



Advanced Financial Modeling (Investment Banking Course)

**60-hour Classroom
Program**

Cians Academy

What is Financial Modeling

Financial modeling is now one of the most indispensable skills to make a career in the fiercely competitive finance industry. It refers to the process of creating a model using MS- Excel to project the financial statements for a company

Financial modeling requires a mix of fundamental knowledge of Financial Accounting and Equity Valuation, as well as working knowledge of MS - Excel

Applications of Financial Modeling

- **Equity Research**: Equity analysts spend a considerable amount of time building a financial model for the company they are about to give a buy/sell recommendation on
- **Investment Banking**: Investments bankers need to arrive at a valuation of a target company based on which they pitch buyers/sellers.
- **Credit Research**: Credit rating agencies like Crisil, use sophisticated financial models to evaluate credit quality of companies debt issues
- **Project Finance**: Sophisticated financial models are built in project finance, when deciding whether to do a specific capex in a project e.g. building a new hotel
- **Portfolio Investments**: It is critical to evaluate equity investments in your portfolio, when you are looking to seek higher returns as compared to debt. Financial Modeling knowledge goes a long way in helping you understand the finer points of company's financial statements . This will help in making sound investments in companies with growth potential (Wrong investments in equity can cause capital destruction)

Why Cians Academy?

Value Proposition

- ✓ The curriculum has been designed in collaboration with industry veterans and the senior management of Cians Analytics, with decades of top-class experience in the Finance industry
- ✓ The course structure has been designed with an emphasis on the skills that are required for building comprehensive financial models
- ✓ Our pedagogy leans towards real-world case studies that cover the Private Equity, Equity Research and Investment Banking verticals
- ✓ Our trainers have years of training and industry experience

Theory is important but its our practical experience that sets us apart

Skills We Aim to Impart

Become proficient with excel functions to build models

Analyse and interpret financial statements like an Investment Banking Analyst

Understand the broad modeling requirements of a private equity analyst

Learn to appraise project feasibility like a corporate finance analyst



Estimate future company share prices in the manner of an equity analyst

Perform data analytics to identify trends and themes in a data set

Why Financial Modeling ?

Financial institutions constantly utilize excel models to assess the potential of any deal or returns from a project.

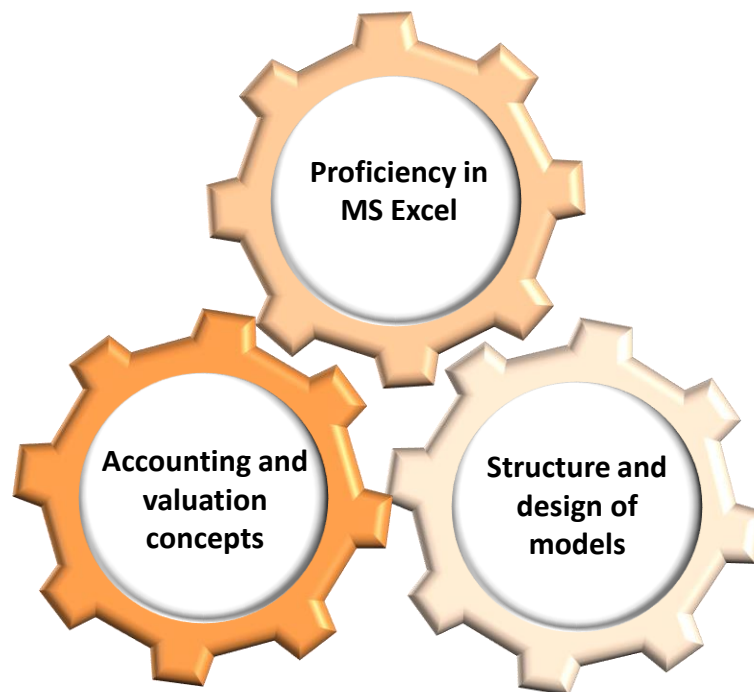
There is a firm dependence on financial modeling to estimate the future growth of companies, calculate potential valuation, and identify any trends that may impact investment decisions.

