



COURSE MANUAL

**Name of the Elective Course:
Project Finance**

Course Code: [_____]

**Faculty Instructor:
Prof. (Dr.) Nemika Jha**

**SPRING 2026
(AY2026-27)**

This document is prepared by the course instructor and contains basic information relevant to the execution of the course. It is the official record for all intents and purposes as far the elective course, Project Finance, is concerned.

This course manual can be used as a general guide to the subject. However, the instructor can modify, extend or supplement the course (without tampering its basic framework and objectives) for the effective and efficient delivery of the course. The instructor will provide students with reasons for such changes.

Part I

Course Title: **Project Finance**

Course Code: [_____]

Course Duration: **One Semester (14 Weeks)**

No. of Credit Units: **4 Credits**

Level: **UG**

Medium of Instruction: **English**

Pre-requisites (if applicable): **Company Law, Contract Law and Property Law**

Equivalent Courses: **N/A**

Part II

1. Course Description

Construction and development of new infrastructure projects constantly make headlines. How are such large projects accomplished? Project Finance (PF) is the technique by which large infrastructure projects around the world are developed and financed. PF is not only about mobilizing global resources and increasing inter-country investments but is also about bringing real change to the quality of the lives of people around us (especially in developing economies). For a corporate lawyer, it is about learning new technologies, understanding the underlying business principles, advising his/her client, and drafting and negotiating a range of complicated transaction documents. Interestingly, it also utilizes concepts from other areas of law like contracts, company law, transfer of property, winding-up, insolvency and foreign investment laws.

While PF is one of the principal areas of corporate legal practice, most lawyers do not join the practice with a background in the area as most law schools do not teach this subject. As a result, most of the learning happens on the job and it takes much longer to appreciate the concepts at work. This course is, therefore, designed to introduce the students to the dynamic area of PF. Further, since PF mainly involves debt, the course will focus on debt finance.

This course is not intended to be a comprehensive study of the subject area. It is designed to introduce students to various legal, commercial and regulatory issues that PF lawyers usually deal with while advising clients and crafting the relevant transaction documents.

2. Course Aims

By the end of this course, students will learn:

- The fundamentals of project financing and the key players associated therewith;
- Stages of project development, investing vehicle, evaluation of risks and corresponding mitigants, sources of funding (including syndicated loans, multilateral institutions and equity) and methods of private participation;
- Basic structure of a project finance transaction;
- Regulatory framework applicable to project financing in India;
- Major project finance documents and key provisions thereof;
- Security creation, perfection and enforcement; and
- Negotiation and drafting.

3. Teaching Methodology

This course will be taught primarily in the form of lectures and class discussions. In addition to the lectures and class discussions, there will be corporate advisory, and negotiation and drafting sessions. Since the course is being taught to prepare students for the practice of project finance, emphasis will be placed on analyzing the law and understanding how corporate law concepts and principles work in practice.

4. Intended Learning Outcomes

Course Intended Learning Outcomes	Weightage in %	Teaching and Learning Activities	Assessment Tasks/Activities
Have a sound understanding of the fundamentals of project finance and its regulatory framework.	30%	<p>(i) <u>Lectures:</u> Students will be introduced to the key issues in project finance and will acquire the ability to critically analyze and apply the concepts learnt to practical problems.</p> <p>(ii) <u>Reading of statutes and other materials:</u> Students will acquire knowledge of the principles of (and key issues pertaining to) project finance in connection with the topics</p>	<p>Students' ability to grasp and critically evaluate the topics/issues discussed in the syllabus will be tested in the following tentative way:</p> <p>(i) In-class, closed book mid-term exam (35%)</p> <p>(ii) Negotiation and/or drafting exercise (35%). To the extent possible, this would be a group exercise. In the event a group exercise cannot be conducted, the assessment would be in the form of an individual drafting exercise and/or a viva voce.</p> <p>(iii) In-class, closed book end-term exam (30%)</p>

Course Intended Learning Outcomes	Weightage in %	Teaching and Learning Activities	Assessment Activities	Tasks/
		<p>covered in the syllabus.</p> <p>(iii) <u>Tutorials:</u></p> <p>The Course Instructor will advise the students separately as to the specific tutorials that will be conducted in class.</p>		
Comprehend how a typical project finance transaction works and the issues involved in such transactions.	30%			
<p>Apply:</p> <p>(i) the principles learnt in the context of advising clients and in drafting key project finance documents, and</p> <p>(ii) the knowledge of project finance to research legal problems in project financing and suggest</p>	40%			

Course Learning Outcomes	Intended Learning Outcomes	Weightage in %	Teaching and Learning Activities	Assessment Activities	Tasks/
	solutions thereto.				

