

**EXECUTIVE MASTER OF BUSINESS  
ADMINISTRATION (EXMBA)**

**Term-End Examination**

**December, 2011**

**MCTE-092 : PROJECT FINANCING**

*Time : 3 hours*

*Maximum Marks : 100*

*Note : Answer any five questions.*

*All questions carry equal marks.*

1. One of the most important factors to be borne in mind while assessing project cash flows is the separation principle, which postulates that financing costs must be segregated from investment costs. Explain the importance of the separation principle. **20**
2. The US market for privately placed debt is one of the most attractive avenues for availing project finance. What features of this market lead to its attractiveness to : **20**  
(a) Lenders, and (b) Borrowers ?
3. Write a detailed note on the different modes of private equity (PE) financing. **20**
4. What is Public-Private Partnership (PPP) model of project financing ? Give examples of some PPP projects that have been implemented and commissioned successfully in India. **20**

5. How would you differentiate between an aggressive and conservative approach towards the management of working capital ? 20
6. In the context of the Capital Asset Pricing Model (CAPM), explain : 20
- (a) Unsystematic Risk
  - (b) Risk-Free Rate of return (RFR) and its estimation.
7. What is project abandonment ? What considerations are involved in abandonment analysis ? 20
8. Do you agree that Private Equity offers a good option as an exit strategy ? Give reasons in support of your answer. 20
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