*Financial Modeling is a
Black Box of the Finance
Industry...*

*We will help Demystify it
for you*

Our Approach Towards Financial Modeling

Having liaised and worked with prominent global financial institutions, we believe financial modeling is a three-legged stool based on:



Indicative Applications of Modeling (1/3)

Consultants/Analysts Use Models to Project Future Sales and Expenses of Companies

Real World Business Problem

A consultant wants to evaluate an agriculture business with different operating segments

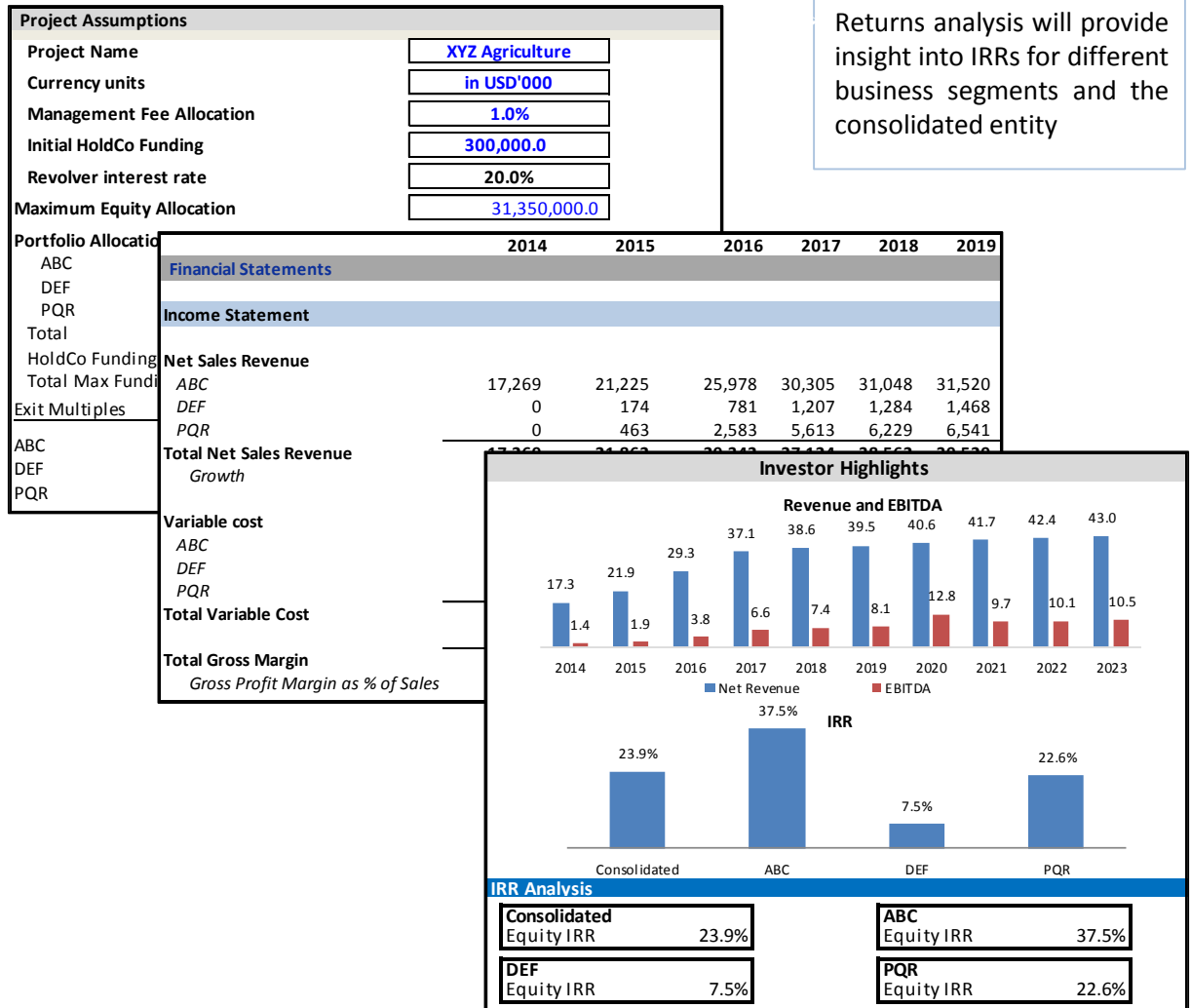
Solution

Create detailed consolidated financials by projecting different business segments, including valuation and returns analysis

