

**UNIVERSITY OF PETROLEUM & ENERGY STUDIES
DEHRADUN
End Semester Examination –December 2017**

Name of the Program: M.Tech (ES + REE)
Subject Name : Project & Financial Management
Subject Code : EPEC7005

Semester : 1st
Max. Marks : 100
Duration : 3 Hrs

SECTION – A (20 Marks)

Attempt all the questions. Each question carries 2 mark.

Ques.1. Abbreviate and state the purpose:

- | | |
|----------|----------|
| 1. CFADS | 6. EBIT |
| 2. LLCR | 7. LROT |
| 3. DSRA | 8. PERT |
| 4. PLCR | 9. DPR |
| 5. DSCR | 10. BOOT |

SECTION - B

Attempt all questions. Each question carries 10 marks.

Ques.1. From the above data, what is the total time required completing the project?

Activity	Description	Immediate Predecessors	Estimated Time (weeks)
A	Set up the project acquisition team	—	2
B	Write down the software requirements	A	2
C	Develop a contractor evaluation grid that will be used to evaluate proposals	B	1
D	Identify and select potential contractors	A	1
E	Develop and send out a request for proposal to potential contractors	B, D	4
F	Audit candidate contractors, select one contractor, negotiate and sign an agreement contract with the selected contractor	C, E	2
G	Prepare the definition of functional specifications	F	5
H	Develop a software testing plan	G	2
I	Software customization phase I	G	12
J	Purchase and install the hardware	G	2
K	Test the first release	H, I, J	1
L	Develop a training plan for key users	K	1
O	Train key users	L, N	2
M	Software customization phase II	K	6
N	Test the second release	M	1
P	Software customization phase III	N	3
Q	Test the final release	P	2
R	Software deployment and project sign-off	Q	4

Ques.2. In a project financing, because the project company is an SPV, the liabilities and obligations associated with the project are one step removed from the sponsors. This provides a

number of structural advantages to the sponsors. Highlight mentions advantages.

Or

A realistic assessment of cost of project is necessary to determine the source for its availability and to properly evaluate the financial viability of the projects. For this purpose, the various items of cost are sub-divided as possible so that all factors are taken into consideration. Explain various cost associated with the project.

SECTION – C

Attempt any five questions out of six. Each question carries 6 marks.

Ques.1. Private Finance Initiative (PFI) which began in 1992 in UK, has been actively promoted and managed by the successive British government since then. PFI is the commoditization of PPP. What is PPP?

Ques.2. Apart from core project stakeholders, there are typically a host of other advisors, experts and professional who are either directly or indirectly involved in a project financing. List those stakeholders.

Ques.3. The following details are available about the progress of the ongoing residential apartment project of Saya:

Progress of the project	Rs in Crore	Months
BAC	60	
STAC	-	12
PV	15	
EV	18	
AC	17.4	
ST	-	3.5
AT	-	2.5

Comment on the variances of the project.

Ques.4. A company's share with a face value of Rs 10 each are quoted at Rs 50 in the stock market. Current rate of dividend is 50% and this is expected to grow at a steady rate of 5% p.a. calculate the cost of equity capital of the company.

Ques.5. The project financing transactions are voluminous and complex. The documents can be broadly categorized as a) Project documents, and b) Financing documents. List the documents required to financing and securing a project.

Ques.6. It is a common problem in execution of the projects that the actual cost on the project would exceed than the estimated cost. Similarly, the project would not be completed within the time schedule for various reasons. State those reasons.

SECTION-D

Case study analysis.

The cash flows of two mutually exclusive projects are as under:

	T ₀	T ₁	T ₂	T ₃	T ₄	T ₅	T ₆
Project A	(40,000)	13,000	8,000	14,000	12,000	11,000	15,000
Project B	(20,000)	7,000	13,000	12,000	-	-	--

Required:

- Estimate the NPV of both the projects using 15% as the burled rate. (5 marks)
- Estimate the IRR of both the projects. (5 marks)
- Why there is a conflict in the project choice by using NPV and IRR criterion? (10 marks)
- Which criteria you will use in such a situation? Estimate the value at that criterion. Make a project choice. (10 marks)