

Commercial Lending



UNLOCK SIMPLE

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■ Key Lending Processes

05 – Mortgage Lending

Indian mortgage lending involves home loans, providing long-term financing options for property purchases, essential for the housing sector and real estate growth.

04 – SBA Lending

Similar to MUDRA loans in India, SBA lending supports micro and small enterprises with affordable loans, promoting entrepreneurship and financial inclusion.



01 – Consumer Lending

Personal loans, credit cards, and auto loans in India offer quick funds to individuals for personal use, driven by simplified processes and digital platforms.

02 – Commercial Lending

Indian banks provide large-scale loans to businesses for expansion and operational needs, with tailored financial products to support corporate growth.

03 – SME Lending

Focused on small and medium enterprises, Indian SME lending offers financial support through specialized loans, fostering innovation and economic development.

Commercial Loan Origination Solution (CLOS) - Overview



Sales Prospecting and Cross-selling

- Leads generation - Add, Upload, and Follow-up
- Opportunities
- Deduping

Initiation and Pipeline

- Info – General, Borrower, External Credit Bureau
- Facilities Sought and Securities Offered
- Pricing, Credit Note Generation, and Documents Capture

Underwriting and Credit Analysis

- Financial Information, Projections
- Pricing
- Ratio Analysis, Account Conduct

Risk Management and Due Diligence

- Peer Group Analysis, Trade Check
- Rating – External/Internal
- SWOT, RAROC, Risk Mitigation, Credit Policy Check

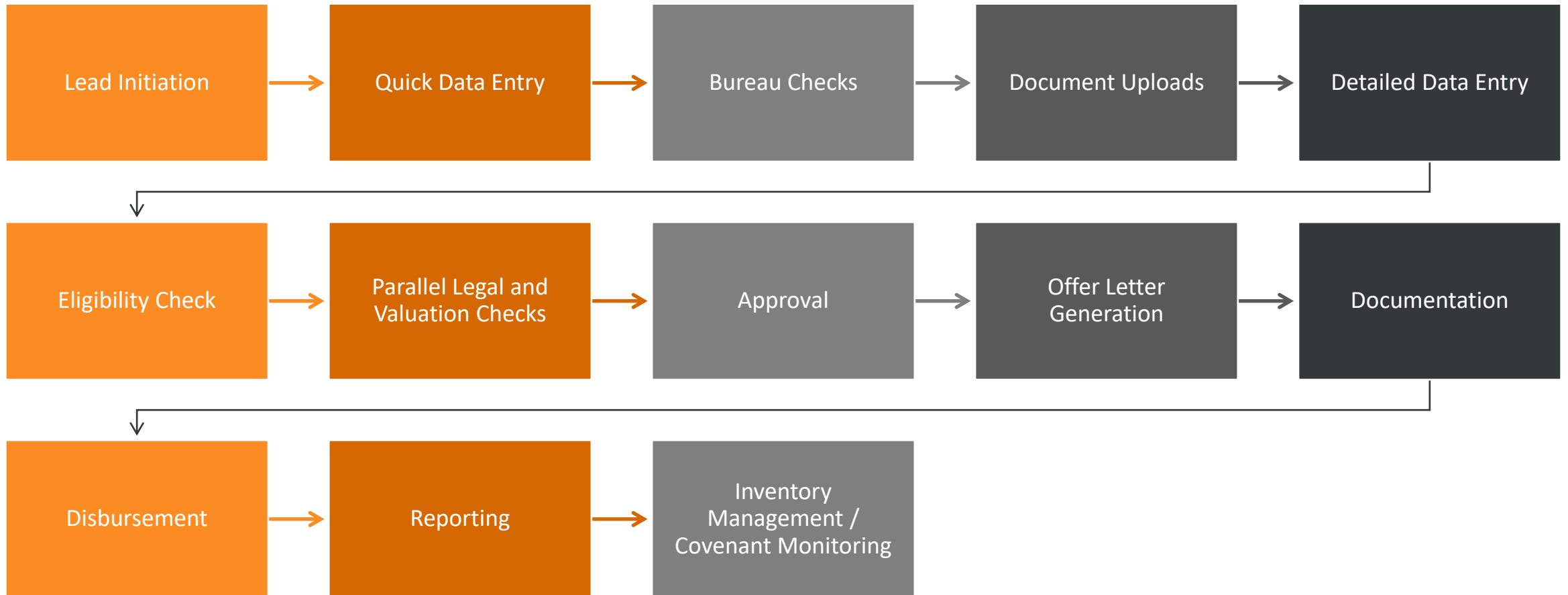
Documentation and Collaterals

- Documents Preparation and Referral
- Collateral Management
- Linkages Among Limit, Documents and Collaterals