5. Grading of Student Achievement

To pass this course, students shall obtain a minimum of 40% in the cumulative aspects of coursework, i.e., internal assessment (including moot court, mid-term exam, research paper internal assignment) and end term examination. Internal assessments shall carry a total of 70 marks. **End of semester exam shall carry 30 marks out of which students have to obtain a minimum of 30% marks to fulfil the requirement of passing the course.**

The details of the grades as well as the criteria for awarding such grades are provided below:

PERCENTAGE OF MARKS	GRADE	GRADE VALUE	GRADE DESCRIPTION
80 and above	O	8	Outstanding – Exceptional knowledge of the subject matter, thorough understanding of issues; ability to synthesize ideas, rules and principles and extraordinary critical and analytical ability
75 – 79	A+	7.5	Excellent - Sound knowledge of the subject matter, thorough understanding of issues; ability to synthesize ideas, rules and principles and critical and analytical ability
70 – 74	A	7	Very Good - Sound knowledge of the subject matter, excellent organizational capacity, ability to synthesize ideas, rules and principles, critically analyze existing materials and originality in thinking and presentation
65 – 69	A-	6	Good - Good understanding of the subject matter, ability to identify issues and provide balanced solutions to problems and good critical and analytical skills

PERCENTAGE OF MARKS	GRADE	GRADE VALUE	GRADE DESCRIPTION
60 – 64	B+	5	Fair – Average understanding of the subject matter, limited ability to identify issues and provide solutions to problems and reasonable critical and analytical skills
55 – 59	B	4	Acceptable - Adequate knowledge of the subject matter to go to the next level of study and reasonable critical and analytical skills.
50 – 54	B-	3	Marginal - Limited knowledge of the subject matter and irrelevant use of materials and, poor critical and analytical skills
45 – 49	P1	2	Pass 1 – Pass with basic understanding of the subject matter
40 – 44	P2	1	Pass 2 – Pass with rudimentary understanding of the subject matter
Below 40	F	0	Fail - Poor comprehension of the subject matter; poor critical and analytical skills and marginal use of the relevant materials. Will require repeating the course
Absent	Ab	0	Absent - “Extenuating circumstances” preventing the student from taking the end- semester, or re-sit, examination as the case may be; the Vice Dean (Examinations) at their discretion assign the “Ab” grade. If an “Ab” grade is assigned, the student would appear for the end-semester, or re-sit examination, as the case may be, as and when the subsequent opportunity is provided by the University.

7. Criteria for Student Assessments

Assessment of the participants will be based on the following criteria.

Assessment	Weightage	Remarks
Mid-term exam	35 Marks	There will be an in-class, closed book, mid-semester

Assessment	Weightage	Remarks
		examination that will test the students on key concepts and practical application of the law.
Negotiation and/or drafting exercise	35 Marks	<p>This is intended to be a group exercise. Students will be broken up into teams (for e.g., one team may represent the borrower/sponsor and the other may be asked to represent the lender/syndicate of lenders). Both teams will negotiate key terms and conditions with each other on the basis of facts that would already be provided to them within a certain time frame. Subsequently, the two teams may also be asked to draft the provisions that they have previously negotiated in the form of a transaction document (for e.g. credit agreement, common terms agreement, etc.). Student teams will be assessed on how well they are able to identify the issues, frame their arguments, negotiate their respective positions and/or draft the relevant transaction document.</p> <p>If a group exercise is not possible, the exercise will be conducted as an individual drafting exercise and/or a viva voce.</p>
End Semester Examination	30 marks	They will be an in-class, closed-book end-semester examination/component for all participants of the course who have successfully completed the course work.

Part IV

Course/Class Policies

Academic Integrity and Plagiarism

Learning and knowledge production of any kind is a collaborative process. Collaboration demands an ethical responsibility to acknowledge who we have learnt from, what we have learned, and how reading and learning from others have helped us shape our own ideas. Even our own ideas demand an acknowledgement of the sources and processes through which those ideas have emerged. Thus, all ideas must be supported by citations. All ideas borrowed from articles, books, journals, magazines, case laws, statutes, photographs, films, paintings, etc., in print or online, must be credited with the original source. If the source or inspiration of your idea is a friend, a casual chat, something that you overheard, or heard being discussed at a conference or in class, even they must be duly credited. If you paraphrase or directly quote from a web source in the examination, presentation or essays, the source must be acknowledged. The university has a framework to deal with

cases of plagiarism. All form of plagiarism will be taken seriously by the University and prescribed sanctions will be imposed on those who commit plagiarism.

