

Credit Analysis & Research Ltd : Excellent : Invest IPO Note: India's Second Largest Credit Rating Company with zero debt Ranking:*****



Issue details

Price band (Rs)	Rs.700-750
IPO Opening Date	07/12/12
IPO Closing Date	11/12/12
Issue Size	Rs.503.98-539.98 Cr.

Valuations & Recommendation

The company has posted average EPS of Rs. 35.54 for last three fiscals and Rs. 17.53 for first half of current fiscal. In FY 12 it has posted and EPS of Rs.40.52. Its NAV as on 30.09.12 is Rs. 149.41. Listed peers are performing well and has rewarded investors post IPOs. On the basis if its FY12 EPS, the company is offering shares at PE of 18.50 on higher price band which is attractive to its peer companies which share are listed and trades at 25 to 32. **We recommend to invest in this IPO at current price for listing as well as long term gain.**

Highlights

- CARE is the second largest full-service credit rating company in India.
- Since inception till 30.09.2012 it has completed 19069 rating assignments valued at Rs. 4405 crores.
- The company has posted average EPS of Rs. 35.54 for last three fiscals and Rs. 17.53 for first half of current fiscal.
- It has issued bonus shares in the ratio of 18 for 100 in March 2010 and in the ratio of 2 for 1 in September 2011.
- It is a zero debt company
- SEBI has exempted the company from obtaining IPO grading.

Company Introduction

Company Profile

Incorporated in 1993, Credit Analysis & Research Ltd (CARE) is the second largest full-service credit rating company in India. CARE offers rating and grading services across a diverse range of instruments and industries including IPO grading, equity grading, and grading of various types of enterprises, including shipyards, maritime training institutes, construction companies and rating of real estate projects, among others. They also provide general and customized industry research reports.



[Www.nbccindia.gov.in](http://www.nbccindia.gov.in)

Financial Summary

Particulars	FY2011	FY2010	FY2009
Income	176.63	153.8	103.15
Div. (%)	65	50	40
Net Profit	91.06	87.05	54.68
EPS (Rs)	95.67	91.46	70.32

RANKING METHODOLOGY

WEAK	*
AVERAGE	**
GOOD	***
VERY GOOD	****
EXCELLENT	*****

Shareholders & Clients

CARE's existing shareholders include domestic banks and financial institutions, such as IDBI Bank, Canara Bank, SBI and IL&FS etc. Company's list of clients includes banks and other financial institutions, private sector companies, central public sector undertakings, sub-sovereign entities, small and medium enterprises and micro-finance institutions.

They are the leading credit rating agency in India for IPO grading having graded the largest number of IPOs since the introduction of IPO grading in India. CARE Ratings has completed over 19069 rating assignments having aggregate value of about Rs. 44051 bn (as of September 30, 2012), since its inception in April 1993.

IPO Proceed

To meet the listing requirements, its existing stakeholders are offering for sale 7199700 equity shares of Rs. 10 each within a price band of Rs. 700-750. Entire corpus will go to the existing stakeholders only as equity post this issue remains at Rs. 28.55 crore. It has issued bonus shares in the ratio of 18 for 100 in March 2010 and in the ratio of 2 for 1 in September 2011. Issue opens for subscription on 07.12.12 and will close on 11.12.12. Minimum application is to be made for 20 shares and in multiples thereof, thereafter. SEBI has exempted the company from obtaining IPO grading. The shares will be listed on BSE and NSE.

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