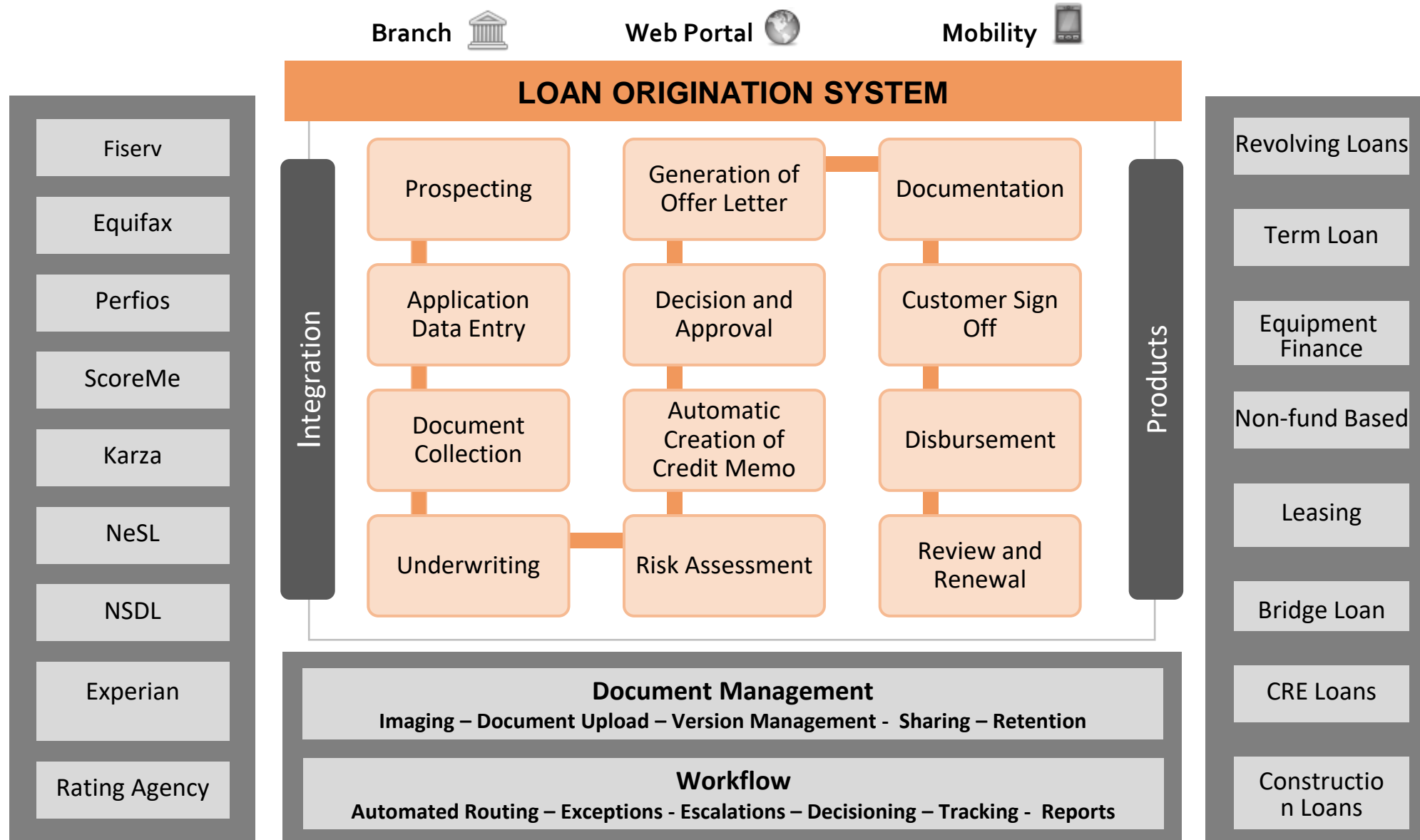
Disbursement/Funding

- Document Review
- Integration with Core Banking
- Account Creation