Outcome

Consolidated financials will help project performances for different business segments

Returns analysis will provide insight into IRRs for different business segments and the consolidated entity



Indicative Applications of Modeling (2/3)

Valuation Advisors Use Models for Valuation Projections

Real World Business Problem

A Valuation advisor wants to evaluate an investment opportunity in a consumer sector business

Solution

A detailed business model with DCF, sensitivity analysis and football field analysis

Outcome

A DCF analysis will provide the intrinsic value of the business while the sensitivity analysis will provide a range of valuations under different assumption scenarios

Return Assumptions	
Investment date	Jan-14
Management Equity Ownership	15.0%
Management Equity Investment (in USD'000)	500
Management Exit Year	2017
ABC Equity Ownership	85.0%
ABC Equity Investment (in USD'000)	3,333
ABC Debt Investment	
ABC Exit Year	
Exit EV/EBITDA Multi	

Discounted Cash Flow Analysis					
Date	Dec-14	Dec-15	Dec-16	Dec-17	Dec-18
Discount periods	0.23	1.23	2.23	3.23	4.23
Revenues	30,402	33,905	37,560	41,410	45,501
EBIT	4,999	5,293	6,380	7,171	8,013
EBIT*(1-t)	4,399	4,658	5,614	6,311	7,052
Add: Depreciation & Amort.	551	650	696	727	759
Change in Working Capital	(2,063)	(16)	190	(954)	(1,018)
Less: Capital Expenditure	(1,801)	(1,209)	(954)	(1,002)	(1,052)
Free Cash Flows to the Firm	1,087	4,083	5,546	5,081	5,741

Terminal Value
Discounting Factors
PV of FCFs
Valuation Analysis
Total PV of FCFs
Terminal Value
Derived EV
Less: Debt
Add: Cash
DCF Value of Equity

ABC Return Analysis					
	2014	2015	2016	2017	2018
Equity Cash Flows					
Equity Invested	(3,333)	-	-	-	-
Distributions	-	-	-	-	-
Exit Value	-	-	-	29,473	-
Cash flows for Equity Investme	(3,333)	-	-	29,473	-
Debt Cash Flows					
Debt invested	(24,167)	-	-	-	-
Interest Expenses	1,208	2,264	2,055	1,682	-
Repayments	1,523	2,090	3,737	16,816	-
Cash flows for Debt Investmen	(21,435)	4,354	5,793	18,498	-
Total Cash Flows to ABC					
Equity Cash Flows	(3,333)	-	-	29,473	-
Debt Cash Flows	(21,435)	4,354	5,793	18,498	-
Cash Flows to ABC	(24,768)	4,354	5,793	47,971	-
IRR	37.3%				
MoC	2.2x				

Indicative Applications of Modeling (3/3)

Private Equity Analysts Use Models to Evaluate Deals

Real World Business Problem

A PE analyst wants to evaluate an opportunity to invest in a manufacturing company

Solution

A detailed operating model based on the revenue & cost projection
 Overlay the operating model with LBO transaction assumptions to gauge returns

Outcome

The operating model will help analyze the performance under multiple scenarios
 And an LBO analysis will provide insight into IRRs and MoIC if the deal goes through

Model Assumptions	
General Assumptions	
Deal Closing Date	1-Jan-15
Exit Year	31-Dec-18
Transaction Cost	2.0%
Exit Multiple	5.40x
Transaction Structure	
Uses	
Purchase Price	€ thousands
Short terms bank loans	14-EBITDA
Long terms bank loans	% of Total
Shareholder	
Transaction C	
LBO Statistics	
Sources	
Sensitivity Analysis	
IRR Sensitivity Analysis	
Senior Debt	
Junior Debt	
CoC Sensitivity	
Senior Debt	
Junior Debt	

