



Dr. MCR HRD
Institute of Telangana

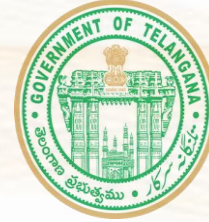


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75
Azadi Ka
Amrit Mahotsav



Foundation Course for All India Services & Central Civil Services

Residential Training @ MCHRD, Hyderabad
23rd Jan to 6th May 2023

Project Management: Planning,
Financing, and Commissioning
@ 9.30 to 11.30 am/13-Feb-2023

Speaker:

Dr. Kishore Nuthalapati
Director, BEKEM Infra Projects Pvt. Ltd; &
The Economic Times - ET CFO Ledger Member



CFO LEDGER

Fresh takes, in-depth analysis and opinions from our esteemed panel of industry leaders



Kishore NK - Kishore NK, Director BEKEM Infra Projects Pvt. Ltd.

Interest rate & Inflation challenges

Markets are prepared to see RBI rising its policy rates in its monetary policy committee meeting schedule between 6 th to 8 th June 2022. But the markets are eager about how much would the increase be.

Search Funds: A new venture-entrepreneurship

Growth funding is critical to sustain and grow a business even after it breaks even and gains brand image. For most of the products, growth funding is difficult. Should a potential business perish for want of growth funding? Not necessarily. Innovations in entrepreneurship have a solution in the name of Search Funds. Search Funds bypass

10 days ago

The Ascent & Assent of Cryptocurrencies

The launch of cryptocurrency exchange platform by TCS and association of other IT majors such as Infosys and Wipro with block chain technology increased attention towards block chain technology and also cryptocurrencies. It may be funny yet interesting that the Reserve Bank of Kailasa, the central bank of the new nation Kailasa

236 days ago

Have masala bonds become less spicy?

Pecking order imbues fund mobilisation. Companies prefer exhausting their debt sources before examining equity funds. However, the debt equity limit imposed by

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- Views are for discussion with no obligation on Speaker, host or sponsoring organizations, or the one speaker is associated with.
- The details are compiled from the publicly available lead data / tentative data and not advises or recommendations.



Contribution of Dr. Kishore Nuthalapati in ABN TV with analysis on Economy & Financial Markets



. with knowledge

What is a project

A project is a temporary endeavour undertaken to create a unique permanent asset.

A project is:

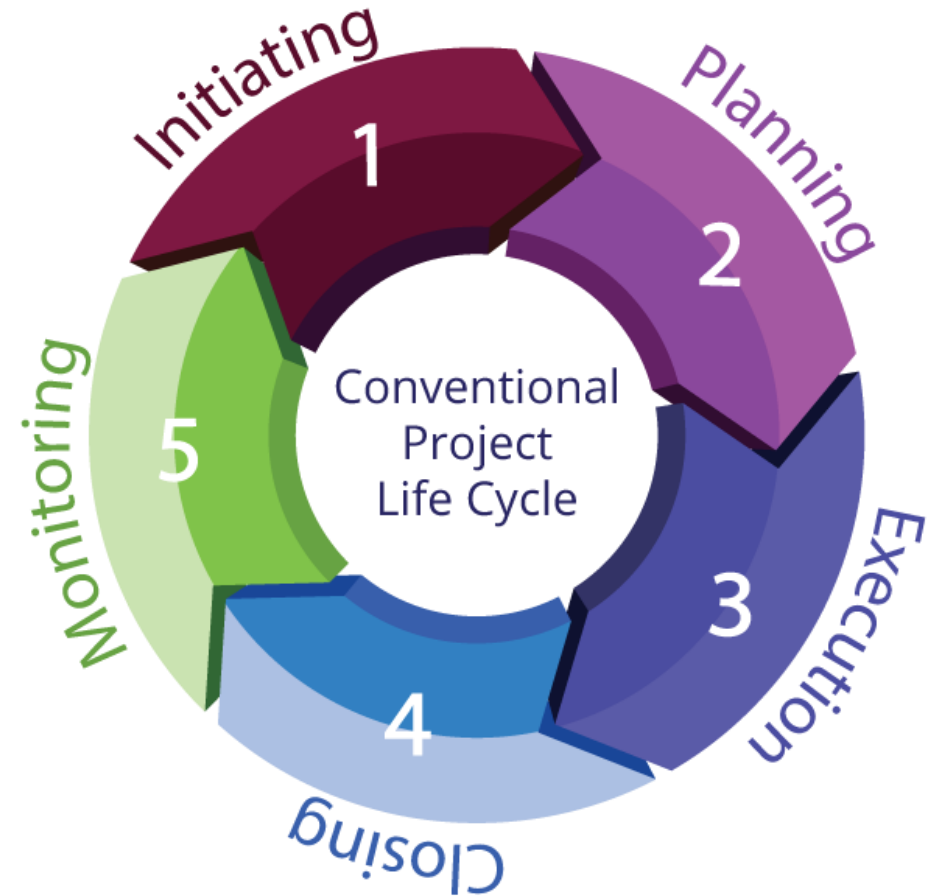
- performed by people
- constrained by limited resources
- planned, executed and controlled

