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