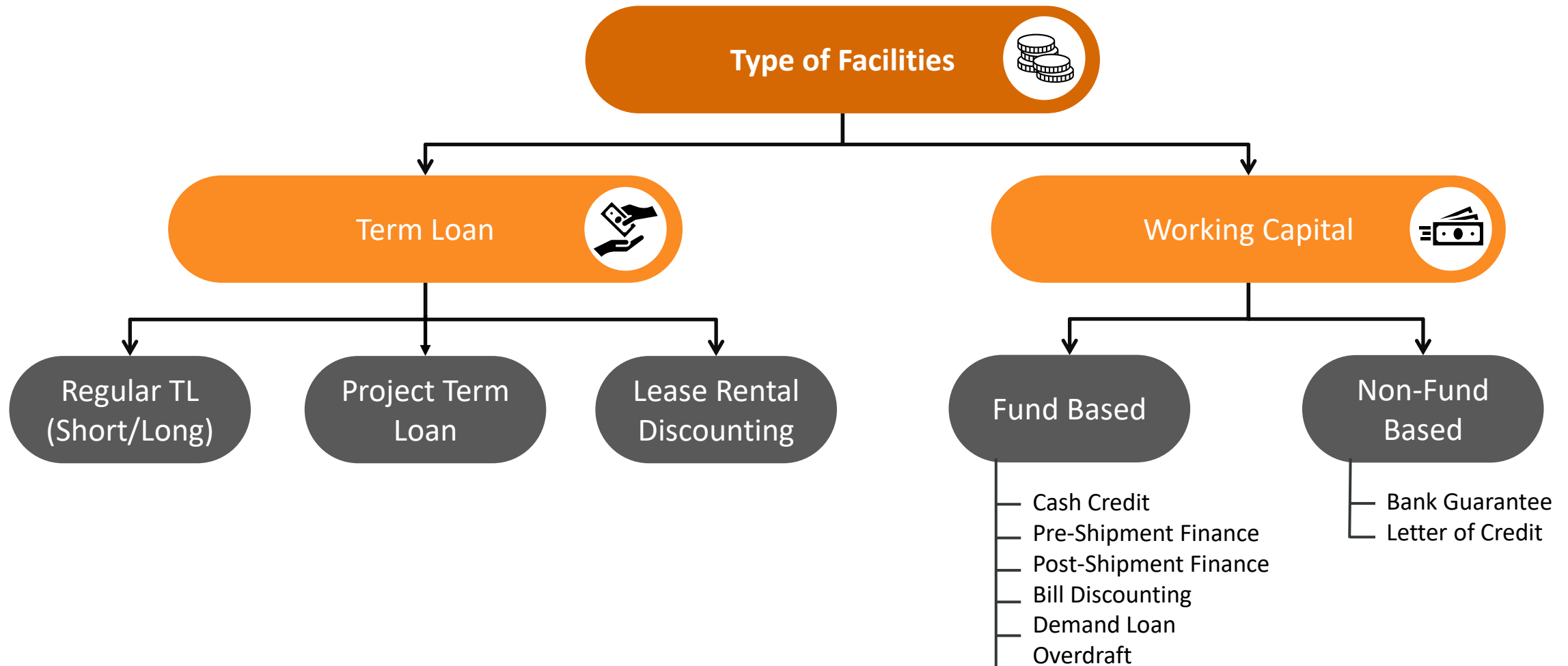
Lending Life Cycle



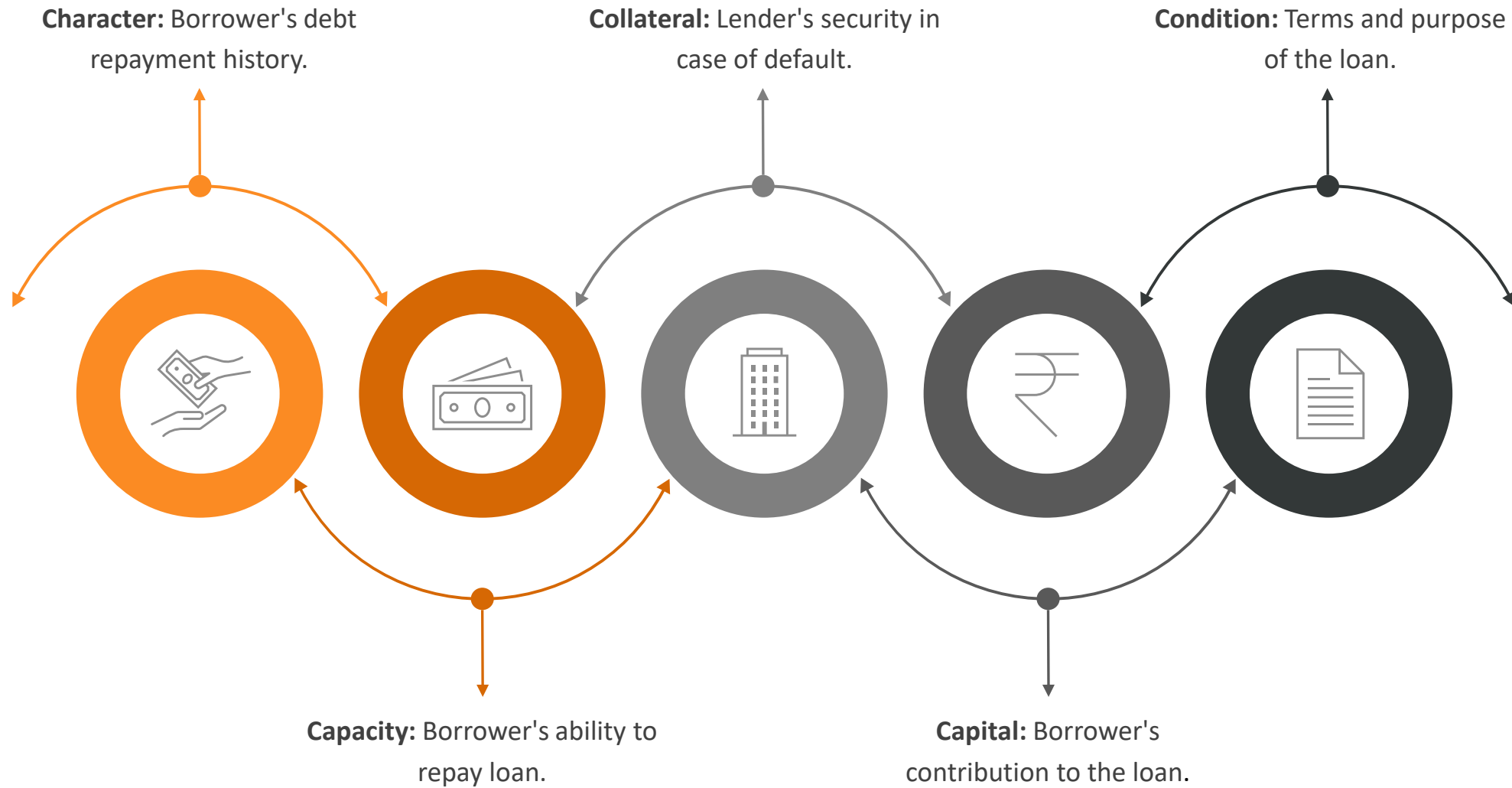
Commercial Loan Origination Solution – Framework



