

## **Bank Statement Analysis – Reserve Bank of India Guidelines**

India Ratings and Research's (Ind-Ra) credit rating methodology ensures highest quality of credit analysis through robust criteria and processes. To further enhance its effectiveness, Ind-Ra has included critical analysis of issuer's bank statements in its ratings framework. The Reserve Bank of India vide its communication DBR.BP.No. 1777 /21.06.007/2018-19 dated 30 August 2018 has advised the inclusion of bank statement analysis in determining the debt servicing capacity of the rated issuers.

Ind-Ra will seek relevant bank loan statements from the rated issuers. Presently, trailing 12 month statements are being sought and included in the analysis for both initial rating and surveillance. Ind-Ra may subsequently increase the frequency of seeking bank statements for relevant periods on stabilisation of the flow of information. The same will be notified through an update to this document. Bank statement analysis complements the detailed feedback which the agency seeks from the bankers.

Ind-Ra's bank statement analysis is primarily used in its credit rating as one of the inputs to assess the liquidity position of the company. This is not intended to be an audit or forensic analysis of the bank statement.