

# Credit Rating Preparation Checklist

What a rating committee actually looks at — the ratios that move your grade, the documents to ready, and a pre-rating checklist to walk in prepared.

## The eight ratios that move your grade

A rating is built on your numbers before it is built on your story. These are the financial ratios CRAs weigh most — get them moving in the right direction before the agency sees the file.

**Gearing (Debt / Equity)** — lower is stronger; watch the trend, not just the level.

**Interest coverage (EBITDA / interest)** — the single most-watched cushion.

**DSCR (debt service coverage)** — can cash flow service the debt comfortably?

**TOL / TNW** — total outside liabilities to tangible net worth; leverage in full.

**Current ratio & working-capital cycle** — a stretched cycle quietly drags the grade.

**Net cash accruals to total debt** — internal cash generation vs the debt load.

**EBITDA margin & its stability** — level matters; volatility matters more.

**Net worth & its quality** — strip out revaluation reserves and related-party advances.

## Documents to ready before you approach an agency

Audited financials — last 3 years, plus the latest provisionals.

Projections (3–5 years) with clearly stated, defensible assumptions.

Full debt schedule — facility-wise limits, outstanding, security and repayment.

Banker feedback / conduct (no-default, account-conduct letters).

Management & promoter profile, group structure and shareholding.

Order book / sales pipeline and key customer-supplier concentration.

Contingent liabilities, guarantees given, and any litigation.

## Common downgrade triggers — fix these first

A lengthening working-capital cycle or rising debtor days.

Related-party advances and inter-corporate deposits diluting net worth.

Undisclosed contingent liabilities or large group exposure.

Declining or volatile margins without a clear explanation.

Stretched creditors masking a genuine liquidity gap.

## **Your pre-rating checklist**

The eight ratios above are computed and trending the right way.

A clean, consistent set of financials and projections is ready.

A one-page rating narrative explains performance, blips and outlook.

The right agency is chosen for your sector and your lender's preference.

Someone has rehearsed the management meeting and the likely tough questions.

**Want us to prepare and represent your rating pack? Talk to Finnova for a free read.**