Type of Facilities



The 5 C's of Credit



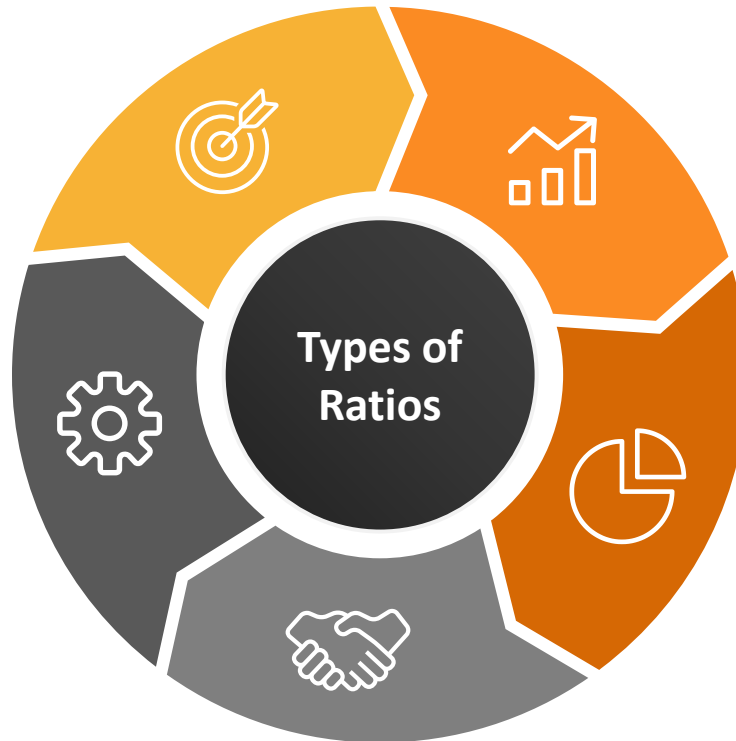
Financial Ratios

Market Value Ratios

Reflect the market's perception of the company's performance and potential. Price-to-earnings ratio (P/E ratio) and market-to-book ratio fall into this category.

Profitability Ratios

Measure the company's ability to generate profits relative to its revenue, assets, or equity. Examples include gross profit margin, net profit margin, and return on equity (ROE).



Liquidity Ratios

Assess the company's ability to meet its short-term obligations and financial flexibility. Examples include current ratio and quick ratio.

Leverage Ratios

Evaluate the company's long-term financial viability and its ability to meet long-term obligations. Debt-to-equity ratio and interest coverage ratio are examples.

Efficiency Ratios

Measure how effectively the company uses its assets and liabilities to generate sales or revenue. Examples include asset turnover ratio and inventory turnover ratio.

Financial Ratios



Liquidity Ratios

- Current Ratio
- Acid-test Ratio
- Absolute Liquid Ratio
- Cash Ratio
- Operating Cash Flow Ratio



Leverage Ratios

- Debt Ratio
- Debt To Equity Ratio
- Interest Coverage Ratio
- Debt Service Coverage Ratio



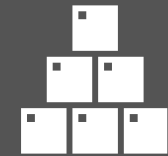
Efficiency Ratios

- Asset Turnover Ratio
- Inventory Turnover Ratio
- Receivables Turnover Ratio
- Days Sales In Inventory Ratio



Profitability Ratios

- Gross Margin Ratio
- Operating Margin Ratio
- Return On Assets Ratio
- Return On Equity Ratio



Market Value Ratios

- Book value per share ratio
- Dividend yield ratio
- Earnings per share ratio
- Price-earnings ratio

Financial Ratios Formula

Liquidity Ratios

- Current Ratio= $\text{Current Assets} / \text{Current Liabilities}$
- Quick Ratio= $\frac{\text{Current Assets} - \text{Inventory}}{\text{Current Liabilities}}$

Leverage Ratios

- Debt-to-Equity Ratio= $\frac{\text{Total Debt}}{\text{Shareholders' Equity}}$
- Debt-to-Asset Ratio= $\frac{\text{Total Debt}}{\text{Total Assets}}$
- Interest Coverage Ratio= $\frac{\text{EBIT}}{\text{Interest Expense}}$

