



PRESIDENCY UNIVERSITY

BENGALURU

Roll No.												
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End - Term Examinations – MAY 2025

Date: 24-05-2025

Time: 01:00 pm –04:00 pm

School: SOM - PG	Program: MBA	
Course Code: MBA3101	Course Name: Project Finance and Appraisal	
Semester: IV	Max Marks: 100	Weightage: 50%

CO - Levels	C01	C02	C03	C04	C05
Marks	39	36	39	36	

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 3marks.

10Q x 3M=30M

1.	Explain the key responsibilities of project advisors by highlighting suitable examples.	3 Marks	L2	C01
2.	Apply the project finance model to a rural water supply project. List out the steps included in the process.	3 Marks	L3	C01
3.	Explain why companies prefer project finance over corporate finance for large infrastructure projects.	3 Marks	L2	C01
4.	Apply the concept of financial estimation to a new manufacturing unit project. What should be included?	3 Marks	L3	C02
5.	Identify the different financing options available for funding a project.	3 Marks	L3	C02
6.	Show how political risk can affect a project financed infrastructure deal with an example.	3 Marks	L2	C03
7.	Compare between sensitivity analysis and scenario analysis.	3 Marks	L2	C03
8.	Classify the advantages and disadvantages of Hillier Model in risk analysis.	3 Marks	L2	C03

9.	Compare between greenfield projects and brownfield projects	3 Marks	L2	CO4
10.	Interpret the concept of conducting an environmental impact assessment for a chemical manufacturing unit in a rural area.	3 Marks	L2	CO4

Part B

Answer the Questions.

Total Marks 40M

11.	a.	Identify and explain the key factors you would assess before launching a new project to ensure smooth operations and long-term success (highlight with suitable examples)	10 Marks	L3	CO1
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Or

12.	a.	Compare between project finance and corporate finance, and explain how each method is applied in business funding.	10 Marks	L2	CO1
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13.	a.	Classify key short-term sources of bank finance and apply your understanding and select any two suitable sources for project finance in detail.	10 Marks	L3	CO2
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Or

14.	a.	Illustrate the components of financial appraisal and explain each component with examples.	10 Marks	L2	CO2
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15.	a.	"Assessing risks through various techniques helps the project team to make appropriate decisions". Identify and explain how they make use of the risk analysis in their decision making.	10 Marks	L3	CO3
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Or

16.	a.	<p>ABC Technologies Ltd., is considering an investment proposal involving an outlay of Rs 45,00,000.</p> <p>The expected cash flows and certainty equivalent coefficients are:</p> <table><tr><td>Year</td><td>Expected CF</td><td>CEC</td></tr><tr><td>1</td><td>10,00,000</td><td>0.90</td></tr><tr><td>2</td><td>15,00,000</td><td>0.85</td></tr><tr><td>3</td><td>20,00,000</td><td>0.82</td></tr><tr><td>4</td><td>25,00,000</td><td>0.78</td></tr></table> <p>The risk-free interest rate is 5%. Calculate the NPV of the proposal and choose whether the proposal can be accepted or not.</p>	Year	Expected CF	CEC	1	10,00,000	0.90	2	15,00,000	0.85	3	20,00,000	0.82	4	25,00,000	0.78	10 Marks	L3	CO3
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17.	a.	1. Explain the current status of project finance structure in India.	10 Marks	L2	CO4
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Or

18.	a.	1. Summarize UNIDO approach in social cost benefit analysis. (5 marks)	10 Marks	L2	CO4
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		2. Explain how the shadow wage rate of labor estimated under UNIDO approach? (5 marks)			
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Part C

Answer all the Questions. Each question carries 15marks

2Q x 15M=30M

19.	a.	<p>A renewable energy company plans to invest ₹300 crores in setting up a 100 MW solar power plant. The financial appraisal results are:</p> <ul style="list-style-type: none"> • Net Present Value (NPV): ₹90 crores • Internal Rate of Return (IRR): 16% • Payback Period: 6 years • Accounting Rate of Return (ARR): 13% <p>a) Explain how the NPV and IRR reflect the financial feasibility of the solar project. (5 Marks)</p> <p>b) Analyse the impact of the payback period and ARR on the investment decision. (5 Marks)</p> <p>c) Identify and apply additional non-financial factors that should be considered before approving the project. (10 Marks)</p>	20 Marks	L3	CO1 & CO2
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20.	a.	<p>1. The expected cash flows of a project, which involves an investment outlay of Rs.10,00,000/- and risk adjusted discount rate (r_k) is 18%.</p> <table><tr><td>Year</td><td>Cash Flows (Rs.)</td></tr><tr><td>1</td><td>200000</td></tr><tr><td>2</td><td>300000</td></tr><tr><td>3</td><td>400000</td></tr><tr><td>4</td><td>300000</td></tr><tr><td>5</td><td>200000</td></tr></table> <p>Calculate the NPV of the proposal and choose whether the proposal can be accepted or not. (10 marks)</p> <p>2. Indonesia has become one of the countries that currently witness the rise of its seaport infrastructure development. There are many choices of financing method alternatives to finance infrastructure projects. Indonesian government expects domestic banking as one of the main financing sources of seaport infrastructure investments. Along with that they have identified public private partnership (PPP)-based financing structure may also be effective for seaport investments. Accordingly, explain why PPP is considered as an alternative to attract more investments in seaport infrastructure development projects? (10 marks)</p>	Year	Cash Flows (Rs.)	1	200000	2	300000	3	400000	4	300000	5	200000	20 Marks	L3	CO3 & CO4
Year	Cash Flows (Rs.)																
1	200000																
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