Disability Support and Accommodation Requirements

JGU endeavours to make all its courses inclusive and accessible to students with different abilities. In accordance with the Rights of Persons with Disabilities Act (2016), the JGU Disability Support Committee (DSC) has identified conditions that could hinder a student's overall well-being. These include physical and mobility related difficulties, visual and hearing impairment, mental health conditions and intellectual/learning difficulties e.g., dyslexia, dyscalculia. Students with any known disability needing academic and other support are required to register with the Disability Support Committee (DSC) by following the procedure specified at <https://jgu.edu.in/disability-support-committee/>

Students who need support may register before the deadline for registration ends, as communicated by the DSC via email each semester. Those students who wish to continue receiving support from the previous semester, must re-register every semester prior to the deadline for re-registration as communicated by the DSC via email. Last minute registrations and support are discouraged and might not be possible as sufficient time is required to make the arrangements for support.

The DSC maintains strict confidentiality about the identity of the student and the nature of their disability and the same is requested from faculty members and staff as well. The DSC takes a strong stance against in-class and out-of-class references made about a student's disability without their consent and disrespectful comments referring to a student's disability. With due respect for confidentiality, faculty and students are encouraged to have honest conversations about the needs of students with disabilities and to discuss how a course may be better tailored to cater to a student with disability.

All general queries are to be addressed to disabilitysupportcommittee@jgu.edu.in

Safe Space Pledge

This course may discuss a range of issues and events that might result in distress for some students. Discussions in the course might also provoke strong emotional responses. To make sure that all students collectively benefit from the course, and do not feel disturbed due to either the content of the course or the conduct of the discussions. Therefore, it is incumbent upon all within the classroom to pledge to maintain respect towards our peers. This does not mean that you need to feel restrained about what you feel and what you want to say. Conversely, this is about creating a safe space where everyone can speak and learn without inhibitions and fear. This responsibility lies not only with students, but also with the instructor.

P.S. The course instructor, as part of introducing the course manual, will discuss the scope of the Safe Space Pledge with the class.

Part V

Keywords Syllabus

Fundamentals of project finance; stages of infrastructure project development; risk evaluation; risk mitigation; investing vehicle; Indian regulatory framework; basic structure of a typical project finance transaction; major project finance agreements; collateral; security creation and perfection; enforcement of security interest; negotiation and drafting.

Course Design and Overview (Weekly Plan)

Week	Topic and Description	Reading/Course Materials
1.	<p>Project Finance: An Introduction</p> <p>Project finance – what, when and why?</p> <p>Debt v/s equity</p> <p>What is special about debt finance? How is it different from corporate finance?</p>	<p>Andrew Fight, <i>Introduction to Project Finance</i> (2006), Chapter 1: pgs. 1-7.</p> <p>E.R. Yescombe, <i>Principles of Project Finance</i> (2002), Chapter 2: Sections 2.2 and 2.5.</p> <p>Stefano Gatti, <i>Project Finance in Theory and Practice: Designing, Structuring and Financing Private and Public Projects</i> (2008), Chapter 1: Sections 1.1 and 1.2.</p>
2 & 3	<p>Infrastructure Projects: Nuts and Bolts</p> <p>Stages in project development</p> <p>Choice of investing vehicle – the special purpose vehicle (SPV)</p> <p>Mechanics of setting up the SPV</p> <p>Key stakeholders and their role</p> <p>Methods of private participation</p> <p>Key risks and mitigation measures</p> <p>Typical sources of funding</p>	<p>Andrew Fight, <i>Introduction to Project Finance</i> (2006), Chapter 1: pgs. 11-44, Chapter 2: pgs. 45-73.</p> <p>E.R. Yescombe, <i>Principles of Project Finance</i> (2002), Chapter 2: Section 2.3, Chapter 3, Chapter 4: Sections 4.1, 4.2, 4.3 and 4.5, Chapters 8 -10.</p> <p>Stefano Gatti, <i>Project Finance in Theory and Practice: Designing, Structuring and Financing Private and Public Projects</i> (2008), Chapter 3, Chapter 6: Sections 6.7- 6.9.</p> <p>Formation of private companies under the Companies Act, 2013.</p>

