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Mid Term Examinations - October 2026

Date: 06/10/2026 **Time:** 02:00 PM - 03:30 PM

Course Code: LAW4033 **Course Name:** Law on Project Finance

Semester: Ninth Semester **Max. Marks:** 50 **Weightage:** 50%

CO - Levels	CO1	CO2
Marks	30	60

PART A: Answer Following Questions. 10 M

Q.N.	Questions	M	CO	BT
1	What is Project Finance? Mention any two characteristics of project-finance arrangements.	2	CO1	BT2
2	Distinguish between Capital Needs and Capitalization.	2	CO1	BT2
3	What is a Debenture? Mention one reason for using debentures as a source of project finance.	2	CO1	BT2
4	What is meant by the Time Value of Money?	2	CO1	BT2
5	An entrepreneur proposes to establish a renewable-energy project involving land acquisition, plant and machinery, pre-operative expenditure and working capital. Explain the Capital Needs of the project and analyse the factors affecting the quantum and timing of Capital Investment.	2	CO1	BT3

PART B : Answer Any 1 Following Questions. 10 M

Q.N.	Questions	M	CO	BT
6	A project sponsor is evaluating different sources of finance to fund a proposed project. Examine the characteristics, advantages, limitations and appropriate application of equity, term loans, deposits, debentures and other instruments for raising project finance.	10	CO1	BT4
7	An entrepreneur proposes to establish a renewable-energy project involving land acquisition, plant and machinery, pre-operative expenditure and working capital. Explain the Capital Needs of the project and analyse the factors affecting the quantum and timing of Capital Investment.	10	CO1	BT3

PART C: Answer Any 1 Following Questions. 10 M

Q.N.	Questions	M	CO	BT
8	A financial institution has received a Detailed Project Report for a proposed manufacturing project. Explain the essential contents of a Detailed Project Report and analyse how the DPR assists promoters, lenders and investors in evaluating the technical, financial, commercial and legal feasibility of a project.	10	CO2	BT3

PTO (Please Turn Over)

9	Before approving project finance, a lender requires detailed examination of the project's legal position. Explain the Legal Due Diligence process in Project Finance and analyse the legal risks relating to land and title, statutory approvals, licences, contracts, regulatory requirements, litigation and security documentation.	10	CO2	BT4

PART D: Answer Any 1 Following Questions. 10 M				
Q.N.	**Questions**	**M**	**CO**	**BT**
10	A project involves substantial investment and uncertain future cash flows. Explain the relationship between Risk and Return in project finance. Discuss major sources of project risk and explain how risk influences the required return and investment decision.	10	CO2	BT4
11	A project manager has to compare the value of money invested today with the value of money received several years later. Explain the Time Value of Money using the concepts of Present Value, Future Value, Compounding and Discounting. Discuss their application in project-finance and capital-investment decisions.	10	CO2	BT3

PART E: Answer Any 1 Following Questions. 10 M				
Q.N.	**Questions**	**M**	**CO**	**BT**
12	BuildTech Developers Ltd. proposes a large infrastructure project with an estimated cost of ₹800 crore. The project is expected to generate substantial long-term cash flows; however, it involves significant construction risk, interest-rate risk, market-demand risk and regulatory risk. The promoters propose to finance the project predominantly through debt because debt financing would allow them to retain greater ownership control. The prospective lenders, however, are concerned about the project's risk profile and repayment capacity. As a project-finance consultant, evaluate the proposed financing structure by: 1. Analysing the relationship between risk and expected return in the project; 2. Examining the project's capital needs and capitalization structure; 3. Assessing the suitability of debt, equity, debentures and other financing instruments; 4. Explaining how the project's risk profile may influence the cost and structure of finance; and 5. Identifying the key factors that should be considered before achieving financial closure.	10	CO2	BT5
13	EcoTech Manufacturing Ltd. is considering investment in a new production facility. The project requires a substantial initial capital expenditure and is expected to generate uneven cash flows during its five-year economic life. The management is divided: one group prefers the project because the initial investment can be recovered within four years, while another group argues that recovery period alone does not indicate whether the project creates value. The finance committee asks for a comprehensive investment appraisal before taking a final decision. As a capital-budgeting adviser, prepare an analytical assessment covering: 1. The relevance and stages of the capital budgeting process; 2. The application of Payback Period and Discounted Payback Period; 3. The use of NPV, Profitability Index and IRR in evaluating the project; 4. The significance of discounting and Time Value of Money in the investment decision; and 5. The limitations of relying exclusively on the Payback Period when evaluating a long-term project.	10	CO2	BT5