



Lesson Plan

Program: MBASemester:IVth **Course Code:** KMBN FM 05**Course Name:** Financial & Credit Risk Analytics

Course Objectives

(CO1): Remember and comprehend basic concepts of financial credit

(CO2): Develop understanding of Credit risk & its rating

(CO3): Develop understanding of credit commitments & its application

(CO4): Develop understanding of risk management & corporate governance

(CO5): Develop understanding of riskiness of a stock or a portfolio position

Session Duration: 60 minutes

Participants: MBA Students

Entry level knowledge and skills of students

- i. Basic Knowledge of Financial credit
- ii. Basic Knowledge of Credit rating

- i. White Board, Marker and Duster
- ii. Smart Board and Projector

Assessment Schemes

S. No.	Criteria	Marks (150)
1	AKTU End Term Examination	100
2	Internal Evaluation Scheme	50
2(a)	Class Tests	30
2(a)(i)	Class Test-I	15
2(a)(ii)	Class Test-II	15
2(b)	Teacher Assessment (Continuous Evaluation)	20
2(b)(i)	Attendance	5
2(b)(ii)	Case Study/Topic Based Presentation	5
2(b)(iii)	*GD	10
	*MCQ Based Assignment	2



Course Outcomes (starting with action-oriented observable and measurable verb)

(CO1): Understand about various types of financial credit.

(CO2): Understand the credit risk and its rating.

(CO3): Understanding of credit commitments and its application

(CO4): Understanding of risk management and corporate governance.

(CO5): Measure riskiness of a stock or a portfolio position.

L. No.	Topics	Sub Topics	Date of implementation	Pedagogy	CO-Covered	Faculty Sign	HoD's Remark with Date
Unit - 1							
1.	Financial credit	Meaning & Objective		Improved Lecture	1		
2.	Credit Risk	Meaning & effects & credit analysis		Improved Lecture	2		
3.	Credit Risk	7C's & credit analysis process		Demonstration	2		
4.	Documentation	Meaning & kinds of documents required		Buzz Session	3		
5.	Loan pricing	Meaning & effects & profit analysis		Improved Lecture	2		
6.	Types of credit facilities	Cash credit, overdrafts, demand loan		Demonstration	1		
7.	Bill Finance	Drawee bill scheme, bill discounting		Improved Lecture	1		
8.	Cash Delivery	Types of facilities & modes of delivery		Improved Lecture	1		
Unit - 2							
9.	Sole banking arrangement	Meaning & importance		Demonstration	1		



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10.	Multiple banking arrangement	Meaning & role & importance		Demonstration	1		
11.	Consortium lending & syndication	Meaning & its role in credit risk		Buzz Session	2		
12.	Multiple banking arrangements (types)	Credit priorities, credit thrust, credit acquisitions		Improved Lecture	1		
13.	Regulations	Statutory & regulatory restrictions on Advances		Demonstration	3		
14.	Credit Appraisal	Validation of proposal, dimensions of credit appraisals		Group discussion	3		
15.	Loan documents	Structuring of Loan documents, credit risk, credit risk rating		Group discussion	3		
16.	Loan documents	Sources of repayment, cash flow & collateral		Buzz Session	3		
Unit - 3							
17.	Quasi credit facilities	Advantages of Non-Fund Facilities, NFB Facilities		Demonstration	3		
18.	Types of NFB facilities	Personal Loan, Bridging Loan, Motor vehicle loan, hdb Loan		Demonstration	3		
19.	Types of Letter of credits	Revocable LC, stand by LC, Confirmed LC, Back-to-Back LC		Demonstration	3		
20.	LC limit	Assessment of LC limits, bill purchase/ discounting under LC		Case Study	4		



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21.	Unfunded lines of credit	Loan commitments, Un-funded lines of credit and their characteristics		Demonstration	3		
22.	Various types of Bank Guarantees	Performance Guarantee, Financial Guarantees, Deferred Payment Guarantees,		Group discussion	3		
23.	Various types of Bank Guarantees	Types of Performance and Financial Guarantees, Assessment of Bank		Improved Lecture	4		
24.	Assessment of Bank Guarantees Limit	explanation		Improved lecture	4		
25.	Period of Claim under Guarantee	Meaning & its importance (practical problem)		Case study	4		
26.	Case study						
Unit - 4							
27.	Risk & Uncertainty	Meaning & effect on trade credit		Demonstration	4		
28.	Financial Sector & types of risk	explanation		Improved Lecture	2		
29.	Operational Risk Management-	Meaning & characteristics		Improved Lecture	4		
30.	Recruitment & Training,	Meaning & role in trade risk		Improved Lecture	4		
31.	Techniques	Work flow Design, Work Flow Documentation , Delegation of Authority,		Case study	5		



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32.	Audit & Compliance	Independent Internal Audit, Independent Compliance Function, system audit		Group discussion	4		
33.	Independent risk management function	Analysis & impact		Case study	4		
34.	Risk management policies	Corporate Governance, Whistle Blower Policy, Risk Management culture		Demonstration	4		
Unit - 5							
35.	credit analysis	Importance of credit analysis		Improved Lecture	4		
36.	Stages of credit analysis	profitability analysis and pricing of loans,		Case study	5		
37.	Credit risk analysis & working capital	(Debt ratios & risk of leverages) Analysis of working capital, liquidity, operating and cash cycle risk		Case study	5		
38.	Credit Rating:	Measurement of Risk, Objective of Rating, Internal & External Rating		Demonstration	3		
39.	Credit Rating:	Methodology of Rating, Internal & External Comparison		Case study	5		
40.	Credit Rating:	Model Rating Formats		Case study	5		
Revision							
41.	Unit-1				1		
42.	Unit-2				2		



43.	Unit-2				2		
44.	Unit-3				3		
45.	Unit-3				3		
46.	Unit-4				4		
47.	Unit-4				4		
48.	Unit-5				5		

Text Books:

Fundamentals of Credit and Credit Analysis: Corporate Credit Analysis Kindle Edition by Arnold Ziegel (Author), Ronna Ziegel (Editor)

2. Credit Appraisal Risk Analysis & Decision Making by V.Rajaraman (Author)

3. Financial Engineering, Risk Management & Financial Institutions (English, Paperback, Rao S.S. Prasad)

Reference Books

1. The Bank Credit Analysis Handbook: A Guide for Analysts, (Wiley Finance) Hardcover by Jonathan Golin (Author), Philippe Delhaise (Author)

2. Credit Risk Measurement: New Approaches to Value at Risk and Other Paradigms (Wiley Finance) by Anthony Saunders (Author), Linda Allen (Author)

3. Credit Risk Analytics: Measurement Techniques, Applications, and Examples in SAS (Wiley and SAS Business Series) Hardcover – by Daniel Roesch (Author), Harald Scheule (Author), Bart Baesens (Author)

4. Credit Risk Modeling Theory And Applications by David Lando, New Age International (P) Ltd., Publishers

Journals:https:

G. Sunitha, Venu Madhav V, Vol 7 No 1(2021) An empirical study on impact of credit rating on credit risk of banks

Kapadia Nikunj & Allen Linda, Journal of credit risk, 1755-9723, January 2005

Catherine Ndyagyenda, Vol. 8 No.1, January 2020, Credit risk management & financial performance

Charumathi B, Thiagarajan Mangaiyarkarasi, Study of competition among credit rating agencies in India, Journal of accounting & Finance 31(1) pp. 81-94

Electronic Database: https://www.icaai.org/post.html?post_id=16038