	2014	2015	2016	2017	2018
Total Net Debt	(1,569)	21,183	15,541	9,341	(12,636)
Adjusted EBITDA	9,292	10,926	12,242	13,958	15,507
Adjusted EBITDA margin %	12.4%	12.8%	13.5%	14.4%	15.0%
Net Debt/ EBITDA	-0.17x	1.94x	1.27x	0.67x	-0.81x
EBITDA/Net Interest Cost	185.8x	6.4x	8.6x	14.4x	26.8x
Debt Repayment		17.4%	40.6%	55.0%	100.0%

	Exit Multiple	Senior Debt					
		20.0%	25.0%	30.0%	35.0%	40.0%	45.0%
5.40x	44.2%	44.2%	44.2%	44.2%	44.2%	44.2%	
5.65x	44.2%	44.2%	44.2%	44.2%	44.2%	44.2%	
5.90x	44.2%	44.2%	44.2%	44.2%	44.2%	44.2%	
6.15x	44.2%	44.2%	44.2%	44.2%	44.2%	44.2%	
6.40x	44.2%	44.2%	44.2%	44.2%	44.2%	44.2%	

	Exit Multiple	Senior Debt					
		20.0%	25.0%	30.0%	35.0%	40.0%	45.0%
5.40x	4.32x	4.32x	4.32x	4.32x	4.32x	4.32x	
5.65x	4.32x	4.32x	4.32x	4.32x	4.32x	4.32x	
5.90x	4.32x	4.32x	4.32x	4.32x	4.32x	4.32x	
6.15x	4.32x	4.32x	4.32x	4.32x	4.32x	4.32x	
6.40x	4.32x	4.32x	4.32x	4.32x	4.32x	4.32x	

	Exit Multiple	Junior Debt					
		10.0%	15.0%	20.0%	25.0%	30.0%	35.0%
5.40x	4.32x	4.32x	4.32x	4.32x	4.32x	4.32x	
5.65x	4.32x	4.32x	4.32x	4.32x	4.32x	4.32x	
5.90x	4.32x	4.32x	4.32x	4.32x	4.32x	4.32x	
6.15x	4.32x	4.32x	4.32x	4.32x	4.32x	4.32x	
6.40x	4.32x	4.32x	4.32x	4.32x	4.32x	4.32x	

About the Course

Advanced Modeling Course (Investment Banking)

The 10-day program will enable students to build financial models from scratch and use them for solving practical business problems. The classroom program intends to provide hands-on experience to the candidates. This course is designed for:

- ✓ cracking interviews
- ✓ getting acquainted with 3-step financial statements
- ✓ building revenue and cost projections
- ✓ Creating Equity/LBO/Project Finance Models like experts



Who should sign up?

- ✓ CA, MBA, and CFA aspirants/candidates who want to pursue a career in finance
- ✓ Undergraduates who want to bridge the gap between theory and practice, and learn about the work streams of a research team
- ✓ Working professionals who need to build or read end-to-end financial models to make recommendations or write reports
- ✓ Professionals looking at a career switch to finance or students who want to get a head start before taking up a job

What you get...

- Candidates will be provided a pre-course handbook that has readymade notes on relevant accounting and valuation concepts
- Step-by-step Excel templates for practice following the sessions and solved Excel sheets
- A robust valuation model of a listed company, LBO Model and Project Finance Model

Pedagogy

Duration:

- 10-day classroom training spread over 60 hours

Fees

- **Program fee:** INR 22,000 plus service tax

Course Structure

Day 1 - Overview of Accounting & Valuation and Excel

- Overview of Income statement, balance sheet and cash flow statement
- Overview of accounting adjustments like working capital changes, deferred revenue, DTA/DTL, etc., and their impact on the three financial statements
- Importance of equity valuation
- Techniques of equity valuation
- Basic layout and shortcuts of MS Excel

