



Solutions for lenders  
Supporting you throughout the loan cycle



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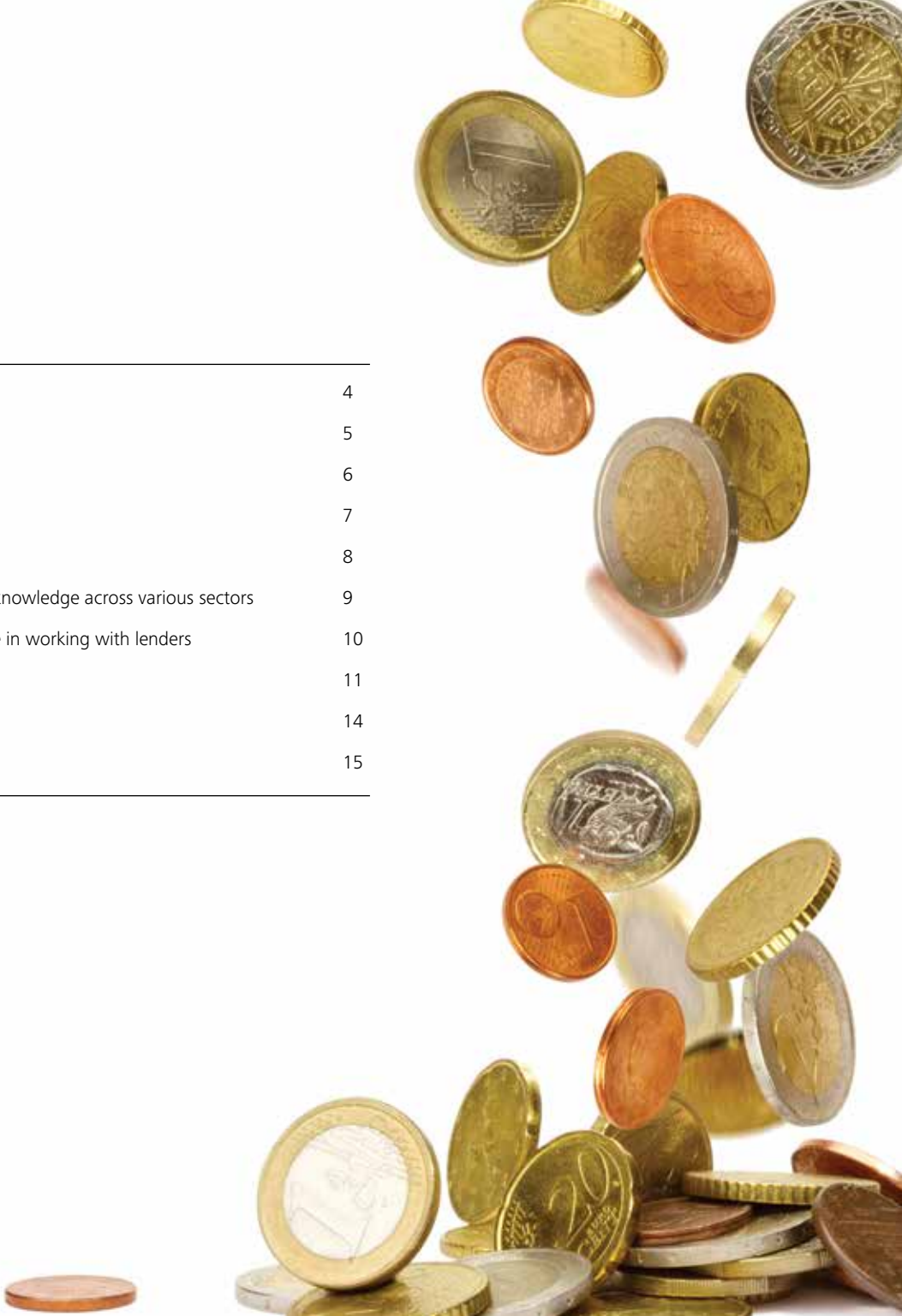


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# Introduction

A lender's role is a complex one. Starting from the time a company approaches a lender for financing to ongoing monitoring of a project, to taking action in case of non-performance, a lender has to take continuous decisions which have far-reaching impact.

