

47% FIRMS RATED 'ISSUER NOT COOPERATING' AS OF AUGUST

Rating India Inc Becomes More Difficult Amid Covid

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Mumbai: While the real impact of the Covid-19-related stress is yet to reflect on corporate credit quality, rating agencies are grappling with an increase in the number of companies refusing to share the exact picture of their financials, which makes their job difficult.

Close to half the firms rated by rating agencies have been assigned a 'non-cooperating' tag, highlighting the divergence in credit quality in India Inc, data analysed by Primercrmdatabase exclusively for **ET** shows. With the Covid stress emerging, there are concerns that more companies could choose not to cooperate with rating agencies fearing a downgrade.

Out of the 56,413 companies rated as of August 2020, 26,537 or 47%, are assigned an 'issuer not cooperating' (INC) rating as companies, especially the smaller ones, are reluctant to share data, want a better rating and do not cooperate because they don't want to pay the fees after the initial rating, agencies said. This ratio is higher than 25% rated non-cooperating two years ago, Primercrmdatabase said.

"There are many reasons for non-cooperation; some of these companies abandon relationships with agencies giving them lower ratings, some go to the one charging the lowest fee and sometimes after they have got a bank loan, they don't think it is important to continue the rating and hence just stop sharing information," said Rajat Bahl, chief rating offi-

Reluctance on Rise

Issuer Not Cooperating (INC) Ratings

(As on 26.08.2020)

Agency	Rated INC	Total no. of issuers rated	% age
Crisil	9,492	18,774	50.6
Icra	2,824	7,169	39.4
CARE	5,510	12,954	42.5
India Ratings	983	3,049	32.2
Brickwork	4,729	9,154	51.7
Acuite	2,925	4,730	61.8
Infomeric	74	583	12.7

cer (CRO), Brickwork Ratings, which has 52% of its ratings under INC category.

Sebi regulations say that an instrument should be rated throughout its lifetime, which means that if it is a bank cash credit line, it should be rated till either the company stops the line or closes down. "Non-cooperating ratings were already accelerating before Covid and it remains to be seen how this pandemic will impact this trend. It shows the lackadaisical attitude of issuers towards credit ratings by refusing to share data with agencies," said Pranav Haldea, MD at Prime Database Group.