General features of a project

- A project has a definite beginning and definite end
- The duration of a project is finite
- The opportunity or market window is usually temporary, most projects have a limited time frame to produce the product or service
- The project team - as a team - seldom outlives the project. Most projects are performed by a team created for the sole purpose of performing the project
- Projects involve doing something that has not been done before in the same environment
- The project may require some innovation to be completed

Origin to COD of a project

- Need identification
- Scope / Capacity
- Cost determination
- Pricing potential
- Funding & financing
- Viability assessment
- Project structure
- Implementation
- Commissioning, O&M



Project Management - Select Statistics

- 37% of projects fail due to lack of defined project objectives & milestones
- 70% of projects are prone to failure
- 44% of projects fail due to lack of alignment between revenue model and objectives
- 27% of projects have project cost overruns
- 87% success of projects is due to Team cohesion
- 35% of projects delivered almost full benefits
- 56% of projects that succeeded owe their success to intermediate change
- 94% of projects that succeeded has proper project management.

Concept of Project Management

- Project management is the application of processes, methods, skills, knowledge and experience.
- Purpose is to achieve specific project objectives according to the project acceptance criteria within agreed parameters.
- It can involve a one-time project or an ongoing activity, and resources managed include personnel, finances, technology, and intellectual property.
- Project management is often associated with fields in engineering and construction and, more lately, healthcare and information technology, which typically have a complex set of components that have to be completed and assembled in a set fashion to create a functioning product.

Project Management Process Phases

Initiation Phase

Designing Phase

Implementation Phase



Phase
1

Phase
2

Phase
3

Phase
4

Phase
5

Phase
6

Definition Phase

Development Phase

**Closing & Follow-up
Phase**

Contract & Team

- Scope determination
- Request for Information
- Scoping of potential contractors
- Bundling and/or unbundling of work components
- Floating tenders
- Tender process and LOI
- Contract Agreement
- Commencement Order

Project Team:

- Authority Independent Engineer
- Lenders Independent Engineer
- Third Party Inspection Engineer
- Project Management Consultant
- Contractor & Project Team
- Sub-Contractors
- Plant Suppliers
- AMC Agencies
- Legal Consultant
- Insurance Consultant
- Safety Consultant
- Quality Consultant

Tendering process

Tender options:

- ICB : International Competitive Bidding
 - LICB : Limited International Competitive Bidding
 - NCB : National Competitive Bidding
- Step 1 : NIT – Notice Inviting Tender
 - Step 2 : EOI- Expression of Interest
 - Step 3 : Tender document Selling
 - Step 4 : Pre Bid Meeting
 - Step 5 : Bid Submission- In Single Phase or Two Phases
 - Step 6 : Bid Opening – In Single Phase or Two Phases
 - Step 7 : Bid Evaluation – technical & commercial
 - Step 8 : Post Bid Meeting – tender opening & ranking
 - Step 9 : Report Formation – selection & basis
 - Step 10 : Award of Contract – LOA and contract agreement

Project Management Techniques & Tools

Techniques:

- Classique Technique (charts & matrix)
- Waterfall Technique (chain)
- Agile Technique (Scrum, Kanban, FDD, DSDM, etc)
- Rational Unified Process (stagewise feedback)
- Program Evaluation & Review Technique (PERT)
- Critical Path Method (CPM) Technique
- Critical Chain Technique (priority basis)
- Extreme Project Management Technique
- Kanban Technique