Efficiency Ratios

- Inventory Turnover Ratio= $\frac{\text{Cost of Goods Sold (COGS)}}{\text{Average Inventory}}$
- Accounts Receivable Turnover Ratio= $\frac{\text{Net Credit Sales}}{\text{Average Accounts Receivable}}$
- Asset Turnover Ratio= $\frac{\text{Net Sales}}{\text{Average Total Assets}}$
- Accounts Payable Turnover Ratio= $\frac{\text{Purchases}}{\text{Average Accounts Payable}}$

Profitability Ratios

- Gross Profit Margin= $\frac{\text{Revenue} - \text{COGS}}{\text{Revenue}} \times 100$
- Operating Profit Margin= $\frac{\text{Operating Income}}{\text{Revenue}} \times 100$
- Net Profit Margin= $\frac{\text{Net Income}}{\text{Revenue}} \times 100$
- ROA= $\frac{\text{Net Income}}{\text{Average Total Assets}} \times 100$
- ROE= $\frac{\text{Net Income}}{\text{Average Shareholders' Equity}} \times 100$

Market Value Ratios

- Price to earning Ratio= $\frac{\text{Market Price per Share}}{\text{Earnings per Share (EPS)}}$
- Price to book Ratio= $\frac{\text{Price per Share}}{\text{Book Value per Share}}$
- Dividend Yield= $\frac{\text{Dividend per Share}}{\text{Market Price per Share}} \times 100$
- Market-to-Book Ratio= $\frac{\text{Market Capitalization}}{\text{Book Value of Equity}}$

Credit Monitoring Arrangement (CMA)

Existing & Proposed Limits

The statement shows borrower's current credit limits, usage history, and proposed limits.

Operating Statement

The statement shows business plan with current sales, expenses, profits; projections for 3-5 years based on working capital request.

Balance Sheet Analysis

The statement shows balance sheet analysis for current & projected years, detailing assets, liabilities, net worth, and cash generation capacity.

CMA Data, or Credit Monitoring Arrangement Data, is submitted by a company to a bank during the loan application process. This data includes seven key financial statements that provide an overview of the company's financial health. Analyzing this information helps the bank make an informed decision on loan approval.

Current Assets vs. Liabilities

The statement compares current assets & liabilities, determines working capital cycle & capacity to meet requirements.

MPBF Calculation

Key statement calculating Maximum Permissible Bank Finance (MPBF) based on net working capital GAP, determining borrower's borrowing limit.

Fund Flow Statement

Fund flow statement in CMA data analyzes borrower's fund position, links to working capital and projected balance sheets, tracks fund movement.

Ratio Analysis

This statement provides key ratios to bankers for finance decisions, including profit ratios, liquidity, turnover, and leverage ratios.

Sample CMA Format

CMA

Save

Download

Upload

A7:AR7

fx

	A	B	C	D	E	F								
1		BALANCE SHEET INPUT												
2		Please Enter Data In Blue Colored Cell. Projections made at the time of last renewal to be entered in column E	Is it an NBFC proposal?	No										
3		Name of the Company	GINI JONY											
4		Industry (as per HASCROM classification)	TEXTILES											
5		BOBRAM rating to be done on	03-31-25 Audited											
7		Currency	INR											
8		Auditors	Pallav & Associates											
9			2023	2024	2025	2025	2026	2027	2028	2029	2030	2031	2032	2033
10		Year ended (DD-MMM-YY)	31-Mar-23	31-Mar-24	31-Mar-25	31-Mar-25	31-Mar-26	31-Mar-27	31-Mar-28	31-Mar-29	31-Mar-30	31-Mar-31	31-Mar-32	31-Mar-33
13			Audited	Audited	Audited	Estimates accepted in last sanction	Estimated	Projected	Projected	Projected	Projected	Projected	Projected	Projected
16		CURRENT LIABILITIES												
17		A) Short Term Borrowings	140.00	220.00	310.00	0.00	400.00	480.00	639.00	720.00	0.00	0.00	0.00	0.00
18		1) Borrowings from Banks & FIs	40.00	70.00	100.00	0.00	130.00	160.00	150.00	180.00	0.00	0.00	0.00	0.00
19		a) from our bank	10.00	20.00	30.00		40.00	50.00	60.00	70.00				
20		b) from other bank	20.00	30.00	40.00		50.00	60.00	30.00	40.00				

Instru

OS

BS

MCB

CF

FF

BEP

Ratio

DSCR

WC

Executive Summary

CFI

PFI

MCB Additional

Financial

Performance upto Last Quarters

CMA Output

Balance Sheet Data/ Capital Structure

All Columns

Search

Particulars	Year 1	Year 2	Year 3	Year 4A	Year 4	Year 5
For FY ended	31-Mar-23	31-Mar-24	31-Mar-25	31-Mar-25	31-Mar-26	31-Mar-27
Type of Financials	Audited	Audited	Audited	Estimates accepted in la	Estimated	Projected
Equity Share Capital	0.00	0.00	0.00	0.00	0.00	0.00
Reserves & Surplus (Exc	0.00	0.00	0.00	0.00	0.00	0.00
Tangible Net worth (TNW	0.00	0.00	0.00	0.00	0.00	0.00
Deferred Tax Liability /	-589.00	44981.00	-64819.00	-5389.00	-61801.00	-518.00
Adjusted Net Worth	-589.00	44981.00	-64819.00	-5389.00	-61801.00	-518.00
Net Owned Funds (TNW	-646.00	-7658.00	-765.00	-686.00	-87.00	-687.00

