Marketing Mix
 - b. Product Analysis
 - c. Product Assortment
 - d. Product Allotment

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7. _____ aid is provided to small as well as medium scale units promoted by eligible entrepreneurs
 - a. Seed capital
 - b. Preference shares
 - c. Subsidies
 - d. Equity shares
8. To reduce scheduling risk tools such as _____ is used
 - a. Work breakdown
 - b. Work structure
 - c. Breakdown structure
 - d. Work integration
9. Capacity is the ability of a given system to produce _____ within a specific time.
 - a. Output
 - b. Product
 - c. Guidelines
 - d. Rules
10. Once the initial level of maturity & areas of improvement are identified, _____ provides a roadmap, outlining the necessary steps to take towards project management maturity advancement & performance improvement.
 - a. Capacity
 - b. Continuous improvement
 - c. Procedural
 - d. PMMM

Q.1.(b) True or False

(7)

1. Profit maximization is the prime objectives of public sector project.
2. A strategic Business Unit is not a functional unit of a business.
3. IRR is the rate of results that a project earns.
4. Time is not the most important constraint of any project.
5. Planning is an iterative process.
6. A feasibility study is used to determine the validity of an idea.
7. Strengths are the competitive advantage one has in the market place.
8. Lean manufacturing originated from the Toyota Production system.
9. Capital notes are one type of debt vehicle.
10. Risk – free rate is the borrowing rate of the investor.

Q. 2 (a) Star Limited is considering the Two mutually exclusive project. Both the project got an useful life of 5 years and the cost of capital is 10%. The initial outlay is Rs. 2,00,000/-.

(15)

The future cash inflow of Project I and II are as follows:

| Year | Project I | Project II |
|------|-----------|------------|
| 1 | 35,000 | 1,18,000 |
| 2 | 80,000 | 60,000 |
| 3 | 90,000 | 40,000 |
| 4 | 75,000 | 14,000 |
| 5 | 20,000 | 13,000 |

| | Year 1 | Year 2 | Year 3 | Year 4 | Year 5 |
|-------------------|--------|--------|--------|--------|--------|
| PV of Rs. 1 @ 10% | 0.909 | 0.826 | 0.751 | 0.683 | 0.621 |

You are required to evaluate the project based on NPV.

OR

Q. 2 (b) Discuss various types of organizational structure. (8)

Q. 2 (c) What is the importance of project planning? (7)

Q. 3 (a) Calculate the degree of operating leverage, degree of financial leverage and the degree of combined leverage for both the firms and give your opinion on the same:

(15)

| Firms | ABC | PQR |
|------------------------------|----------|----------|
| Sales (Rs.) | 3,60,000 | 7,50,000 |
| Variable cost per unit (Rs.) | 20 | 150 |
| Fixed Cost (Rs.) | 72,000 | 1,40,000 |
| Output (Units) | 6,000 | 1,500 |
| Interest | 40,000 | 80,000 |

OR

Q. 3 (b) Discuss the importance of Project Feasibility Study. (8)

Q. 3 (c) Explain in detail Product Mix analysis. (7)

Q. 4 (a) Following is the Balance sheet of Summer Ltd as on 31st March, 2021 (15)

| Liabilities | Rs. | Assets | Rs. |
|------------------------------------|------------------|--------------|------------------|
| 50,000 Equity Shares of Rs.20 each | 10,00,000 | Machinery | 4,80,000 |
| Securities Premium | 2,00,000 | Furniture | 2,00,000 |
| General Reserve | 4,78,800 | Stock | 12,40,000 |
| Profit & Loss A/C | 3,14,000 | Debtors | 4,12,000 |
| Creditors | 8,18,000 | Cash in hand | 6,800 |
| Provision for Tax | 3,96,000 | Cash at Bank | 8,68,000 |
| | <u>32,06,800</u> | | <u>32,06,800</u> |

Company transfer 20% of profit after tax to general reserve.

Net Profit before Taxation for the last 3 years have been as follows:

1. For the year ended 31/03/2019 Rs. 5,44,000
2. For the year ended 31/03/2020 Rs. 7,32,000
3. For the year ended 31/03/2021 Rs. 7,88,000

Machinery is valued at Rs. 6,37,200. Average yield is 20%. The rate of Tax is 50%. Use simple average. Calculate value of equity share as per intrinsic value method and yield method.

OR

Q. 4 (b) Discuss in detail Project Management Maturity Model (8)

Q. 4 (c) What is project audit life cycle? Explain its phases. (7)

Q. 5 (a) Case Study (15)

Moon Ltd. intends to invest in a project where-in the capital investment would be to the extent of Rs. 5,000 lakhs depreciable equally over five years. The tax rate applicable to the company is 30%. It is considering availing a five year term loan from XY Bank Ltd. to the extent of 70% of the project cost. The principal amount of this loan would be repayable equally along with interest payable on reducing balance. The interest rate would be 9% per annum. The projected earnings before interest and tax for the next five years are – Rs. 1,120 lakhs, Rs. 1,260 lakhs, Rs. 1,400 lakhs, Rs. 1,470 lakhs and Rs. 1,610 lakhs.

You are required to prepare:

- a) Income statement for the 5 years.
- b) Amortization schedule for loan.
- c) Calculate debt service coverage ratio and interest coverage ratio for the above 5 years.

OR

Q. 5 (b) Short Notes (Any Three) (15)

- 1) Types of Risks in Projects
- 2) Work Breakdown Structure
- 3) Lean manufacturing.
- 4) Capacity planning.
- 5) Project Management Information System (PMIS)