UNIVERSITY OF PETROLEUM AND ENERGY STUDIES
End Semester Examination, December 2019

Course: Financing Power Sector Projects   **Semester:** III
Programme: MBA (Power Management)   FINC8004
Time: 03 hrs.   **Max. Marks: 100**
Instructions:

SECTION A

S. No.	Attempt all questions	Marks	CO
Q1	What is a Detailed Project Report?	2	CO4
Q2	Define Project?	2	CO2
Q3	Based on maturity of repayment period, various sources of finance can be classified into the following except: a) Short-term sources b) Semi-short term sources c) Medium-term sources d) Long-term sources	2	CO2
Q4	The services of a merchant banker does not include: a) Management of operating activities of a company b) Rendering financial and advisory services c) Evaluation of investment portfolios d) Lease financing	2	CO1
Q5	What are the three elements of the cash flow stream of a project?	2	CO3
Q6	What is full-recourse structure in project financing?	2	CO3
Q7	What is difference between lease and hire-purchase	2	CO3
Q8	List Components of Capital	2	CO4
Q9	Define a venture capital investment	2	CO2
Q10	What is the difference between public issue and right issue?	2	CO3

SECTION B

S.No.	Attempt any four questions		

Q 1	What are the main features of eurocurrency loans and eurobonds?	5	CO2
Q2	What aspects are considered in technical analysis?	5	CO4
Q3.	What are the components of the cost of project? Discuss them in detail	5	CO4
Q4.	Why is MIRR superior to the regular IRR?	5	CO3
Q5.	Define the following terms: option holder, option writer, exercise price, maturity date	5	CO3

SECTION-C

S.No.	Attempt all questions		
Q1	What is a PPP? What are the basic characteristics of a ppp project?	10	CO4
Q2	The expected cash flows of two mutually exclusive projects, P and Q are as follows: Year Cash flow(P) Cash flow(Q) 0 (1000) (1600) 1 (1200) 200 2 (600) 400 3 (250) 600 4 2000 800 5 4000 100 The cost of capital is 10 percent. (i) What is the NPV of the projects? (ii) What is the MIRR of the projects if the reinvestment rate is 12 percent?	10	CO3
Q3.	What are different methods of financing long-term capital of a company? Discuss the relative advantages and disadvantages of each method.	10	CO1
Q4.	What are the similarities and differences between the UNIDO approach and the Little-Mirrlees approach?		

SECTION-D

S.No.	Attempt all questions		
Q1.	Dinesh Associates is considering an investment project which has an estimated life of four years. The cost of project is 400,000 and the possible cash flows are given below:	30	CO3

Year 1		Year 2		Year 3		Year 4
Cash Flow Prob.	Prob.	Cash Flow	Prob.	Cash Flow	Prob.	Cash Flow
110,000 0.4	0.3	120,000	0.5	130,000	0.2	110,000
120,000 0.4	0.4	130,000	0.3	140,000	0.3	120,000
130,000 0.2	0.3	140,000	0.2	150,000	0.5	130,000

The cash flows of various years are independent and the risk-free discount rate is 8 percent.

(a) What is the expected NPV ?

(b) If the NPV is approximately normally distributed, what is the probability that the NPV will be zero or less ?