



PRESIDENCY UNIVERSITY

BENGALURU

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End - Term Examinations – December 2025

Date: 10- 12- 2025

Time: 1.00pm to 04.00pm

School: SOM (UG)	Program: BBA	
Course Code : BBA3010	Course Name: Project Finance and Appraisal	
Semester: V	Max Marks:100	Weightage:50%

CO - Levels	C01	C02	C03	C04	C05
Marks	33	33	50	64	-

Instructions:

- (i) Read all questions carefully and answer accordingly.
- (ii) Do not write anything on the question paper other than roll number.

Part A

Answer ALL the Questions. Each question carries 2marks.

10Q x 2M=20M

1.	Name two financial institutions involved in project financing.	2 Marks	L2	C01
2.	Describe project appraisal.	2 Marks	L2	C01
3.	What are Project Buffers?	2 Marks	L2	C02
4.	How do subsidies help in project developments?	2 Marks	L2	C02
5.	State any two importance of project planning	2 Marks	L2	C03
6.	Would you prima facie go for funding a project based on appraisal of commercial viability?	2 Marks	L2	C03
7.	Distinguish between private sector and public sector projects.	2 Marks	L2	C04
8.	What is the significance of technical appraisal? Justify.	2 Marks	L2	C04
9.	Project Appraisal and financing is a blend of project appraisal and project financing. – Comment	2 Marks	L2	C05
10.	Each project management is the key to avoid cost and time over runs. Do you agree?	2 Marks	L2	C05

Part B

Answer ALL the Questions. Each question carries 7 marks.

5Q x 7M = 35M

11.	Explain how the government subsidies and incentives influence the project selection, its various parameters and sustainability and ultimately the overall economic development of the country?	07 Marks	L2	C01
Or				
12.	A family-owned company planning a new manufacturing project wants to retain decision-making power. To avoid diluting control, it chooses more debt financing instead of issuing new equity to outside investors. Although debt increases financial risk, the promoters prefer it as it ensures ownership and voting power remain unchanged. Thus, concerns about corporate control directly influence the project's capital structure choice. Explain the significance of corporate control aspect in designing the capital structure for a given project?	07 Marks	L2	C01
13.	VKP Ltd. plans an investment which requires an initial cost of 125000. Annual cash inflows expected are 25000, 40000, 45000, 50000. Calculate NPV if the discount rate is 10%.	07 Marks	L3	C02
Or				
14.	A bank evaluates a proposed solar farm project by scrutinizing its power purchase agreements (PPAs), the efficiency of the solar technology chosen (technical appraisal), and the project's projected cash flow and DSCR to ensure loan repayment capacity (financial appraisal). Discuss how financial institutions appraise a project before financing?	07 Marks	L2	C02
15.	Why do the institutions seek detailed information life project description, estimated cost, means of financing and present status on any other new/expansion projects which are under implementation or are planned to be implemented by the company over and the above the one for which institutional funding is being sought?	07 Marks	L3	C03
Or				
16.	A start-up planning an eco-friendly packaging unit conducts technical analysis to choose the right technology and plant location. It compares machinery options and checks raw material availability near agricultural clusters. The analysis shows one technology-location combination is most efficient, helping the team confirm the project's technical feasibility. Give a detailed note on the technical analysis under screening of project ideas.	07 Marks	L3	C03
17.	You being a member of the cost monitoring team for a cement manufacturing project in Rajasthan, how would you appraise the Management about the status of the project through a monthly reporting system highlighting success /failure of contractor and consequent cost overrun? Suggest the techniques to overcome such overrun to the management.	07 Marks	L2	C04

Or				
18.	A company planning an organic juice plant conducts a market appraisal and discovers lower-than-expected demand. It reduces the project size and investment accordingly, avoiding excess capacity. The adjustment lowers costs and results in a more profitable and realistic project plan. Elaborate the impact of market appraisal on proposed project's size, cost and profitability.	07 Marks	L2	C04

19.	"Project financing involves current outlay of funds in the expectation of a stream of benefits extending far into future. Proper appraisal of a project, therefore, assumes great significance". Comment.	07 Marks	L3	C04
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Or				
20.	Purpose of market analysis is to ascertain the aggregate demand and supply of the proposed product as on date and in future, the likely market share of the proposed project, decide product pricing and formulate the marketing plan and strategy. a) What are the broad purposes served by market assessment? b) What are the contemporary challenges faced in market assessment?	07 Marks	L3	C04

Part C

Answer any three Questions. Each question carries 15marks

3Q x 15M=45M

21.	A company plans to launch a new product within the next 12 months. The project involves product design, testing, manufacturing, and marketing. However, the team is concerned about potential delays in the design phase. 1. What project planning tools and techniques can be used to mitigate delays in the design phase? 2. How should the project manager prioritize tasks and allocate resources to ensure timely completion?	15 Marks	L2	C01
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22.	A small manufacturing firm approaches a bank for project funding. The bank studies the firm's proposed means of finance—promoters' contribution, term loans, and expected internal accruals—to check if the mix is adequate and reliable. After verifying liquidity, repayment capacity, and debt–equity ratio, the bank approves the loan only after ensuring the financing structure is stable and sustainable. Explain how appraisal of means of finance is done by lending institutions?	15 Marks	L2	C02
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23.	Prestige Ltd. plans to invest in a project that requires an investment of 2,50,000 rupees. Following are the cash inflows expected of the project 50000, 55000, 60000, 75000, 100000. Calculate IRR of the project. Use trial rates 8% and 12%.	15 Marks	L3	C03
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24.	Following are the summarized projected profitability estimates of Hirapati Cotton Pvt. Ltd							15 Marks	L3	C03	
	Years	1	2	3	4	5	6				7
	PBDIT	108.42	156.14	198.01	194.16 7	188.79	188.43				181.30
	Interest on term loan	17.36	14.79	12.21	9.64	7.07	4.50				1.93
	Interest on bank borrowings	8.86	10.19	11.47	11.48	11.49	11.50				11.50
	Depreciation	17.82	17.82	17.82	17.82	17.82	17.82				17.82
	Preliminary expenses	6.00	6.00	6.00	6.00	6.00
	PBT	58.38	107.34	150.51	149.22 7	146.41	154.61				150.05
	Provision for tax	15.76	28.98	40.64	40.29	39.53	41.74				40.51
	PAT	42.62	78.36	109.87	108.94	106.88	112.87				109.54
Details of repayment of term loan are as follows :											
Years	1	2	3	4	5	6	7				
	21.43	21.43	21.43	21.43	21.43	21.43	21.43				
Compute the DSCR for all the years individually and average DSCR for the entire period.											
Identify the minimum and maximum DSCR.											

25.	<p>A construction company is building a new office complex. The project involves multiple stakeholders, including architects, engineers, contractors, and regulatory authorities. The project manager must ensure that the project is completed on time and within budget.</p> <p>1. What are the key components of a project plan for this construction project?</p> <p>2. How can the project manager ensure effective communication and collaboration among stakeholders?</p> <p>3. What are some potential risks associated with construction projects, and how can they be mitigated?</p>	15 Marks	L3	C04
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