

CARE says ratings business slowing, to diversify into financial consultation

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CARE Ratings will diversify into the financial consultation business in the next financial year, as revenue growth from the ratings business has slowed.

CARE Kalypto, a subsidiary, will undertake the financial consultation business from 2013-14, D R Dogra, managing director and chief executive. Kalypto specialises in risk management software.

"We acquired over 75 per cent in Kalypto sometime back and have renamed it CARE Kalypto; this will look after the consultation business. The ratings market has seen immense competition in recent times and growth has slowed; thus, we have planned to diversify into this business. We are already a leader in banking ratings and we will introduce this to our existing clients

as well," said Dogra. He was in the city to attend a financial markets seminar.

CARE offers ratings for corporate bonds, bank loans, commercial paper, public offers and securitisation. Dogra says growth this year would be almost flat in the revenues from ratings alone. The firm had reported a top line of Rs 178 crore from this business in 2011-12.

"The market has slowed and competition is severe. Also the credit ratio, which explains the number of downgrades for each upgrade, has come down to 0.25, which makes the business environment tougher," he added.

Last year, this ratio was 1. Meaning, for every rating downgrade, there was one upgrade. The ratio coming down to 0.25 means for every four downgrades, only one upgrade took place.

The company has plans for an interna-

tional foray and it is in the process of tying up with rating agencies of other BRIC countries (Brazil, Russia, China), through which a rating agency of Portugal would be acquired. "This will lead us to get approval from ESMA, an independent EU (European Union) Authority that contributes to safeguarding the stability of the financial system (there) by ensuring the integrity, transparency, efficiency and orderly functioning of securities markets, as well as enhancing investor protection. Then, we can have our operations in all euro nations," said Dogra. He said most Indian rating agencies do not operate in these regions, as their parent companies have a strong foothold in those markets. Thus, it could be a good opportunity for CARE Ratings to venture into new geographies. However, he declined to give details of the size of the acquisition to be done in Portugal.