Comments

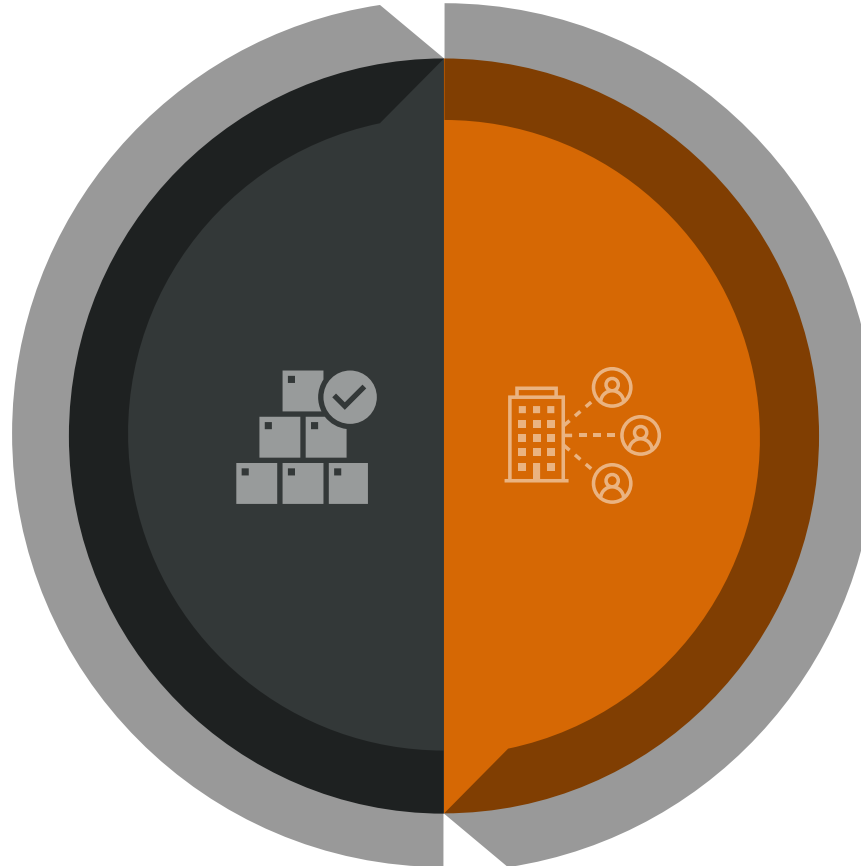
Operational Data

Particulars	Year 1	Year 2	Year 3	Year 4A	Year 4	Year 5
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Securities

PRIMARY SECURITY

- Directly impacts the loan's principal amount and terms.
- Often undergoes valuation and assessment by the lender.
- Can include specific assets required by the lender based on industry norms.
- Typically involves assets that are essential to the borrower's business operations.



COLLATERAL SECURITY

- Acts as a fallback repayment option if primary security is insufficient.
- May require legal documentation and registration to secure the lender's interest.
- Can include different types of assets depending on the borrower's financial situation.
- Provides a cushion against default risk for the lender.

Type of Collaterals

Immovable Property

- Commonly referred to as real estate
- Fixed and cannot be shifted to another place.
 - A Residential House
 - A Warehouse
 - A Manufacturing Unit
 - A Factory.

Movable

- Everything that can be transported from one place to another
 - Gold Ornaments
 - Vehicle
 - Movable Machinery
 - Stock

Documents of Title of Goods

- Document used as a proof of possession
 - Bills of lading
 - Dock warrant
 - Warehouse certificate
 - Railway receipts

Life Insurance Policies

- Tangible in nature and in custody of the bank
- Can be easily surrendered on default

Term Deposit Receipts

- Easy to know present value and liquidation.
- Money represented by receipt is already with the bank.

