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## Other raters react cautiously

**N.S. Vageesh**

*Mumbai, Oct. 4*

Credit rating agency Moody's rating downgrade of State Bank of India caused markets to tremble a bit today. Other rating agencies, however, reacted cautiously to the move.

Although international rating agencies typically tend to follow each other's rating moves, that may not necessarily happen this



Mr Vivek Kulkarni

time.

Reacting to the downgrading, Mr Vivek

Kulkarni, Managing Director, Brickwork Ratings, said that this was more a reflection of the government's decision making process than SBI's intrinsic strength. He was alluding to the delay in government approval for SBI's capital raising program.

Mr Kulkarni pointed out that while capital adequacy ratio may go down, it was

not going to lead to any default. At worst, the bank would not grow its loan book.

Referring to the fears of higher NPAs, he said that with 'system recognition' of NPAs being followed, all banks would face a bit of stress for two or three quarters. But, he said, once discipline returns, banks would be able to take it in their stride.