

How do you ensure you are automating intelligently?

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The better the question. The better the answer.
The better the world works.

Loan Covenants Analyzer (LCA) solution

There has always been a constant endeavor for firms borrowing money to ensure their submission of loan covenants to lenders agree with their books of accounts. Given the widespread use of manual excel sheets in computing loan covenants that are prone to errors, EY's LCA solution serves as an automated process from sourcing data to computing covenants and managing the lender submissions. It offers minimal human intervention resulting in a substantial reduction in time and costs incurred in preparation and submission of such returns to the lenders.

More about EY LCA solution

As part of our Treasury solution offerings, we have developed the LCA solution using data visualization and analytics tool. Our interactive and highly-customizable LCA solution seamlessly integrates to the company's Enterprise Resource Planning (ERP) system. It sources general ledger to the analytics platform that enables dashboards to compute financial covenants of various borrowings taken by the company and display adherence status. Further, the solution assists in automated preparation of monthly, quarterly, half-yearly and annual statements along with reports like NPA (non-performing assets) certificate, Capital to Risk Weighted Asset Ratio (CRAR), debt equity ratio, debtors ageing, stock statement, drawing power statement and others to be submitted to the lenders along with adherence to financial covenants.

A few major functionalities

Value delivered by the solution

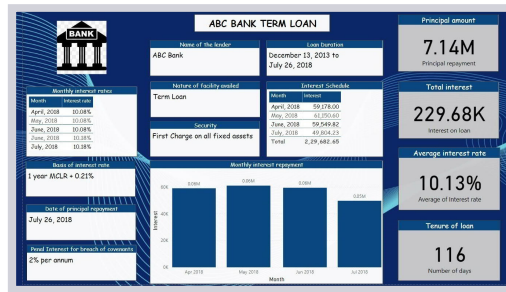
- ▶ Reduces cycle time in cc financial covenants and lender submission in a click of a button.
- ▶ Eliminates inadvertent errors/ formula errors in computation of drawing power and financial covenants.
- ▶ Serves as a proactive early warning indicator for firms to check compliance with loan covenants.
- ▶ Captures the full inventory of loan covenants from loan agreements as part of a completeness check.
- ▶ Analyzes the relevant base data considered for computation of financial covenants and preparation of lender submission reports to check if the same can produce the desired lender submission statements.
- ▶ Generates customized output reports for lender submission.

Key functionalities	Benefits
Auto-enabled data extraction from ERP or other systems	Saves time taken to collate data from various teams
Automated monthly/quarterly lender submission preparation (drawing power statement, statement of hypothecated stock and other requirements)	Ensures lender submissions are in agreement with books of accounts and saves time in preparation of the statement
Real-time computation of financial loan covenants and highlights financial covenants' adherence status	Real-time monitoring of covenants adherence status
Highly-customizable according to your needs and is easy to maintain on an on-going basis	Offers user-friendly tool which requires zero coding knowledge and zero support from the technology team

Glimpse of the LCA solution

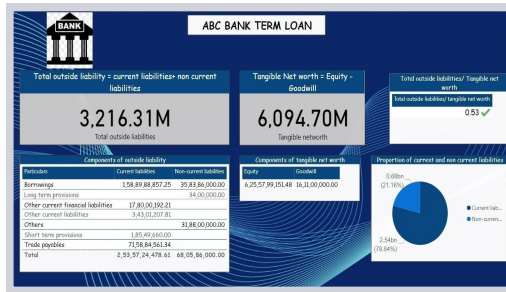
Standard input dashboard

1 We will ask tailored loan management questions to understand and build an overview dashboard for each borrowing.



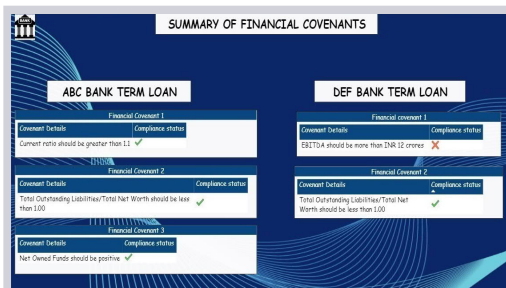
Algorithm-based dashboard

2 EY professionals will generate a pre-formulated dashboard by using analytical measures and other querying features in the analytics platform.



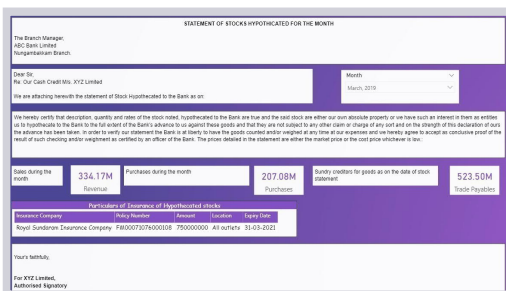
Status dashboard

3 This dashboard provides a bird's eye view of adherence/breach of various financial covenants



Lender submission report

2 You can generate a submission-ready report, inclusive of stock statements, debtors report and other detailed reports, as may be necessary, in just a click of a button.



Benefits

- ▶ Digital, interactive dashboards tailored for you
- ▶ Submission ready lender reports
- ▶ According to EY's analysis, this tool results in potentially 50%-70% savings of loan management related time and cost.

Want to learn more?

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