

**Birla Institute of Technology & Science, Pilani**  
**First Semester 2016-2017**

**Course Handout**

**Course No. : MBA G 530**

**Course Title : Project Appraisal**

**Instructor : Satyendra Sharma**

**Course Description**

Overview of Project and Project phases; project formulation aspects in terms of market studies, technical studies, financial studies, economic studies, environmental studies, etc.; project evaluation aspects in terms of commercial profitability prospects, national economic profitability prospects; issue of project preparation in project implementation.

**Scope and Objectives**

The course would stress on the fundamental principles needed to appraise and evaluate projects from market, technical, financial and economic view points and suitable techniques for doing the same.

**Prescribed Text Book**

T1. Chandra, P. Projects Planning, Analysis, Selection, Fin. Implementation and Review, Tata McGraw Hill, 7<sup>th</sup> Ed., 2009.

<b>N. of Lectures</b>	<b>Topics</b>	<b>Learning Objectives</b>	<b>Reference to Text Book</b>
1	Overview	Investment analysis & appraisal of scheme for investing resources	T1-Ch.1
2	Strategy and Resource Allocation	Selection of the investment projects and allocation of corporate capital	T1-Ch.2
2	Generation and Screening of Project Ideas	Methodologies and realistic assessment of investment opportunities	T1-Ch.3
2	Market and Demand Analysis	Systematic method and key steps for analyzing market and demand	T1-Ch.4
1	Technical Analysis	Technological factors in project implementation	T1-Ch.5
2	Financial Estimates and	Understanding and analysis of a	T1-Ch.6

	Projections	project from a financial angle using financial parameters	
1	The Time Value of Money	Effect of time value of money upon project	T1-Ch.7
1	<b>Case study</b>		
2	Investment Criteria	Judging projects on the basic of payback, NPV, IRR and multiple criteria.	T1-Ch.8
2	The Cost of Capital	Determination of optimal capital structures for maximization of value of firm	T1-Ch.10
2	Project Risk Analysis	Breakeven analysis, Scenario analysis, Sensitivity and simulation	T1-Ch.11
1	Project rate of Return	WAAC, hurdle rate, Portfolio theory	T1-Ch.12
2	Special Decision situations	Determining economic life, Inflation and Capital budgeting	T1-Ch.13
2	Multiple Projects and Constraints	Method of ranking, LPP and ILP	T1-Ch.15
2	Valuations of Real Options	Binomial model, Black Scholes model and real options	T1-Ch.16
2	Financing of Projects	Various sources of financing and determination of the optimal financing mix	T1-Ch.18
2	Financing of Infra Projects	Project contracts, Financial structure , Managing risk	T1-Ch.19
2	Project Management	Establishing & operating organization suitable for project management	T1-Ch.21
2	Project Review and Administrative Aspects	Development of administrative procedures and implementation through monitoring	T1-Ch.23
1	<b>Review Session</b>		
<b>Project Presentations</b>			

#### Evaluation Scheme:

EC No.	Evaluation Component & Type of Examination	Duration	Weightage	Day, Date, Session, Time
1	Assignment/Quiz	** Details to be announced on by Instructor	20%	** Details to be announced on by Instructor
2	Project in teams		20%	

<b>3</b>	Mid-Semester Test <b>(Closed Book)*</b>	1.5 Hours	25%	3/10 4:00 - 5:30 PM
<b>4</b>	Comprehensive Exam <b>(Open Book)*</b>	3 Hours	35%	2/12 AN

**Instructor-in-Charge**