

Bank Statements – RBI requirement

Reserve Bank of India (RBI) has advised all rating agencies to obtain bank statements of rated entities. RBI's communication dated August 30, 2018, reference no. DBR.BP.No. 1775 /21.06.007/2018-19 states that *"The CRA shall obtain bank statements of the rated entities and critically analyse these as an input to determine the debt serving capacity of the entity."*

In view of the above regulatory requirement, CRISIL shall seek bank statements for key operating accounts from rated entities having bank loan ratings or those approaching CRISIL for a bank loan rating.

CRISIL shall seek bank statements for preceding 6 months at the time of initial rating exercise, and for the preceding 6 months at the time of subsequent reviews, provided more than 6 months have passed since last rating.

For rated entities with large consortium or multiple banking arrangements, CRISIL shall seek the statements from banks that cover reasonable proportion of the entity's bank borrowings.

CRISIL reserves the right to seek bank statements for additional months and/or banks, if it deems necessary.

For abundant clarity, it should be noted that CRISIL will analyse all information received, including the bank statements, from credit risk perspective only and will be in no position to undertake a forensic analysis or an audit of the information received.