

**IDENTIFICATION OF EARLY WARNING SIGNALS AND
MANAGING STRESSED ACCOUNTS IN CURRENT TIMES**

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Information from Independent Sources

- Market Intelligence – Lenders, Competitors, Clients, Analysts
- News Alerts on Clients & Sectors – analyze contagion effect
- Use of Credit Bureau-“with us v/s with others”
- External Rating Updates/ Alerts–Analysts’ Calls
- Volatility of scrip on bourses – volumes, price trends
- Searches on Government / Regulator databases
 - Department of Company Affairs – watchoutinvestors.com
 - Search on Registrar of Companies for charges
 - Extent of pledge of shares – direct / indirect control of lenders

Conduct of Account

- Daily monitoring of irregularities
 - Keeping tab on obligations due/ promises made
- Unusual spurt/trend in transactions
- Flow of Credits –analysis with sales & debtors
- Flow of Debits – names of payees, pattern of pmts
- ExIm/ Inward-Outward remittances – counterparties/
underlying purpose
- Covenants – Internal / External Monitoring
- Stress Testing – Currency / Commodity Prices
- Visits to factory / offices – client's body language

Financials & Statements

- Trends over past few Quarters / Years - Financials
- Analysis of Stock & Book Debt Statements
- Mismatch in Sources & Application – ST/ LT
- Comparative analysis with peers – net of accounting
- Hedging policy / positions – currency/ commodity
- Contingents – Tax Disputes / other litigations
- Audit Report – CARO Report , matters of significance
- Change in Auditors/ CFO/ Key Officials

Managing Stressed Accounts

- Account Strategy – Support / Deport
 - Constant Review / Realignment
- If Support, work closely with client to resolve
 - Phased reduction of irregularities / churn
 - Close tracking of maturities / cash flow
 - Inspire to monetize non core assets/ businesses
 - Help in altering the mismatch in tenor (ST/ LT)
 - Self liquidating financing structures
- If Deport, with cooperation, agree with client
 - Phased reduction of irregularities & then limits too
 - Smooth transit to other banks
- If Deport without cooperation – Legal Options

Thank you