Paper Security

- Types of deposits
 - NSC
 - KVP
 - UTI Bond

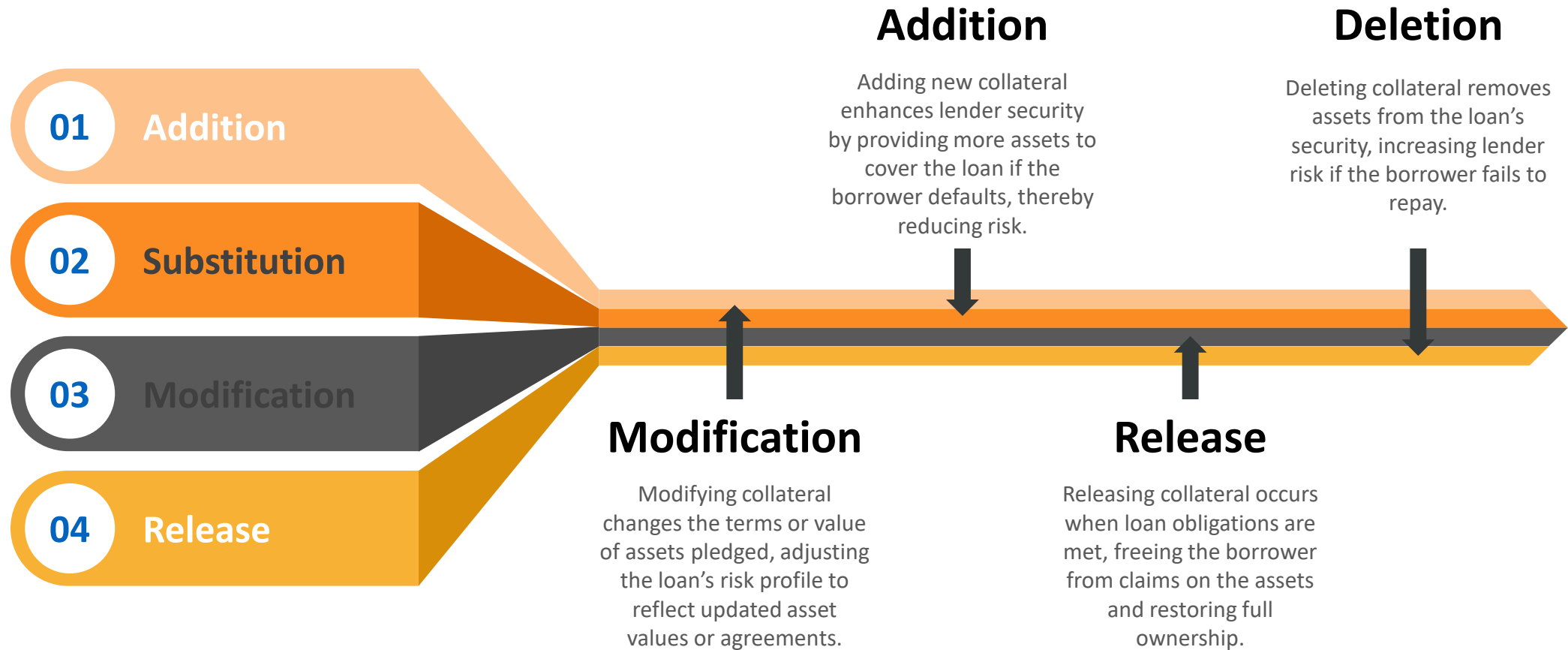
Shares/Debentures

- Debenture: Medium to long term debt instrument to borrow money at fixed ROI
- Shares value can be easily ascertained.

Commodities

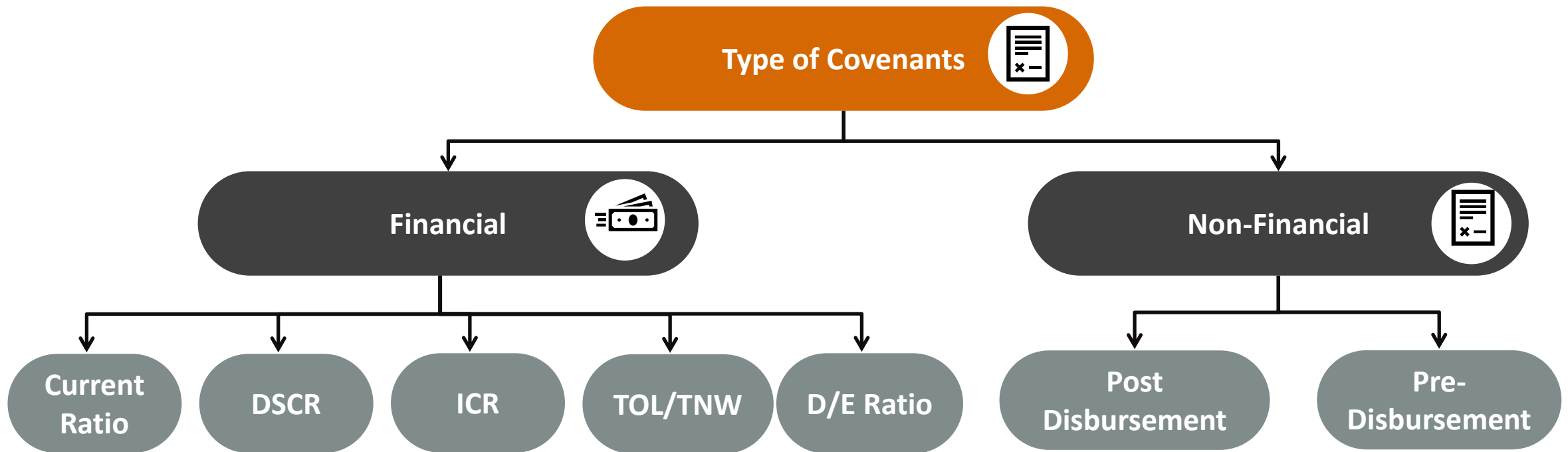
- Metals: Gold, Silver
- Base Metals: Copper, Nickel, Zinc
- Energy: Crude Oil, Natural Gas
- Agri: Cotton, Palm oil, rubber etc.

