

Mumbai, 18th January 2018

CARE Ratings Credit Markets Conclave, 2018

CARE Ratings' held its 'Credit Markets Conclave 2018' at Hotel Trident, Bandra Kurla Complex - Mumbai on 18 January'18. The conclave looked at 3 aspects of the Credit Markets i.e. Banking, Corporate Bond Market and Mutual Funds.

The CARE Ratings' Credit Markets Conclave was inaugurated by the Deputy Governor of RBI Mr. N. S. Vishwanathan. Mr N. S. Vishwanathan in his key note address provided an overview of the banking system and noted that the resolution of the NPA problem was on the right track which was further strengthened by the introduction of IBC. He also emphasized the important role of Credit Rating Agencies in the assessment and development of the corporate bond market along with the need for banks to hone their own credit appraisal skills.

The MD & CEO, CARE Ratings, Mr. Rajesh Mokashi, posed questions pertaining to IBC, Bank recapitalization and convergence of Banks and NBFCs while moderating a panel discussion. In this context he highlighted the substantial increase in the issuance of Commercial Paper. He also spoke of the blurring of distinction between lending from banks and bond markets as well as banks and NBFCs.

In this context, Mr. Rashesh Shah, Chairman and CEO, Edelweiss Group, observed that we are moving from a bank centric to financial services culture and this has gone along with the democratization of credit and financialization of household savings. He also spoke about the need to pay attention to the cost of credit, risk, clients and human resources.

On similar lines, Mr. H. R Khan, Former Deputy Governor, RBI, emphasized the challenges facing the banking system which chiefly included products, people and profitability.

Mr. Karnam Sekar, Deputy Managing Director & Chief Credit Officer, SBI was confident that the overall NPA situation would moderate with better recognition of NPAs. He also stated that the better rated corporates would continue to tap the bond markets while access to the lower rated companies would be constrained by the high cost of borrowing in this segment.

Mr. Ashvin Parekh, MD, Ashvin Parekh Advisory Services was of the belief that institutions such as Provident Funds and Insurance companies can help to make the

bond markets more buoyant in case they are provided with flexibility when it comes to investment norms. This was also seconded by Mr. Umesh Revankar, MD, Shriram Transport Finance, who also pointed out that floating rate bonds in the housing segment had limited success.

Mr. R. Govindan, Vice President Corporate Finance & Risk Management, L&T, was optimistic about the future of Corporate Bond Markets given the regulatory developments in this space. He also argued for floating rate bonds and debt instruments with longer tenures.

Mr. Conrad D'Souza, Member of Executive Management & Chief Investor Relations, HDFC Ltd, said that although the issue of Masala Bonds, including Green Masala Bonds is very interesting for Indian companies. However he emphasized that for any such issuance the corporates need to first establish credibility in the domestic markets. He also observed that pricing of Masala Bonds could often be similar to the pricing of bonds raised in the domestic markets.

Mr. Nilesh Shah, MD, Kotak Mahindra Asset Management Company Ltd. (KMAMC), said that Mutual Funds look more towards getting returns on their investments and therefore rating of bonds need not be the clinching factor as long as the fund was confident that the money would be returned. He also emphasized the importance of governance and compliance and the role they play in influencing investment decisions.

Mr. Mahendra Jajoo, Head Fixed Income, Mirae Asset Global Investments, was of the view that interest rates would remain higher in the short term. Mr. Ananth Narayan, renowned market expert underscored the important role Credit Rating Agencies (CRAs) play in the overall development of Corporate Bond Markets.

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ABOUT US

CARE Ratings (until recently called Credit Analysis and Research Limited), is the second largest full service rating Company in India. CARE Ratings offers a wide range of rating and grading services across a diverse range of instruments and has now entered its 25th year in the rating of debt instruments and related obligations covering wide range of sectors. The Company's list of clients includes banks and other financial institutions, private sector companies, central public sector undertakings, sub-sovereign entities, small and medium enterprises ("SMEs") and microfinance institutions, among others. The Company also provides issuer ratings and corporate governance ratings and has rated innovative debt instruments, such as perpetual bonds. CARE Ratings is recognized for being knowledge based Company and has continued to work towards deepening the base.*

CARE Ratings is also part of a global JV with 4 other global CRAs in the company, ARC Ratings. The company has subsidiaries CARE (Ratings) Africa Private Limited (CRAF) in Mauritius & CARE Ratings Nepal Ltd in Nepal. The company has two wholly owned subsidiaries in Mumbai, India namely CARE Risk Solutions Private Limited and CARE Advisory Research & Training Limited.

The Company has its registered office in Mumbai, and branches in Ahmedabad, Bengaluru, Chandigarh, Chennai, Coimbatore, Hyderabad, Jaipur, Kolkata, New Delhi, and Pune. The subsidiary CRAF (CARE Ratings Africa) has an office in Mauritius.

** In terms of rating income FY17*