

PROJECT FINANCE MODULE

➤ **Project Finance Background**

- a) Evolution of project finance
- b) Project Types
- c) Critical steps in a project

➤ **Market Analysis**

- a) Background
- b) Market Sizing:
 - (i) Demand function estimation
 - (ii) Rule of Thumb
 - (iii) Experts' Poll
- c) Consumer, Customer and Influencer
- d) Market Insight areas
- e) Market Research Approaches
- f) Data Cleaning and Analysis

➤ **Business Model, Competencies and Promoter Analysis**

- a) Business Model
- b) Competencies: (i) Core competency (ii) Competency Match
- c) Promoter Analysis: (i) Track Record (ii) Financial Standing (iii) Integrity

➤ **Estimating Cost of Project**

- a) Project specifications
- b) Estimating Fixed Capital Investment in Project
- c) Estimating working capital investment in the project

➤ **Project Feasibility Analysis**

- a) Background

- b) Net Present Value (NPV)
- c) Profit v/s Cash Flow
- d) Discount Rate
- e) Tax-Shield on Interest
- f) Tax-Shield on depreciation
- g) Internal Rate of Return (IRR)
- h) XIRR
- i) MIRR
- j) Project IRR and Equity IRR
- k) Payback Period
- l) Discounted payback period
- m) Economic IRR

➤ **Financial Projections**

- a) Background
- b) Assumptions
- c) Cost of Project & Means of Financing
- d) Projected Profit & Loss Account
- e) Projected Balance Sheet
- f) Projected Funds Flow
- g) Project IRR
- h) Equity IRR
- i) Loan Servicing Capability: (i) Interest Coverage Ratio (ICR) (ii) Debt Service Coverage Ratio (DSCR) (iii) Long Term Debt Service Coverage Ratio (LDR)
- j) Sensitivity Analysis
- k) Building Scenarios

➤ **Project Finance and their Sources**

- a) Prudence in Mix of Long Term and Short Term Finance
- b) Forms of Long Term Project Finance
- c) Forms of Short Term Project Finance
- d) Lease

- e) Role of Non-Banking Finance Companies (NBFC)
- f) Loan Documentation

➤ **Infrastructure and Public Private Partnerships**

- a) Background
- b) PPP Models
- c) Parties to a PPP Model
- d) PPP Process
- e) Model Concession Agreements (MCA): (i) Highways (ii) Greenfield Airports (iii) Transmission of Electricity

➤ **Novel Structures in Infrastructure Finance**

- a) Background
- b) Take-out Financing
- c) Securitisation
- d) Viability Gap Financing (VGF)
- e) Infrastructure Debt Fund
- f) High Level Committee on Financing of Infrastructure

➤ **Taxation and Incentives**

- a) Taxation: (i) Depreciation (ii) Amortisation of Preliminary Expenses (iii) Amortisation of Telecom License Fees (iv) Interest on borrowed capital (v) Disallowances under the Act (vi) Expenses, in General (vii) Compulsory Audit
- b) Incentives
- c) Maharashtra Package Scheme of Incentives

➤ **Project Risks and their mitigation**

- a) Background

- b) Project Conceptualisation Risk
- c) Financial Closure Risk
- d) Project Construction Risk
- e) Political Risk
- f) Market Risk
- g) Supply Chain Risk
- h) Policy Risk
- i) Exchange Risk
- j) Environmental Risk
- k) Force Majeure