Collateral Management



Covenants

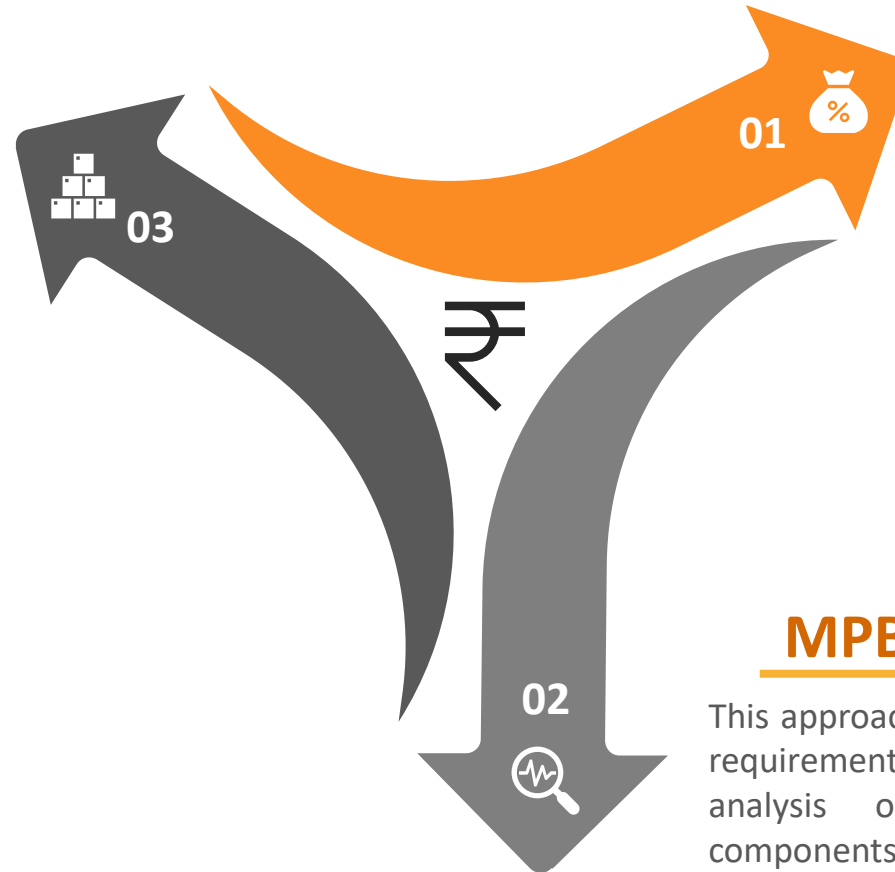
- Covenants refers to conditions/norms that bank and borrower agree for Loan Sanction



Working Capital Assessment Method: MPBF

MPBF - Method 2

Method 2 forecasts future expenses and income to estimate necessary working capital. By anticipating cash flows and financial obligations, it ensures the business maintains sufficient liquidity for ongoing operations and growth initiatives.



Turnover Method

This method assesses working capital needs by linking them directly to sales turnover. This method considers the time it takes to convert assets into cash or pay off liabilities and ensures that working capital is sufficient to support these turnovers.

MPBF - Method 1

This approach evaluates working capital requirements through a detailed analysis of the operating cycle components: inventory turnover, accounts receivable collection period, accounts payable payment period, and cash conversion cycle. It ensures adequate liquidity throughout the business cycle.

Documents

Outward Documents

Documents generated from the system

- Loan Document
- Security/Legal Documents
- Facility Agreements/Proposals

Inward Documents

Documents uploaded into system manually

- Banking, Financials and Audit Documents
- Security Documents
- KYC Documents
- Compliance related documents
- Project and other Documents
- Previous Year Documents
- Signed Documents

Offer Letter Generation

SANCTION LETTER

RefNo.: CAM011412200042

Date: 03-04-2021

To,

M/s Makemytrip (India) Private Limited

19th Floor, Tower A/B/C Epitome Building No. 5,
DLF Cyber City, DLF Phase III Gurgaon HR 122002 IN

Subject: Sanction of Credit Facility/ies

Kind Attention: Mr. Vikas Saini

With reference to your request, we are pleased to sanction the following Credit Facility/ies as per the terms and conditions mentioned hereunder:

This sanction is subject to the acceptance of the terms and conditions mentioned herein and execution of the Credit Facility/ies and security documents and submission of other required documents, detailed below, unless specifically waived by HDFC Bank Limited ("**Bank**").

1.	Borrower	M/s Makemytrip (India) Private Limited
2.	Name(s) of Directors	<ul style="list-style-type: none">• Vikash Kumar Tiwari• Mr. Vikas Saini• Mr. Indresh Kumar Gupta
3.	Guarantors	As per Annexure 1
4.	Credit Facility/ies	INR 810,000,000/- (Rupees Eight Hundred Ten Million Only)
5.	Details of Credit Facility/ies sanctioned	As per Annexure 1
6.	Specific Conditions	As per Annexure 1
7.	Additional conditions wherever property is offered as collateral	Not applicable
8.	Additional conditions for Take over cases	Not applicable



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