Taking these decisions requires the lender to wear many hats, including industry analysis, forming forward looking views, funding requirement estimation, company analysis, promoter analysis, modeling financials and projecting cash flow, project progress analysis for ongoing disbursement, evaluation of turnaround strategy in case of NPAs, among others.

This task is further complicated with constantly changing and evolving themes across industries – from a process, technological, as well as regulatory point of view. A soft economic environment, with the associated rise in non performing assets compounds the challenges for lenders.

Executives at a lending establishment must perform these tasks while being overloaded by sheer volume and detailed paperwork and documentation requirements, and against the backdrop of a litigatory environment with its related additional work-streams.

We at Deloitte believe we can add significant value to you in your operations, and work with you across your loan cycle. Our team has worked closely with several leading lenders in India, and we understand lenders' philosophy around conservatism and level of risk tolerance. Our team includes industry specialists and subject matter experts who can help you understand and form a view on key drivers and trends, modeling specialists who can help you translate that view into numbers and financial metrics, forensic professionals who can help you with promoter and company background checks, transaction specialists who can help you create an efficient deal structure, auditors who can help you with regular checks and balances, and restructuring professionals who can assist you with a way forward when faced with a problematic NPA situation.

This document provides a snapshot of our capabilities and end-to-end services for lenders.

# Areas of assistance

## Pre-approval

Loan Application

Loan Approval

### Due diligence

Q. What is the industry outlook, and outlook for the company? How much funding would the company need?

A. Our **Business Diligence team** brings in deep industry knowledge, and can conduct a **TEV study**.

Q. Are financial statements reflective of the state of the business? Are there any tax liabilities?

A. Our **Financial and Tax Diligence team** can quickly help you get a real reflection of the state of business.

Q. How are the promoters?

A. Our **Forensic team** can assist you with background checks, bribery checks etc.

### Business plan, IM

Q. Is there a robust financial model in place, built through key business drivers?

A. Our **Modeling team** can assist you with a model build / review, and help you plot key sensitivities.

This model, along with our TEV study, can feed into a Lender Base Case and IM document, which we can prepare, or which could be prepared by your investment bankers.

### Structuring

Q. How should the transaction be structured?

A. Our **Financial Advisory team** will assist you in creating an efficient deal structure, evaluating investment vehicles etc.

# Areas of assistance

## Post-approval

Post financial closure

Profitable relationship

### Monitoring

Q. How is the project progress vis-à-vis plan / Lender Base Case? How have disbursed funds been utilized? How much funding will be required over the next quarter / half year? Are there any key risks / red flags?

A. Our **Business Diligence team** has significant experience in acting as a **Lenders' Independent Engineer (LIE)**.

Our **Business Risk Services team** can conduct a **Balance Sheet Review** to validate assets / liabilities reported.

Q. Are funds being siphoned off / embezzled?

A. Our **Forensic team** can study the company's accounts and highlight red flags indicative of bribery, corruption, siphoning of funds etc.

### Restructuring

Q. Is the turnaround plan viable?

A. Our **Business Diligence team** can assist you in an evaluation of the company's turnaround plan.

Our **Strategy and Operations team** can work with the borrowing company to boost performance.

Q. Can we get strategic investors?

A. Our **Financial Advisory team** can help you with the restructuring process, including induction of a strategic investor(s), bid valuation and bid strategy etc.

### Monitoring, post CDR

Q. How is the project progress vis-à-vis turnaround plan?

A. Our **Business Diligence team** can act as a **Lenders' Independent Monitor (LIM)**.

Q. Are Trust & Retention Accounts getting the expected deposits? Are restructuring covenants being adhered to?

A. Our **Business Risk Services team** can assist you with a **concurrent audit**.

Q. What is the real value of the inventory? Does the book stock match physical? Are you getting value for money for borrower assets put on sale?

A. a. Our business risk services team can assist you with a stock audit  
b. Our consulting team can assist you in valuation and liquidation of borrower assets

Q. Is there any fraud happening?

A. Our **Forensic team** can assist with an investigative audit, on key areas you wish to explore.

In the current macroeconomic environment, restructuring and associated services may be of immediate relevance to you.

