

Care IPO price band set at Rs 700-750, eyes up to Rs 540 cr

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Rating agency Care's Rs 540-crore initial public offering (IPO) will open for subscription on December 7 and close on December 11, the company said.

The company has fixed the price band at Rs 700-750 per share. The issue will constitute 25.22 per cent of the post- offer paid-up equity share capital of the company.

The deal will be carried through an offer for sale (OFS) route, and therefore the company will not be issuing fresh shares as part of the issue. In an OFS model, the existing promoters dilute their stake.

"The company proposes to sell 7.19 million shares through the issue, wherein the price of each share has been fixed at Rs 700-750," Care MD and CEO D R Dogra told reporters here.

Care is promoted by major banks and financial institutions and the three largest shareholders are IDBI Bank with 26 per cent, Canara Bank at 23 per cent and State Bank of India holds 9 per cent.

He also said the company is the second largest rating agency in the country which has seen 40 per cent growth in profits and revenue in the last few years.

According to him, 50 per cent of the offer shall be allocated on a proportionate basis to QIBs (qualified institutional buyers), 15 per cent to non—institutional buyers and 35 per cent to retail individual investors.

Bids can be made for a minimum of 20 equity shares and in multiple of 20 shares thereafter, the company said.

Kotak Securities, Bank of America—Merrill Lynch, Edelweiss Capital, ICICI Securities, IDBI Capital and SBI Caps are the book-running lead-managers to the issue.

The company, which proposes to raise Rs 504 crore at the lower end of the price band and Rs 540 crore at the top end of the price band, said it would diversify its businesses going ahead.

"Going ahead, we will increase our product offerings. We will also diversify into new businesses like KPO, risk management along with increased global footprint in the future," Deputy Managing Director Rajesh Mokashi said, adding it will also increase its presence in research space.

Care will be the third rating agency in the country to go public after Crisil and Ica.

Referring to inorganic growth, Dogra said: "We do have a cash reserve of around Rs 375 crore and we will explore opportunities to grow through inorganic route such as in the research space".

Care, which is a debt free company as of now, also said with the development of corporate bond market, rating companies would see more opportunities.