

**VPM's**  
**DR VN BRIMS, Thane**  
**Programme: PGDM (2014-16)**  
**Sixth Trimester (Finance) Examination April 2016**

<b>Subject</b>	<b>Project Finance</b>		
<b>Roll No.</b>		<b>Marks</b>	<b>60 Marks</b>
<b>Total No. of Questions</b>	<b>7</b>	<b>Duration</b>	<b>3 Hours</b>
<b>Total No. of printed pages</b>	<b>2</b>	<b>Date</b>	<b>22/04/2016</b>

**Note: Q1 is compulsory and solve any FOUR from the remaining SIX questions.**

**Q1)** ABC Ltd is a company dealing with Infrastructure projects. The Government of India has approached the company to build highways to connect 4 major cities in the western part of the country across 2 states.

With reference to the above situation and according to you, which are the probable parties to this project? Explain their relationship with this project with proper titles.

How will you analyse this project using Social Cost Benefit Analysis?

**Q2) Any one from (a) or (b) = 10 Marks**

- a) "Capital structure decisions involve different degrees of Risk" Comment  
OR  
b) How is Risk concerned with business decisions?

**Q3) Any one from (a) or (b) = 10 Marks**

- a) What is Vertical Integration?  
OR  
b) Explain at least 5 various sources of Finance available to firms for Investment with special emphasis on Debt.

**Q4) Any two from (a) or (b) or (c) ————— (5x2) = 10 Marks**

- a) Explain the term "Cost of Project"  
b) What are the elements included in the Cost of Project  
c) What are the factors that affect the capital structure decisions of a firm.

**Q5) Any two from (a) or (b) or (c) ————— (5x2) = 10 Marks**

- a) Explain Contraction Strategy.  
b) What is Risk Analysis?  
c) What is Project Finance?

**Q6) Any one from (a) or (b) = 10 Marks**

a) Urja Electronics is a company having a strong presence in Maharashtra. It is the leading company manufacturing air conditioners. However, it holds the 2<sup>nd</sup> place in sales of washing machines.

The company wants to increase its sales revenue. For this, it has 2 options:

- i) Increase its customer base to neighboring states of Karnataka and Gujarat, where its presence is fairly new
- ii) Concentrate on increasing its revenues in Maharashtra itself by increasing sales of Washing machines

Assuming you are the Finance Manager, what strategy would you develop for your company and Why?

OR

b) Explain the Decision Tree Method of Risk analysis with a suitable example

**Q7) Any two from (a) or (b) or (c) ————— (5x2) = 10 Marks**

a) "Strategy can be defined as achieving the goals of an organisation with available resources" With reference to the above statement, explain the term "Available resources"

b) "Project Finance is fundamental aspect of Strategic Planning" Do you agree with this statement?

c) What is Sensitivity Analysis? How is it different from Scenario Analysis?