

Dun & Bradstreet Techno Economic Viability Study

an offering of Dun & Bradstreet Project Appraisal Services

Risk Assessment



Mitigating Risk

dun & bradstreet

GROWING RELATIONSHIPS THROUGH DATA

Introduction

India witnessed an economic boom with a flurry of activity in the industrial and service sectors in the past few years. Many new companies were being floated and projects initiated by existing companies as a part of related or unrelated diversification. However, due to the global economic crisis and the crisis of confidence that has emanated, liquidity has dried up. Many project sponsors are now finding it difficult to bring the requisite share of their equity funding in the project as originally envisaged in the funding plan which ultimately results into cost and time overruns, thereby having negative impact on project viability. It becomes imperative for banks, financial institutions and equity

investors to carry out an exhaustive credit appraisal of these projects prior to funding.

At D&B we understand the nuances of such projects is vital for both the project sponsors and the banks/funding agencies. Based on its experience in carrying out Project Appraisal Services, D&B India has developed an assessment methodology and process to evaluate projects. The methodology achieves a fine balance between information availability and the comprehensiveness of the risk factors to viability in ascertaining the project quality.

Methodology

D&B employs a four dimension approach to projects as shown below:

Business Direction & Management

- Project Rationale
- Project Fit to Strategic Objectives
- Management Capability and Project Management Expertise

Industry

- Nature of product and end user characteristics
- Industry Structure & Market dynamics
- Pricing trends
- Government Regulations

Project Specific

- Production Technology evaluation
- Raw Material, other input material & utility arrangement
- Marketing strategy
- Manpower planning
- Project cost estimation

Financial Analysis

- Debt requirement & assessment of debt-equity ratio
- Projected Financials
- Estimation of financial indicators
- Uncertainty in project outcome captured by sensitivity analysis

Scope of Offerings

Broad aspects that are covered:

• Management Evaluation

- Promoter's experience assessment
- Experience and capability assessment of key persons proposed to handle the project

• Technical Feasibility

- Evaluation of Technology
- Assessment of processes
- Appropriateness of machineries (if any)
- Assessment of other input in terms of requirement and availability
- Assessment of utility requirement
- Infrastructure assessment in terms of land, buildings, utilities, etc
- Assessment of Manpower planning
- Quality control measures adopted
- Assessment of Implementation Schedule

• Market Assessment

- Market Analysis
- Demand Side Analysis
- Supply Side Analysis
- Competitive Analysis

• Strategic Analysis

- Location Analysis
- SWOT
- Risk Analysis & Mitigation

• Financial Evaluation & Analysis

- Vetting of project cost
- Assessment of proposed means of finance
- Economic analysis-estimation of revenue, fixed cost & variable cost
- Preparation of projected Financial Statement
- Estimation of Project indicators – IRR, DSCR, etc.
- Sensitivity analysis

Why D&B?

