

# Business Line

## Enough space in the world of ratings: CARE

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D.R. Dogra, CEO, CARE

*Everyone is asking for a choice, and we feel that through this effort we would be able to provide such an option to potential customers. D.R. DOGRA, CHIEF EXECUTIVE OFFICER, CARE*

Mumbai, Dec. 9:

D.R. Dogra, CEO, CARE, speaks to *Business Line* about the difficulty in gaining a foothold in rating agencies market at global level.

**Could you give us some information as to why an Indian credit rating organisation is teaming up with others from four countries to launch a new global agency?**

**CARE has tied up with four other domestic credit rating agencies in Brazil, Portugal, Malaysia and South Africa to start an international credit rating agency.**

**Given the fact that there is more competition in the industry today in the aftermath of the global financial crisis and the sovereign debt crisis, there is an excellent opportunity for business.**

**Would you consider the new agency as an alternative to the existing rating agencies?**

**We do believe there is enough space in the world of ratings for more players, given that it is evolving fast. Besides, everyone is asking for a choice, and we feel that through this effort we would be able to provide such an option to potential customers. Our endeavour is to have the most robust methodologies in place to gain credibility and also provide solutions in every segment we operate in.**

**How is ARC Ratings, the new agency, going to be different from the Big Three?**

**Our focus would be on providing robust ratings based on transparent methodologies which would be accepted by investors.**

**By providing a transparent mechanism for such rating assignments, we hope to cultivate business, because at the end of the day, what works is credibility and acceptability. What does it mean for an Indian agency to team up with rating agencies from Brazil, Portugal, Malaysia and South Africa?**

**All these markets are significant and the partners are important players in their own geographies. As companies all over these countries do access global markets for funds and take ratings from the Big Three, we can convince them to take one rating from Arc. This way, by working in a team, we can actually capture five markets at one shot**

**Are corporates relying more on credit rating agencies as a norm these days than they were earlier?**

**In India, it is mandatory for companies accessing the capital market for debt to get a rating. In case of private placements, it is not mandatory, yet they do because it fetches them better rates. In the case of bank loan ratings, the Reserve Bank of India has mandated that all loans beyond Rs 10 crore have to be rated by external rating agencies for the purpose of reckoning capital for Basel II.**

**I would tend to believe that there is value seen by these companies, which makes them come for a rating.**

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