4	<p>Contractual Framework: An Overview</p> <p>Basic contractual framework</p> <p>Key documents prior to the financing:</p> <ul style="list-style-type: none"> ▪ Due diligence report ▪ Term sheet <p>Key transaction documents that govern the financing:</p> <ul style="list-style-type: none"> ▪ Finance documents, ▪ Security documents, and ▪ Project documents. 	<p>Andrew Fight, <i>Introduction to Project Finance</i> (2006), Chapter 4: pgs. 112-138.</p> <p>E.R. Yescombe, <i>Principles of Project Finance</i> (2002), Chapters 6 & 7.</p> <p>Stefano Gatti, <i>Project Finance in Theory and Practice: Designing, Structuring and Financing Private and Public Projects</i> (2008), Chapter 7: Sections 7.1 and 7.2.</p>
5 & 6	<p>Regulatory Framework in India</p> <p>Governmental authorities</p> <p>Governmental approvals</p> <p>Foreign investment laws</p> <p>Ownership restrictions, filing and other procedural requirements</p>	<p>Foreign Exchange Management Act, 1999 (FEMA)</p> <p>Master Direction – External Commercial Borrowings, Trade Credits and Structured Obligations, 2019</p> <p>Master Direction – Foreign Investment in India, 2018</p>
7	<p>Security – Creation and Perfection</p> <p>What is the project collateral typically comprised of?</p> <p>Classes of assets (moveable, immoveable, tangible, intangible)</p> <p>Types of security (possessory and non-possessory)</p> <p>Charge (fixed and floating)</p> <p>Security creation over different classes of assets</p>	<p>Andrew Fight, <i>Introduction to Project Finance</i> (2006), Chapter 4, pgs. 137-138.</p> <p>Relevant provisions of the following statutes:</p> <ul style="list-style-type: none"> ▪ Companies Act 2013 ▪ Transfer of Property Act 1882 ▪ Registration Act 1908 ▪ Indian Contract Act 1872 ▪ Indian Stamp Act 1899

	<ul style="list-style-type: none"> ▪ Mortgage (English mortgage & Equitable mortgage) ▪ Hypothecation ▪ Pledge ▪ Assignment <p>Security perfection</p> <p>Registration, notarization and stamp duty requirements</p> <p>Security Trusts and Security Trustee</p>	
8 & 9	<p>Collateral Security – Enforcement</p> <p>Ranking of claims</p> <p>Forums available for enforcement of security</p> <p>Restrictions on the ability of lenders to enforce the security</p> <p>Impact of bankruptcy/insolvency on lenders' rights to enforce security</p>	<p>Relevant provisions of the following statutes:</p> <ul style="list-style-type: none"> ▪ Companies Act 2013 ▪ Code of Civil Procedure 1908 ▪ Recovery of Debt Due to Banks and Financial Institutions Act 1993 ▪ Securitization and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002 ▪ Insolvency and Bankruptcy Code, 2016
10 to 13	<p>Understanding the Transaction Documents</p> <p>Credit Agreement/Loan Agreement</p> <p>Common Terms Agreement</p> <p>Security Agreement/Share Pledge Agreement/Indenture of Mortgage/Deed of Hypothecation</p> <p>Security Trustee Agreement</p> <p>Accounts Agreement</p> <p>Sponsor Support Agreement</p> <p>Intercreditor Agreement</p>	<p>Definitive documents will be discussed in class. While there will be a greater discussion on 'certain' definitive agreements, students will be familiarized with the key sections of all the other definitive documents mentioned herein.</p> <p>E.R. Yescombe, <i>Principles of Project Finance</i> (2002), Chapter 13.</p> <p>Tina L. Stark, <i>Drafting Contracts: How and Why Lawyers Do What They Do</i> (2014).</p>

	Focus will be on (i) skill of drafting and negotiation, and (ii) key aspects like closing conditions, representations and warranties, covenants, events of default etc. and how other commercial issues are addressed in definitive documents that govern the transaction.
14	<p style="text-align: center;">REVISION WEEK</p> <p>[NOTE: There shall be teaching classes scheduled during the fourteenth week subject to the JGU Academic Calendar circulated by the Office of the Registrar, JGU and any official declaration of non-working days by the JGU Registrar.]</p>

Part VI Relevant Readings / Essential Readings

Books:

- Andrew Fight, Introduction to Project Finance (2006).
- E.R. Yescombe, Principles of Project Finance (2002).
- Stefano Gatti, Project Finance in Theory and Practice: Designing, Structuring and Financing Private and Public Projects (2008).
- Tina L. Stark, Drafting Contracts: How and Why Lawyers Do What They Do (2014).

Key Statutes:

- Companies Act, 2013
- Indian Contract Act 1872
- Transfer of Property Act, 1882
- Indian Stamp Act 1899
- Registration Act 1908
- Foreign Exchange Management Act, 1999 (FEMA)
- FEMA Regulations
 - Master Direction – External Commercial Borrowings, Trade Credits and Structured Obligations, 2019
Available at
<https://rbidocs.rbi.org.in/rdocs/notification/PDFs/5MD2603201979CA1390E9E546869B2A9A92614DEDBF.PDF>
 - Master Direction – Foreign Investment in India, 2018
Available at
https://rbidocs.rbi.org.in/rdocs/notification/PDFs/MD11_04012018B4DoDB4E6DA04CC4B7AF62AA03D902BE.PDF
- Code of Civil Procedure 1908

