

Name:	
Enrolment No:	

UNIVERSITY OF PETROLEUM AND ENERGY STUDIES
End Semester Examination, December 2021

Course: Financing Petroleum Sector Projects

Programme: MBA (Oil & Gas)

Course Code: FINC8015

Instructions:

Semester: III

Max. Marks: 100

Time: 03 hrs.

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	CO1
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 all 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.	Define the following terms: option holder, option writer, exercise price, maturity date	5	CO3

SECTION-C

S.No.	Attempt all questions																							
Q1	What are forward contracts? How forward contracts are used to mitigate forex risk?	10	CO4																					
Q2	<p>The expected cash flows of two mutually exclusive projects, P and Q are as follows:</p> <table style="margin-left: auto; margin-right: auto;"> <thead> <tr> <th>Year</th> <th>Cash flow(P)</th> <th>Cash flow(Q)</th> </tr> </thead> <tbody> <tr> <td>0</td> <td>(1000)</td> <td>(1600)</td> </tr> <tr> <td>1</td> <td>(1200)</td> <td>200</td> </tr> <tr> <td>2</td> <td>(600)</td> <td>400</td> </tr> <tr> <td>3</td> <td>(250)</td> <td>600</td> </tr> <tr> <td>4</td> <td>2000</td> <td>800</td> </tr> <tr> <td>5</td> <td>4000</td> <td>100</td> </tr> </tbody> </table> <p>The cost of capital is 10 percent.</p> <p>(i) What is the NPV of the projects? (ii) What is the MIRR of the projects if the reinvestment rate is 12 percent?</p>	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	10	CO3
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																						
Q3.	What are different methods of financing long-term capital of a company? Discuss the relative advantages and disadvantages of each method.	10	CO1																					

SECTION-D

S.No.	Attempt all questions										
Q1.	<p>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</p> <table style="margin-left: auto; margin-right: auto;"> <thead> <tr> <th><i>Year 1</i></th> <th><i>Year 2</i></th> <th><i>Year 3</i></th> <th><i>Year 4</i></th> </tr> </thead> <tbody> <tr> <td style="height: 40px;"></td> <td style="height: 40px;"></td> <td style="height: 40px;"></td> <td style="height: 40px;"></td> </tr> </tbody> </table>	<i>Year 1</i>	<i>Year 2</i>	<i>Year 3</i>	<i>Year 4</i>					15	CO3
<i>Year 1</i>	<i>Year 2</i>	<i>Year 3</i>	<i>Year 4</i>								

	<p><i>Cash Flow Prob.</i></p> <p>110,000 0.3</p> <p>0.4</p> <p>120,000 0.4</p> <p>0.4</p> <p>130,000 0.3</p> <p>0.2</p> <p>The cash flows of various years are independent and the risk-free discount rate is 8 percent.</p> <p>(a) What is the expected NPV ?</p> <p>(b) If the NPV is approximately normally distributed, what is the probability that the NPV will be zero or less ?</p>	<p><i>Cash Flow Prob.</i></p> <p>120,000 0.5</p> <p>130,000 0.3</p> <p>140,000 0.2</p>	<p><i>Cash Flow Prob.</i></p> <p>130,000 0.2</p> <p>140,000 0.3</p> <p>150,000 0.5</p>	<p><i>Cash Flow</i></p> <p>110,000</p> <p>120,000</p> <p>130,000</p>		
Q2.	<p>What is foreign exchange market? What are the functions of forex market?</p> <p>Who are the participants of forex market</p>				15	CO4