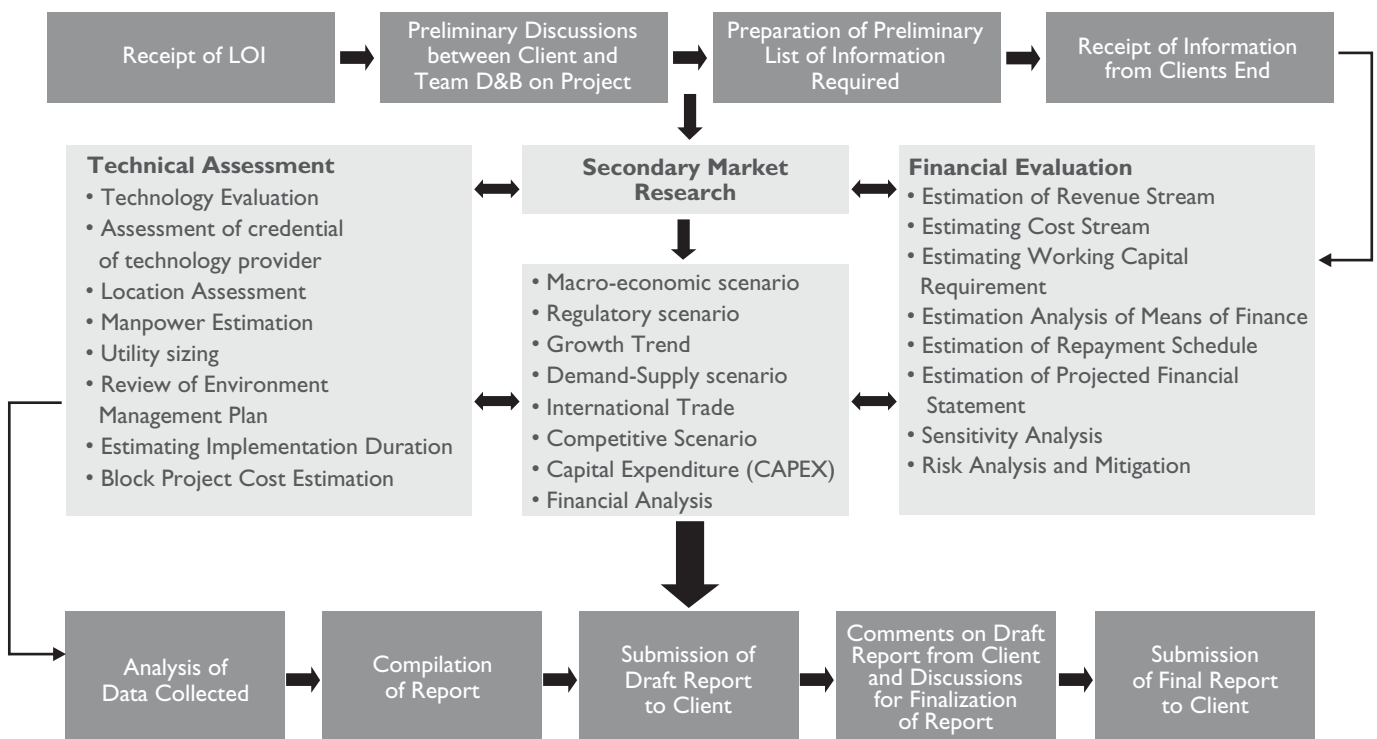
- **Third Party Assessment:** D&B TEV Study is a neutral, third party and comprehensive assessment of the prospects of project entity. As a part of the project assessment process, a comprehensive project report is submitted that cover issues related to technical, industrial and financial.
- **Improved Funding Prospects:** The Project report helps investors, banks and financial institutions validate their own research findings and make a more informed decision.
- **Highlighting Risk Areas:** The neutral assessment and the analysis conducted on different dimensions also assist the project sponsors to better understand the risks inherent in the undertaking and can formulate strategies to mitigate the same.

Key Empanelments

D&B India has carried TEV study with		
State Bank of India & its associates	United Bank of India	Andhra Bank*
Bank of Baroda	Central Bank of India	Federal Bank*
Bank of India	UCO Bank	ICICI Bank*
Punjab National Bank	Indian Overseas Bank	Axis Bank*
Oriental Bank of Commerce	IDBI Bank Limited*	Punjab & Sind Bank*
Allahabad Bank	Exim Bank*	Vijaya bank*
Dena Bank	Syndicate Bank*	Yes bank*
Corporation bank	Union Bank of India	
Indian Bank	Canara Bank*	

*Allied studies were carried out on case to case basis

Assessment Process



D&B undertakes TEV studies for greenfield, brownfield, and restructuring (CDR, S4A, 5/25 & SDR scheme) projects

Industries Covered

- Automotive & Auto Components
- Cement Industry
- Chemical Industry
- Consumer Durables
- Education
- Food Processing Industry
- Electrical & Electronic Industry
- Media & Entertainment
- Hospital & Healthcare
- Hotel & Hospitality
- Information Technology
- Infrastructure
- Iron & Steel
- Life Sciences
- Logistics & Warehousing
- Manufacturing
- Metal & Mining
- Oil & Gas
- Packaging Industry
- Paper & Pulp
- Petrochemicals
- Pharmaceuticals
- Power
- Real Estate
- Renewable Energy
- Telecom Industry
- Textile Industry
- Waste Management

About Dun & Bradstreet (D&B):

Dun & Bradstreet (NYSE: DNB) grows the most valuable relationships in business. By uncovering truth and meaning from data, we connect customers with the prospects, suppliers, clients and partners that matter most, and have since 1841. Nearly ninety percent of the Fortune 500 and companies of every size around the world, rely on our data, insights and analytics.

Customers use D&B Risk Management Solutions to mitigate risk, increase cash flow and drive increased profitability; D&B Sales & Marketing Solutions to manage their master data, analyse markets, locate prospects and increase revenue from new and existing

customers; D&B Learning & Economic Insights Group for solution-oriented analysis of strategic economic and business development, professional training, and cutting edge knowledge forums & conferences.

In 2017, D&B featured on the World's Most Ethical Companies list in the Business Services category by Ethisphere, for the ninth consecutive year. The World's Most Ethical Companies designation recognizes companies that truly go beyond making statements about doing business "ethically" and translate those words into action.

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