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Gandhi Institute of Engineering and Technology University, Odisha, Gunupur
(GIET UNIVERSITY)

M.B.A. (Fourth Semester) Regular Examinations, April – 2026

23MBAFM24021– Project Finance

(MBA- Finance)



Time: 3 hrs

Maximum: 60 Marks

(The figures in the right hand margin indicate marks.)

PART – A

(2 x 5 = 10 Marks)

Q.1. Answer **ALL** questions

- | | CO # | Blooms
Level |
|---|------|-----------------|
| a. Define Project Finance and list its key characteristics. | CO1 | K1 |
| b. Explain the concept of Special Purpose Vehicle (SPV) in project financing. | CO2 | K2 |
| c. Identify and classify major risks in project finance. | CO3 | K2 |
| d. Describe the concept of capital budgeting in project evaluation. | CO2 | K2 |
| e. List various sources of project finance. | CO4 | K1 |

PART – B

(10 x 5 = 50 Marks)

Answer **all the** questions

- | | Marks | CO # | Blooms
Level |
|---|-------|------|-----------------|
| 2. a. Apply the concept of Project Finance to a real-world infrastructure project and illustrate its structure. | 5 | CO1 | K3 |
| b. Analyze the role of SPVs in risk allocation and financial structuring. | 5 | CO1 | K4 |
| OR | | | |
| c. Illustrate the stages of the project life cycle with examples. | 5 | CO1 | K3 |
| d. Evaluate the effectiveness of SPVs in ensuring financial discipline. | 5 | CO1 | K5 |
| 3. a. A project requires an initial investment of ₹10,00,000 and is expected to generate annual cash inflows of ₹3,00,000 for 5 years. The discount rate is 10%. Calculate the Net Present Value (NPV) of the project and interpret whether the project should be accepted or rejected. | 5 | CO2 | K3 |
| b. Critically analyze the limitations of NPV as a project appraisal technique. | 5 | CO2 | K4 |
| OR | | | |
| c. A project has the following cash flows: Initial investment ₹8,00,000; cash inflows ₹2,50,000, ₹3,00,000, ₹3,50,000, and ₹4,00,000 over four years. Compute the Internal Rate of Return (IRR) and determine the project feasibility. | 5 | CO2 | K3 |
| d. Evaluate and compare the NPV and IRR methods and justify which method is more reliable in case of conflicting results. | 5 | CO2 | K5 |
| 4. a. Apply risk identification techniques to a project finance case and categorize the different risks involved. | 5 | CO3 | K3 |
| b. Analyze various risk mitigation strategies adopted in project finance with suitable examples. | 5 | CO3 | K4 |
| OR | | | |
| c. Perform sensitivity analysis for a project by considering changes in key variables such as cost, revenue, and discount rate. | 5 | CO3 | K3 |
| d. Evaluate the role of insurance and guarantees in minimizing project risks. | 5 | CO3 | K5 |

5. a.	Apply capital structure principles to determine the optimal mix of debt and equity in project financing.	5	CO4	K3
b.	Analyze the impact of financial leverage on project viability and profitability.	5	CO4	K4
OR				
c.	Evaluate different sources of project finance including equity, debt, and hybrid instruments.	5	CO4	K5
d.	Analyze the role of financial institutions and banks in funding large-scale projects.	5	CO4	K4
6. a.	A project has Earnings Before Interest and Taxes (EBIT) of ₹5,00,000 and interest obligations of ₹1,00,000. Calculate the Debt Service Coverage Ratio (DSCR) and interpret its significance for lenders.	5	CO5	K3
b.	Evaluate the importance of financial modeling in project finance decision-making.	5	CO5	K5
OR				
c.	Apply the Public-Private Partnership (PPP) model in infrastructure financing and illustrate its structure.	5	CO5	K3
d.	Evaluate the challenges faced in implementing PPP projects in emerging economies.	5	CO5	K5

End of Paper