



Workshop on **Term Lending & Project Appraisal**

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Date: 8th & 9th January 2009

Venue: Brickwork Ratings facility, Bangalore



Workshop on Term Lending & Project Appraisal

Most commercial bankers in India have to deal with term lending and project appraisal concepts. Traditionally the Indian DFI (development financial institutions like IDBI, ICICI, and IFCI) were taking up term lending projects. Commercial banks were participating in the same projects. Commercial banks also used to convert some part of the working capital needs as term lending depending on circumstances. In the absence of DFI now, the commercial bankers have to increasingly appraise the projects themselves.

Since liberalization the commercial banks have been engaged in substantial term lending. The average term lending as % of advances has reached 55% nationally. Some banks have even larger proportion in term lending. These loans can turn out very risky if not properly assessed. Even though the loans might have been appraised by a merchant banker, chartered accountant, it is critical for the banker to understand the underlying assumptions. Not giving enough importance to term lending techniques can result in substantial NPAs in future.

Even the corporates that deal with the bankers have to understand how the bankers look at such loans. The chartered accountants who often advise small companies have to be clear on the credit policies of commercial banks.

The workshop will cover cash flow forecasting, risk measures like beta, cost of debt, cost of equity capital, net present value, internal rate of return, critical ratios, peer group analysis, free cash flow to equity, etc. The description of sessions is as follows.

Business Plan

This session introduces the basic concepts of business plan basic company information, current situation, corporate history, strategic analysis, industry life cycle, industry analysis, market positioning, marketing plan, operations, production plan, capex requirements, management quality, organization, etc. The financial forecasts, income statement, balance sheet, risk analysis would be explored in detail. The funds required and financing modes will be discussed.

Term Lending in Banks

This session will cover the term lending process in banks. The technical and economic feasibility methods, financial cost estimates, capex schedule, plant layout, details of land, etc would be pointed out. In addition the RBI guidelines will be discussed with reference to risk exposures.

Capital Budgeting Concepts

The capital budgeting concepts in cash flow estimation, cost of debt, cost of capital, beta, discount rate, NPV, Adjusted NPV, IRR, pay back period will be illustrated via excel models. The use of internet in gathering publicly available information will also be part of this session. Specific industry cases will be taken up and the idea is to illustrate the concepts with simplified assumptions rather than provide detailed expertise on any particular industry. For specific industry, Brickwork organizes customized training programs.

Credit Risk Management

Credit rating models that capture the companies' debt repayment capacity would be discussed. These models are typically discriminant analysis models that analyze the financial ratios apart from other subjective parameters. The session would give a glimpse into how Brickwork approaches these problems with analytical rigour.

Course Materials:

Brickwork provides all reading materials and in class exercises for the program. Depending on the enrolment, Harvard Business School case studies are also used. Brickwork also recommends a set of books that may be used in future study by the candidates.

Who should attend?

The workshop is intended for professionals in the banking industry as well as from corporate. This workshop is aimed to provide necessary skills to do project appraisal as well as understand effective term lending.

Venue:

Brickwork Ratings

55, 1st Main, JP Nagar (3rd phase)
Bangalore 560078

Faculty:

The faculty led by Prof Vivek Kulkarni would consist of experienced bankers, professionals with experience in rating agencies and academics.

About Vivek Kulkarni

Vivek is the Managing Director of Brickwork Ratings a credit rating agency licensed by SEBI. He is also the Visiting Professor in Finance at the Indian Institute of Science, Bangalore.

Vivek has over 25 years of experience in Business and Government. As the IT & BT Secretary, he was instrumental in building world-class IT & Biotech institutes and events in Karnataka. Prior to this, he was the Finance Secretary (Resources) of Karnataka. He was Division Chief SEBI, a regulator of Capital markets, and Head of Advisory Services in CRISIL a rating agency now taken over by S&P, where he developed the first risk assessment model for Indian mutual funds. Vivek is also a Director as well as Chairman of the Technology Committee on the Board of the Bombay Stock Exchange, the oldest exchange in India. Vivek is the Chairman and CEO of Brickwork India, a knowledge process outsourcing company in Bangalore.

He was an adjunct faculty in finance with the Indian Institute of Management, Bangalore. Vivek has taught MBA and executive MBA programs both in India and abroad. His research interests are in risk management in commercial banks, investment banks and corporates. He has published in Financial Analysts Journal of the CFA Institute, Economic & Political Weekly as well as prominent finance newspapers. Vivek is an expert in derivatives and risk management. Vivek is a gold medalist in Bachelor of Engineering from Karnataka University and also an MBA in Finance & Information Systems from the Wharton School, University of Pennsylvania.

Fees:

The workshop fees are Rs. 7500/- for two days. Snacks and lunch will be provided at the venue.

You can register by sending an email to **conference@brickworkratings.com** with your name, designation, company name, address, phone number and email address.

Cheque/DD for Rs. 7500/- should be in favor of **Brickwork Ratings India Pvt. Ltd.** payable at Bangalore.

About Brickwork Ratings

Brickwork Ratings is a SEBI licensed credit rating agency in India, based in Bangalore, which is committed to spread of financial literacy (www.financial-literacy.in) in India. Brickwork was formulated with the specific objective of providing strong research-based information for Indian investors to make the most appropriate investment decisions. Brickwork uses most relevant information, both on-balance and off-balance sheet assets and liabilities, management quality, as well as the latest financial technology to decide on ratings. Brickwork Ratings focuses on the Indian investment scene and is completely in tune with the Indian business, sociopolitical- economic developments, market psychology and Indian investor risk profile.

Brickwork offers issuer ratings and short/long term ratings for commercial paper, CDs, fixed deposits, debentures, bonds, structured products of corporate, PSUs, governments, local bodies, financial institutions and banks. Brickwork also offers IPO grading for both small and large entities. Brickwork has also developed a specialized model for evaluating performance of mutual funds. Brickwork offers customized briefings, workshops and training programs in several topics risk management, derivatives, hedging, foreign currency futures, options, valuation, project appraisal, credit risk modeling, equity research, portfolio management techniques etc.

The directors of Brickwork Ratings are Mr. N Balasubramanian, Chairman, who is an experienced banker and former CMD of SIDBI; Mr. Vivek Kulkarni, Managing Director, who is former IT secretary, Govt. of Karnataka & Visiting professor of Finance in Indian Institute of Science, Bangalore; Mr. D Ravishankar, former Managing Director, Asia Pacific Risk Solutions Business Standard & Poor's; Mr. K N Prithviraj, former CMD of Oriental Bank of Commerce & presentably Administrator of SUUTI.

UPCOMING EVENTS

Workshop on Basel II

February 5th 2009

Workshop on Forex Hedging & Export Finance

February 12th & 13th, 2009

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Financial Due Diligence

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