Day 2 - Basic MS Excel

- **Basic layout and shortcuts of MS Excel**
- **Basic and Conditional Formatting**
- **Basic Charting – Line & Bar charts, pie charts, combo charts etc.**
- **Pivot tables**
- **More than 30 Basic MS Excel functions like Logical functions, Reference functions etc which are widely used in client work**
- **Goal seek and revolver**

Day 3 - Equity Model

- Overview of Listed company
- Data sourcing and creating historical financial statements
- Building a bottom-up revenue model
- Cost assumptions
- Building assets and debt schedule

Day 4 - Equity Model

- Projecting interest expense and dealing with the circular referencing error
- Revolver adjustment
- Interlink age of debt and asset schedules with the projected financial statements
- Completing the operating model

Day 5 - Equity Model

- Performing DCF analyses using the FCFF approach
- Performing Sensitivity analyses (single- and two-variable tables)
- Performing ratio analyses
- Overview of Trading Comparables and Transaction Comparables for relative valuation
- Football field analysis

Course Structure

Day 6 – Advanced MS- Excel

- Advanced functions including Match/Index, Offset, Indirect, String functions, Date functions, and Array functions
- Understand niche functions, including EtworkeDays.Intl, Yield, Transpose, Forecast and Trend, Text, Mod, Db, Sln, Ipmt and Ppmt, Find, Len, Left, Right, Mid, and Mirr.
- Regression analysis
- Advanced charting, including Waterfall chart, Dynamic chart, and Gantt chart
- Goal Seek and Solver to validate assumptions
- Building switches to incorporate different scenarios in a models

Day 7 – Advanced Financial Modeling

- Overview on Beta and its calculation
- Performing sensitivity analysis using 3D tables
- Circular error check and correction
- Auditing and methods to correct balance sheet differences
- What are investment banks and what do they do
- Pitch Books
- Mock test of Financial Modeling

Day 8 – LBO Model

- Overview of the global LBO market, know-how, and characteristics of an LBO target
- Understanding the template to analyze LBO
- Building Sources and Uses table
- Allocating goodwill based on the purchase price

