



भारतीय रिज़र्व बैंक
RESERVE BANK OF INDIA

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The Chairmen / Chief Executive Officers
All Commercial Banks
(excluding RRBs)

Exposure to Real Estate Sector- Assessment of Group Risk

It has been observed that some of the companies operating in the real estate sector have significant exposure in the form of advances, investments, etc. to their subsidiaries and other group or related entities. As a matter of prudence, banks may meticulously assess the inherent group risk of their borrowal accounts falling under the purview of real estate sector. Further, while assessing the loan requirements of large builders/land developers, they may carefully analyse the financial credentials/viability of the borrowers on a consolidated basis supported by the consolidated accounts/position of the group. They may also examine the financial credentials/viability of the relevant unconsolidated related entities such as Special Purpose Vehicles (SPVs).

Yours faithfully,

(S. Karuppasamy)
Chief General Manager-in-Charge