

RATINGS FALLOUT This is the first such move by a ratings agency in the IL&FS issue; interim COO Vipul Agarwal will continue to handle operations until a new CEO is hired

ICRA Asks CEO Takkar to Go

Our Bureau

Mumbai: Moody's India unit ICRA on Thursday sacked its chief executive, Naresh Takkar. He had been sent on forced leave in July.

In a notice to the stock exchanges, the agency said, "After due consideration and taking into account the best interests of the company and its various stakeholders, has decided to terminate the employment of Naresh Takkar as managing director and group CEO of ICRA, effective immediately."

Interim chief operating officer Vipul Agarwal will continue to handle the day-to-day operations of the firm until a new CEO is hired,

the agency said, adding that the board of ICRA will soon commence a search for Takkar's replacement.

As per reports, Takkar had been sent on leave after markets regulator Sebi forwarded an anonymous complaint on the ratings of Infrastructure Leasing & Financial Services (IL&FS).

This marks the first such move by a credit rating agency over IL&FS, which unexpectedly defaulted on repayments in September last year, setting off a liquidity crisis for non-banking finance companies (NBFCs) and throwing the country's financial markets into turmoil.

CARE Ratings, which is also battling similar allegations, had also sent its CEO Rajesh Mokashi on leave last month, pending the comple-

tion of the examination of anonymous complaint received by the markets regulator.

Sebi has already initiated a judicial inquiry into accusations that the top management at rating agencies allegedly influenced the ratings, following the whistleblower complaint cited earlier. That's part of a broader inquiry by the regulator into the role of rating agencies, auditors, independent directors, senior management and others who may have been in a position to call attention to the impending

default, but didn't.

The allegations range from failing to detect asset-liability mismatches to low capital cover. IL&FS and its group companies borrowed short-term money to fund long-term projects, causing a credit squeeze with mutual funds and banks not extending liquidity support to the NBFCs.

IL&FS credit instruments had been rated 'triple-A' when the defaults began, prompting the government to replace the board and launch a cleanup.

IL&FS and various group entities owe about ₹90,000 crore. The infrastructure funding company was given the highest credit rating even as its finances were under stress.

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