Day 9 – LBO Model

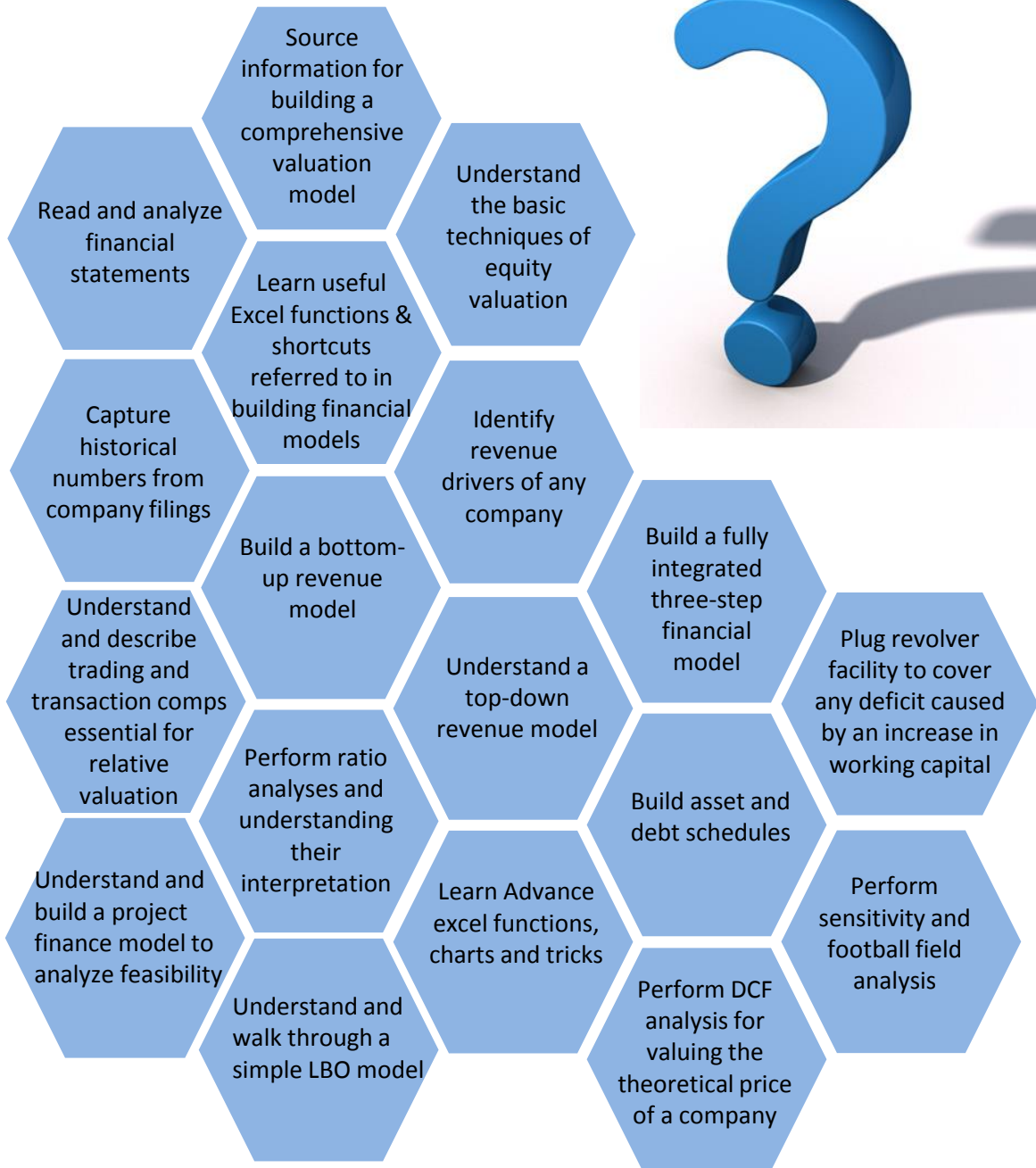
- Creating pro-forma balance sheet to adjust for deal assumptions
- Incorporating flexibility for different debt tranches
- Applying adjustments for cash sweep
- Performing LBO analysis using a case study

Day 10 – Project Finance

- Overview of the project finance model
- Understanding the template to analyze project feasibility
- Incorporating adjustments for project phasing and government subsidy (if applicable)
- Building waterfall distribution
- Building a robust dashboard to capture the model output

Course Objective

Post completion students will be able to perform the following functions...



Team

ANMOL BHANDARI, CEO & Co-founder

- Investment Director & Head of Business Development, Gaia Renewable Capital
- Director, Business Development, Copal Partners
- Hedge Fund Strategies Group, Goldman Sachs
- Harvard Business School, OPM 45
- B.Sc. Electrical Engineering, Villanova University

AMAN CHOWDHURY, CFA, CEO & Co-founder

- Country Head, Copal Partners, India
- Vice President, Genpact & J.P. Morgan
- Investment Banker, Credit Suisse & Lazard
- MBA, Darden Business School, University of Virginia
- B.A. Economics, St. Stephen's College

KARANMALHOTRA

- Senior Vice President at Cians Analytics
- Analyst, JPMorgan Chase & Co.
- Senior Business Analyst, Evalueserve
- MBA, SCMLD, Pune
- Bachelor's Degree in Commerce, Panjab University

VAIBHAVAGGARWAL, CFA

- Senior Member of the Investment Research / Financial Modeling team at Cians Analytics
- Extensive experience in building financial models for various sectors – Oil and Gas, Banking, Retail etc.
- CFA Charterholder
- Bachelor's Degree in Commerce, University of Delhi

How to Register?

Interested candidates could register with us by visiting our **registration page** on www.ciansacademy.com

For any further enquiries, you could reach us at:

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See You in Class!!!