# Restructuring Concern Areas

## Viability & turnaround prospects

- Questions around techno-economic viability
- Aggressive projections in turnaround plan
- Pessimistic projections in initial years, to seek a longer moratorium period

## Trust & Retention Accounts ("TRA")

- Collections made from operations not deposited in TRA accounts
- Unbudgeted payments happening affecting cash flow
- Incomplete utilization of credit period extended by vendor resulting in early payments to vendors
- Diversion of funds to other group / inter companies affecting working capital fund flow

## Restructuring terms & conditions

- Non compliance to restructuring terms and conditions / covenants
- Default in meeting installment / interest payments as stipulated in agreement
- Charge on assets insufficient to cover debt exposure

## Promoter shareholding/ contribution

- Promoter shareholding withdrawn / reduced affecting controlling stake in the company
- Promoter contribution not brought in as stipulated in restructuring package
- Necessary guarantees / undertakings from promoter are not obtained

## Borrower operations

- Ongoing performance not in-line with turnaround plan
- Sales / purchases made from group companies at uncompetitive rates affecting margins earned by the borrower
- Incorrect presentation of accounts / reporting, resulting in over / under statement of operating margins liabilities / assets
- Operational inefficiencies resulting in loss of revenue / assets

# Restructuring

## Our offerings

Type of review	Indicative Scope of Work
Techno-Economic Viability (TEV)	<p>An evaluation of the turnaround plan, to analyze business viability. This shall include an analysis of:</p> <ul style="list-style-type: none"> <li>• Market and competitive landscape</li> <li>• Company's projections, in light of historical performance, and market realities / industry benchmarks</li> <li>• Projected cash flows</li> </ul>
Lender's Independent Monitor	<p>Study of project progress and performance vis-à-vis turnaround plan</p> <ul style="list-style-type: none"> <li>• Project progress indicators</li> <li>• Deviations of key operating and financial metrics from turnaround plan, and reasons for such deviation</li> <li>• Use of funds (if any provided) over the last quarter, and fund requirement (if any) over the next six months</li> </ul>
Balance Sheet review	<p>Undertaking one time balance sheet reviews focusing on the below:</p> <ul style="list-style-type: none"> <li>• Verifying existence of assets and liabilities</li> <li>• Validating valuation basis / assumptions</li> <li>• Utilization of funds for a particular period</li> </ul>
Concurrent audit review	<p>Periodic concurrent audits focusing on the following:</p> <ul style="list-style-type: none"> <li>• Borrower operations</li> <li>• Compliance to restructuring / CDR terms &amp; conditions</li> <li>• Review of financials</li> <li>• Statutory compliances</li> </ul>
Asset Disposal services	<p>Services related to assistance in valuation of assets and identification of prospective buyers for liquidation of borrower assets.</p>
Investigative audits	<p>Special investigative audits based on scope of work / subject provided by bank</p>
Stock audits	<p>Conducting periodic stock audits</p>



