

NATIONAL LAW UNIVERSITY, JODHPUR
End Term Examination May— 2023
Semester: UG X Semester (Business Law Honours)
Subject: Law of Project Finance

Time: Three Hours

Marks: 100

Instructions:

1. *Attempt any five questions*
2. *Each question is of 20 marks*
3. *The number of pages of question paper is two*

Q.1). Fake Co. Ltd. is a Mumbai-based global corporation engaged in the automotive and clean energy industries. It creates and produces solar panels, solar roof tiles, electric vehicles (electric cars and trucks), residential and grid-scale battery energy storage, and related goods and services. Fake was the name under which Ratan and Marc incorporated the business in July 2003. Raj became the company's largest shareholder in February 2004 after making a \$6.5 million investment. He assumed the position of CEO in 2008. He claims that the goal of Fake is to hasten the transition to sustainable energy and transportation, such as solar energy and electric vehicles. In 2008, the business started producing the Roadster sports car, which was its first vehicle model. This was followed by the Model S sedan in 2012, the Model X SUV in 2015, the Model 3 sedan in 2017, the Model Y crossover in 2020, and the fake Semi truck in 2022. The Cybertruck light-duty pickup truck will begin production in 2023, according to the manufacturer. The Model 3 became the first electric vehicle to sell 1 million units globally in June 2021. It is now the best-selling plug-in electric vehicle ever. As of August 2022, the company's cumulative sales of cars reached 3 million, a 40% increase over the previous year's deliveries of roughly 1.31 million vehicles. The Fake market cap grew to \$1 trillion in October 2021. Additionally, Tata Co. Ltd. provided all of the equipment used in this manufacturing and production. To create a fake premium electric automobile for corporate fleet services in the European and Asian areas, Athlon Automobile Lease Company formed an association with Fake Co. Ltd. in March 2012. Fake Co. is typically in charge of producing the essential components of an electric vehicle, including the battery, the charger, and the electric motor. The remainder is supplied by US, European, and Asian vendors. AGC Automotive and ZF Lenksysteme are the primary designers and suppliers.

Prepared a business model for Fake Co. Ltd. based on the provided data, which included the specification of the companies within the nine building blocks business model.

(Marks 20)

Q.2). Write notes on the following topics:

- a) Operation and management of project company.
- b) Conditions for an InvIT to make any offer of its units to the public.

(Marks 10+10=20)

Q.3). There is a Need Co. Ltd, that is working on a Biomass project with an anticipated life cycle of 8 to 10 years. Given your extensive knowledge of project financing financial structure, you were asked to explain the available approaches for analysing the financial viability or project feasibility of the project and recommending a suitable funding

method. Accordingly, explain the various project feasibility analysis technique that you are familiar with, and what type of funding strategy will you recommend given the project's nature.

(Marks 10+10=20)

Q.4). A public-private partnership initiative for the Jalandhar surface irrigation project is being worked on by TT Ltd., an Indian publicly traded company, and the Punjab state government. This partnership's goal is to assess and restructure an ongoing public-private partnership initiative that was started between the State government and YY Co.Ltd. a private partner but was halted midway since the concessionaire bargained with the government over the distribution of benefits derived from refinancing the funding which was objected by the Government.

Answer the following queries in light of the above-provided information:

- a) Discuss in detail how a concessionaire is finalised in a PPP project.
- b) Is there a rule that deters the government from switching out its current private partner?
- c) Is a refinancing clause in a concession agreement mandatory, and may the government compel the concessionaire to share the profit derive from refinancing?
- d) Which PPP model would work best for the instance project?

(Marks 5x4=20)

Q5). An Indian company namely "X Green Co.Pvt." venturing into a green project and is a vital project for the Indian economy, received significant funding from a foreign investor (mostly from China), resulting in divesting of its controlling interest to the foreign investor. The Indian government changed its FDI policy to establish a strict threshold of less than 10% of equity instruments to prevent a hostile takeover of Indian enterprises by foreign investors. Due to this strategy, funding had to be reduced, which caused the project to stall and finally be abandoned. Does this action by the Indian government qualify as expropriation? Explain your view by describing the essence of expropriation and its many forms. Also, suggest ways to mitigate expropriation.

(Marks 10+10= 20)

Q.6). The TEN Bank provided The NET Co. Ltd. with loan facilities totalling INR 1570 crore between 2016 and 2018 to fund its working capital on a recourse basis, however, the specific credit agreement that controls the transaction makes no mention of a force majeure clause. Approximately INR 1056 crore of the INR 1570 crore loan had been repaid by NET Co. Ltd, along with several hundred crores in interest. NET Co. Ltd. continuously maintained the loan account till December 31, 2019. however, due to Covid, NET defaulted on the loan service. According to the Income Recognition and Asset Classification Guidelines (Guidelines), which were published by the RBI in Master Circular No. DBR.No.BP.BC.2/21.04.048/2015-16, an instalment would be considered a non-performing asset (NPA) if it is 90 days overdue. TEN Bank sent emails to NET Co.Ltd. informing them that their account would be labelled as a non-performing asset (NPA). As a result, NET Co.Ltd approached the Court invoking exoneration under Force Majeure. In light of the aforementioned factual matrix, decide the fate of NET Co.Ltd's references to precedent and pertinent provisions.

(Marks 20)