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■ OUR CORRESPONDENT
KOLKATA

Rating major, Credit Analysis and Research (CARE) plans to foray into risk consultancy by the next fiscal to tide over an almost flat growth in ratings business.

Also, with a plan to boost its revenue by venturing into the overseas market, CARE is in talks with rating companies from Brazil, Portugal, Malaysia and South Africa to form a joint venture (JV) and float an international rating agency. This JV plans to acquire a Portuguese rating firm which is recognised by ESMA (European Securities and Markets Authority) and provide international ratings like Moody's and Standard and Poor's (S&P).

Speaking on the sidelines of the 4th edition of "Financial Markets' Conclave" organised by Confederation of Indian Industry here on Wednesday, D R Dogra, managing director and chief executive officer, Care Ratings, said, "ESMA is exclusively responsible for the registration and supervision of credit rating agencies in the European Union and the JV will be finalised next financial year. We are buying a Portugal firm and the acquisition will give us license to offer rating services in 30 European nations. Corporate headquarters will be in Europe."

The idea is to provide international scale ratings to assist local issuers in mobilising resources from international financial markets, he said. "CARE is set to offer risk management consultancy services from 2013-14 through CARE Kalypto Risk Technologies, a subsidiary of CARE. Growth in ratings space is limited. Consultancy services would provide diversification," Dogra added.

In 2011, CARE acquired around 75.15 per cent stake in Kalypto Risk Technologies that offers a risk management software solutions mostly in the financial services sector, like software as a service (SaaS). Dogra hinted that even in the risk consulting portfolio, the company may look at organic as well as in-organic growth.

Commenting about the corporate ratings in the current financial year, Dogra said that total downgrades has been more than the upgrades when compared to 2011-12 mainly due to slowdown in economic activities.

"The credit ratio or the ratio between upgrades to downgrades has worsened to 0.30-0.25 in 2012-13 as against 1.00 last year. For every one upgrade there are four downgrades in this fiscal", he said.

The downgrades are mostly in core sectors like auto, power, steel and infrastructure. The company also expects flat revenue from rating services, raking in around Rs178 crore in the current fiscal.