# The Deloitte advantage

## Deep industry knowledge across various sectors



Telecom



Manufacturing



Education



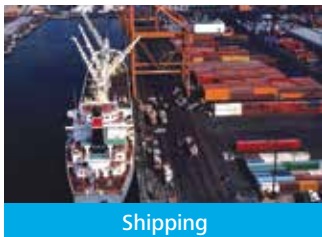
Media & Entertainment



Real Estate



Energy



Shipping



Retail



Renewable

# The Deloitte advantage

## Rich experience in working with lenders

Domain	Client	Project Description
Due diligence/ Business plan/ IM	Consortium of 20+ banks, led by SBI	TEV study of a telecom operator with a pan-India 2G GSM license for a consortium
	Electronic waste processing company in Gujarat	Feasibility study for the consumption of lenders
	Investment bank, to be marketed to a lender consortium	TEV study of a telecom operator with a pan-India 2G GSM license for a consortium
	Telecom operator with a 2G GSM license in seven circles	TEV study for the consumption of a consortium of 20+ banks, led by SBI
Monitoring	Consortium of 20+ banks, led by SBI	Lenders' Independent Engineer (LIE) for a pan-India 2G GSM license for a consortium
Balance Sheet Review	Indian public sector bank	Undertook balance sheet review (prior to case being admitted under CDR) for borrower having manufacturing operations
Restructuring	Consortium of banks, led by Canara Bank	TEV study of a telecom towerco, in connection with a CDR
	Leading Indian bank	TEV study of an Infrastructure EPC company, in connection with a CDR
	Private port in Maharashtra	TEV study for the consumption of lenders, in connection with a CDR
Concurrent audit	India's largest public sector bank	Concurrent auditors for ship building company have manufacturing facilities at Dabhol, Ratnagiri, Mangalore and Goa
	Leading private bank	Concurrent audits for India based pharmaceutical company have manufacturing operations across the country
	India's largest public sector bank	Concurrent auditors for India based global wind turbine manufacturer having operations across Asia, Australia, Europe, Africa and North and South America

# The Deloitte advantage

## Our People



**Ravi Veeraraghavan**  
Senior Director  
Business risk

Ravi has over 20 years of professional experience in risk assessment, process improvement, internal control evaluation, and project management. Ravi is specialized in CRC, ERM, SAS70 and Sarbanes Oxley audits comprising of both IT and business process.

He has successfully managed and led multiple CDR monitoring engagements with public and private sector banks which includes conducting balance sheet reviews and concurrent audit reviews.

Ravi has also successfully delivered a training session for leading private sector bank (stressed assets group) on various risks associated in financial reporting and how to assess / read balance sheets.



**Neeraj Jain**  
Senior Director  
Strategy & Operations

An MBA from INSEAD, France, Neeraj has an exhaustive experience of over 17 years in industry and consultancy. He is based out of Deloitte India's Delhi office.

Prior to Deloitte, Neeraj was with another big four firm as the Lead for TMT and Industrial Markets for the Transactions & Restructuring Team. He also led another big four firm's Strategy Group's Delhi office, and Retail vertical.

Neeraj has delivered several Techno-Economic Viability (TEV) studies for lending consortia in connection with project appraisal, as well as from a CDR perspective. He has also led LIE (Lenders' Independent Engineer) engagements for lenders.



**Vijay Mani**  
Director  
Strategy & Operations

Vijay has over 17 years of consulting experience across sectors such as TMT, Financial Services and Manufacturing. Prior to Deloitte India, Vijay was with another big four firm India, another big four firm Canada and Arthur Andersen Business Consulting India. Vijay has a Bachelor's degree in Commerce from Mumbai University and an MBA from Indian Institute of Management, Ahmedabad (PGPX). Vijay is also a Chartered Financial Analyst (CFA, USA).

Vijay has extensive experience in working on TEV studies, from a project appraisal as well as CDR perspective.



**Nirav Pujara**  
Senior Manager  
Business risk

Nirav, a Senior Manager in the Internal Audit team in Mumbai, has over ten years experience in delivering internal audit services to several multinational organizations. Nirav is a chartered accountant and a member of the Institute of Chartered Accountants of India.

Prior to joining the Mumbai practice, Nirav has worked for close to two years in the Deloitte UK firm.

With Deloitte, Nirav has managed and led multiple CDR monitoring engagements which includes undertaking concurrent audit reviews as well as balance sheet reviews.



**Vivek Ramakrishnan**  
Manager  
Strategy & Operations

Vivek is an Engineer from Pune University and an MBA from IIM Lucknow. He has over eight years of experience, seven of which are in consulting and investment banking. He is based out of Deloitte India's Mumbai office.

Vivek has led assignments for project appraisal, Lenders' Independent Engineer (LIE), TEV studies, market entry, business diligence, business strategy, and financial modeling, among others.

Select engagements include a TEV study and Lender Base Case preparation for a consortium of 20+ banks, TEV study for a consortium of banks in connection with a CDR, and Lenders' Independent Engineer for a consortium of 20+ banks.

# Deloitte in India

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- Strong national presence and wide reach in thirteen regional centres
- Offer the flexibility of an experienced local delivery team, supported by a strong national and global network of resources
- Deloitte's team of dedicated professionals with access to a vast depth of industry-specific experience
- Our team of professionals are led by partners on every engagement to help you with the best of resources and experience



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