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## Milestone Religare buys 5% in CARE Ratings

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NEW DELHI: Private equity firm Milestone Religare Investment Advisors has acquired about 5% stake in rating agency Credit Analysis & Research (CARE) from some existing investors for around 75 crore, two persons close to the development said. This puts the valuation of CARE at around 1,500 crore, making it the second most valued financial ratings firm. Standard & Poors-backed Crisil has a market cap of 4,100 crore, while Moody's-backed ICRA has a market cap of 1,211 crore.

One of the persons familiar with the matter said Milestone Religare acquired the stake from TVS Sundaram Group although this could not be verified independently. Rajesh Singhal, managing partner at Milestone Religare and CARE Ratings managing director DR Dorga declined to comment on the development.

Set up in 1993, CARE is a nonbanking financial institution and rating firm controlled by IDBI Bank, SBI and Canara Bank. IDBI Bank is the largest shareholder with more than 26% stake in the rating firm. Canara Bank holds 23.7% while SBI has 9.97% stake. Other shareholders of CARE include Federal Bank, IL&FS and ING Vysya Bank.

As per the firm's website, CARE has completed over 7,654 rating assignments, having an aggregate value of around 23.1 lakh crore (as of March 31, 2010). The firm's annual revenue is pegged at 154 crore. Earlier this year, US-headquartered venture capital firm Sequoia Capital was in talks to pick around a 9.4% stake in CARE Ratings for 73.5 crore but the transaction did not fructify due to regulatory issues.

Meanwhile, this will be the fifth investment of Milestone Religare, a joint venture between the Delhiheadquartered financial services company Religare Enterprises and an independent fund house, the Milestone Group. Formed last year, Milestone Religare has a corpus of \$100 million and has already invested a little over half of it. It is looking to raise an offshore fund worth around \$250 million.

Milestone Religare's earlier investments include IMS Learning Resources, Krishna Institute of Medical Sciences and HealthCare Global Enterprises.

### EXTRA MILE

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