



TRANSFORMING LOAN MANAGEMENT FOR A LEADING INDIAN ASSET RECONSTRUCTION COMPANY (ARC)

About the Client:

The client is a prominent Asset Reconstruction Company (ARC) in India, recognised for its rapid growth and substantial Assets Under Management (AUM) amounting to approximately INR 9,400 Crore or USD 1.25 Bn as of September 30, 2021. As a Non-Banking Financial Company (NBFC) registered with the Reserve Bank of India (RBI), its core lies in acquiring distressed loans and working towards their reconstruction and recovery.

Challenges:

Before adopting loan management software, the client's loan management processes were run on spreadsheets. While this approach sufficed for low-volume wholesale portfolios or large accounts, it proved to be inadequate and unmanageable as the client expanded into acquiring retail portfolios.

The shortcomings of using spreadsheets became evident, hampering their ability to effectively monitor, manage, and recover distressed loans. Key challenges included:

- ✓ **Limited Scalability:**
Spreadsheets lacked the scalability required to handle the increasing volume of retail loan portfolios acquired by the client
- ✓ **Inefficient Communication:**
Manual communication processes made it difficult to keep borrowers informed about outstanding amounts, negotiate settlements, and ensure successful recoveries
- ✓ **Lack of Real-time Insights:**
The absence of a centralised system hindered the client's ability to access real-time data and make informed decisions promptly



Solutions:

To address the client's challenges and provide a scalable loan management solution, the client implemented **Investfact**, a comprehensive loan management software powered by Finnate from Centelon. The solution offered a range of features and benefits tailored to the client's needs:

✓ **Migrating Accounts to Finnate Investfact:** In the initial phase, approximately 3,000 accounts were successfully migrated from spreadsheets to Finnate Investfact, providing a centralised and automated platform for managing loan portfolios. This streamlined data consolidation and eliminated the limitations of manual spreadsheets

✓ **Scalability and Portfolio Expansion:** Finnate Investfact facilitated the seamless migration of an additional 30,000 accounts in the second phase, enabling the client to effectively scale their retail business. The solution proved its ability to handle increased volumes of loan portfolios without compromising performance or efficiency

✓ **Collections Tracking and Settlement Structures:** Finnate Investfact empowered the client to accurately track collections and establish transparent settlement structures with customers. This feature ensured efficient collections management, improved cash flow, and reduced the risk of missed payments

✓ **Automated Interest and Penalty Calculations:** Finnate Investfact automated interest, charges, and penalty calculations, eliminating the need for manual calculations and reducing the chances of errors. This streamlined portfolio updates, improved accuracy, and enhanced the client's ability to enforce payment obligations effectively

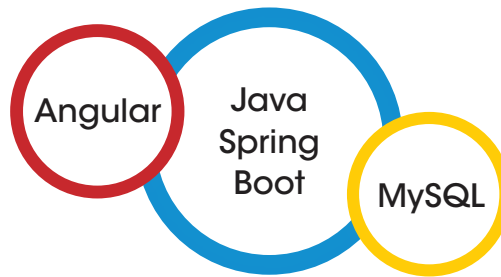
✓ **Legal Compliance and Reporting:** Finnate Investfact generated comprehensive reports that complied with legal requirements, facilitating the client's adherence to the SARFAESI Act. This feature streamlined the client's legal lifecycle management, ensuring compliance while reducing the administrative burden

✓ **Shadow Accounting and Loan Accounting:** The solution offered robust shadow accounting and loan accounting capabilities, replacing the client's mix of in-house systems and spreadsheets. This streamlined accounting processes, improved data accuracy and facilitated systematic management of large account portfolios and wholesale portfolios





Technology Stack:



Results:

The implementation of Finnate Investfact delivered significant benefits for the client, enabling them to enhance their loan management operations and achieve remarkable outcomes:

- ✓ **Efficient Management of Retail Portfolios:** With the adoption of Finnate Investfact, the client successfully managed thousands of accounts seamlessly. The solution's scalability allowed the client to handle a 10X increase in the number of accounts managed, facilitating rapid business growth and expansion
- ✓ **Improved Accuracy and Reliability in Collections Tracking:** Finnate Investfact provided accurate and reliable collection tracking, settlement structure management, and interest calculations. This optimisation resulted in improved recovery rates and reduced operational risks for the client. The automation of these critical processes eliminated manual errors and enhanced efficiency



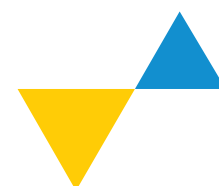
Streamlined Legal Lifecycle Management:

The implementation of Finnate Investfact ensured streamlined legal lifecycle management for the client. The solution's comprehensive reporting capabilities enabled compliance with the SARFAESI Act, reducing the risk of penalties and legal complications. The client gained a reliable system for generating reports for legal purposes, enhancing their overall compliance posture



SaaS Solution Deployment:


As a Software-as-a-Service (SaaS) provider, Finnate offered Investfact as a cloud-based solution. This relieved the client of the responsibilities of maintaining dedicated IT teams and managing hosting of infrastructure. By leveraging the SaaS model, the client could focus on their core business objectives of acquiring distressed assets, maximising collections, and driving profitability





Looking Ahead:

Building on the successful implementation and benefits achieved, the client has strategic plans:

 **Acquisition of Substantial Portfolios:** The client plans to acquire another significant portfolio of 25,000 to 35,000 accounts. Leveraging the capabilities of Finnate Investfact, the client aims to streamline the integration and management of the acquired portfolio efficiently



Shadow Accounting and Loan Accounting Deployment:

The ongoing deployment of shadow accounting and loan accounting features will further enhance the client's ability to manage large account portfolios or wholesale portfolios systematically

This deployment will replace the existing mix of in-house systems and spreadsheets, ensuring streamlined operations and improved accuracy.



Let's Keep in Touch



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