

Project Finance

Course Objectives

The purpose of the course is to understand what project finance is, why and how it is used. Students will learn what the necessary elements of project finance to include contractual agreements, technology, sponsors, risk identification and mitigation, sources of capital, financial structuring, the use of financial modeling and accounting considerations. Syllabus

Need and importance of Project Finance-Market Appraisal- Technical appraisal-Financial Appraisal of a project- Choice of Securities-External source of securities-Industrial Sickness and Rehabilitation.
Expected Outcome

On completion of the course, the students are expected to be familiar to look at a project financing as a viable financing option. Students would get a good knowledge about Financial, marketing and Technical feasibility of a project. References

1. Prasanna Chandra, Projects, planning, Analysis, Selection, Implementation and Review, Fourth Edition MC Graw Hill Publishing co.
2. Machiraju, H.R, Introduction to Project Finance, Vikas Publishing House.
3. Prasanna Chandra ,Financial Management Theory & Practical, ,Tata MC Graw Hill.
4. H R Machiraju , Project Finance , , Vikas publishing House, New Delhi.
5. HPS Pahwa, Project Reports and Appraisals, Bharat Law House.
6. Khan Beenhakker, H.L. Risk Management in Project Finance and Implementation. Westport, CT: Quorum Books.
7. Esty, Benjamin, C. Modern Project Finance: A Casebook. New York NY: John Wiley & Sons.
8. Machiraju, HR, Indian Financial system, Vikas.
9. Kothari and Rajesh, Financial services in India: Concept and Application, Sage, New Delhi.
10. Rao, Ramesh K.S, Fundamentals of Financial Management, Macmillan Publishing Company, New York.Francis, John Clark, Investment Analysis and Management, Mc Graw Hill Inc.
11. Machiraju, H R, International Financial Markets and India, Wheeler Publishers.

Units Topics

1 Over view of project finance- Characteristics of a project, contents of a Detailed Project Report (DPR); introduction to project finance- - scheme for project finance.- Entity risk- transaction risk-Mitigating and Managing project Risk-Risk Period-Financial Risk-Political Risk-Legal Risk- Environmental Risk-Refinancing risk.

2 Feasibility Analysis- Demand forecasting- Market analysis- Technical analysis- Competitive status of a project- Economic Appraisal- Social Cost Benefit Analysis, Environmental Impact Analysis.

First Internal Examination

3 Financial Feasibility - Cost of the project-Source of finance- finance projection-Evaluation of cash flow and profitability- Financial Analysis-Capital structure Analysis- Break Even Analysis-Appraisal of Advanced Manufacturing System- Financing Capital structure- Working capital Decision Capital Budgeting Decision.

4 Source of Funding- Public issue- Regulation-SEBI guide line for Debentures-Other Debt securities- Term loan- Development Financial Institutions-IDBI-ICICI-IFCI-SFC-SIDBI-SCICI- Commercial Banks-External Commercial Borrowing.

Second Internal Examination

5 Industrial sickness and Rehabilitation- Industrial Sickness - Identification of Sickness, causes of sickness - rehabilitation programmers – Laws related to Sick Industries, RBI guidelines. Financing of sick industries - Recovery proceedings. Liquidation.

Final Examination