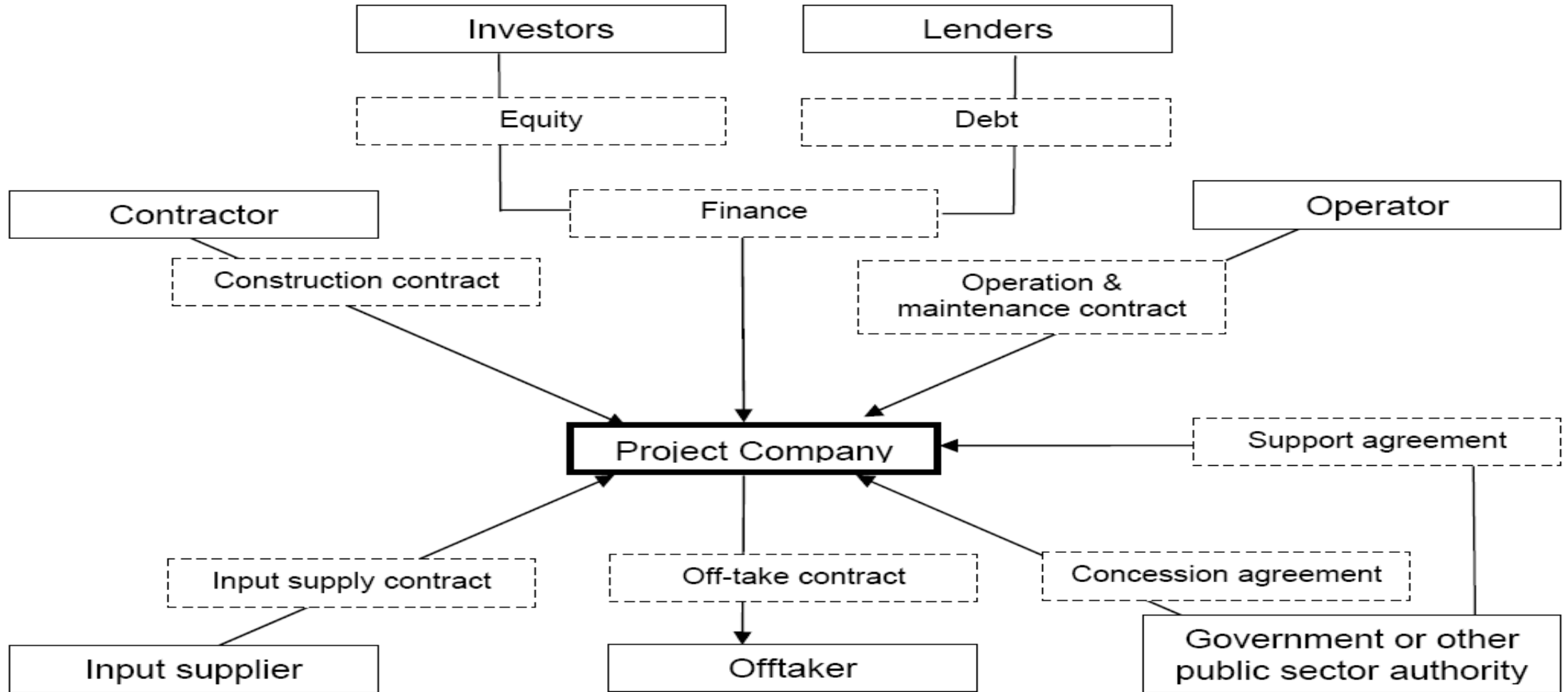
Tools:

- Organization Workflow & Planning
- Communication
- Scheduling & Time Management
- Milestones & Sprints

Project cost estimation

- Material cost & fluctuations (special materials & regulatory impact)
- Execution cost based on components and BOQ
- Escalation and levelized prices
- Prices of imported items – forex, hedging, etc
- Factor in the testing & inspection costs
- Factor in the cost of compliance – HR, Enviro, & PPE, etc
- Consultancy, supervision, and legal costs
- Branding, Promotion, and user concessions / subsidies
- Factor in the cost of O&M post COD
- Factor in reinstatement costs (mining, infra, etc projects)

Typical project finance structure



Project Finance: Key terms

- Avoided cost / Sunk cost
- Balloon /Bullet repayment
- Credit Rating
- Break Even
- Bridge Financing
- Funded Interest Term Loan
- Clawback
- Conditions Precedent
- Conditions Subsequent
- Consortium funding
- Contingencies
- Credit Enhancement
- DCF
- Defeasance
- DSRA
- Floating Rate
- Golden Share
- Hurdle Rate
- Inter creditor agreement
- Current or inverse order
- Coupon (SOFR or SONIA)
- Mortgage vs assignment
- Recourse vs Non recourse
- Pari passu
- Senior vs subordinate
- SPV
- Sweep
- Takeout finance

Features of Project Finance

- Capital intensive financing scheme
- Risk allocation
- Multiple sources
- Asset ownership
- Limited resource financing solution
- Loan repayment with the project cash flow
- Sponsor credit – no impact on project

Project Agreements:

- Concession Agreement
- Construction Agreement
- Financing Agreements
- Put or pay agreement
- Offtake agreement
- Salvage agreement
- AMC Agreement
- Step-in agreement

Project Finance stages

Pre-Financing Stage:

- Identification
- Analysis of plan
- Risk assessment
- Project Feasibility

Financing Stage:

- Financial Closure
- Loan & Equity portions
- Documentation
- Disbursement / infusion

Post Financing Stage:

- Compliance
- Project Monitoring
- Project Closure
- Loan Repayment

Project Commissioning & thereafter

- Project Construction completion –integrated completion
- Testing & Commissioning (ex: Japan bullet trains)
- Provisional COD
- Commencement of Operations Date (COD)
- O&M agencies: Warranties, insurance, Maintenance Team, AMC, etc
- Revenue collection / pricing formula adherence
- Loan repayment
- Expansion / Modernization
- Monetization

Thank You, and
Great time ahead for you!