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'We are not a household brand but have got good retail response'

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Having received an oversubscription of 41 times, including a retail portion subscription of six times for its public issue earlier this month, CARE Ratings hit the market with strong listing gains of up to 31.5 per cent on Wednesday before closing the day at Rs 923.9 up 23.2 per cent over its issue price of Rs 750. DR Dogra, MD & CEO of CARE Ratings told The Indian Express that fair pricing along with strong fundamentals of the company have helped the issue. Excerpts:

Were you surprised with the listing gains of CARE?

We have always believed that the price at which we offered the shares was fair and that investors would be pleased with the pricing range that was offered. Given that the company has always been a high performer, the present listing price that we have witnessed only vindicates our own strong feeling that the company would be priced higher once the market forces came into play. Therefore, we are quite satisfied with the listing price.

What are the primary factors that you think have worked for the issue?

To my mind, investors look at company's fundamentals which includes business that it operates as well as expected performance in the medium term. CARE has probably one of the most impressive profit margins which has been maintained over the years. The strong rating processes aided by the existence of an external rating committee and robust ratings does inspire trust in users of the ratings, which strikes the right cord with investors too.

Over the last 3 years, only limited issues have been received well by retail investors. What, in your view, helped you attract big retail participation?

In general, the pricing and appeal of IPO is linked to overall state of the economy and its own prospects. We do believe that at times the company's own financials and prospects could turn the scale. Retail investors are quite savvy today and do their own homework before investing and see if there are gains to be made in terms of pricing in future based on the company's prospects. Positive stories on our issue has helped to garner retail support. Therefore, while CARE is not a household brand, like a FMCG company, we are happy to have elicited a very good retail response.

What would you say on the pricing strategy of the issue. Do you think the listing gains are a result of what you left on table for investors?

I should think so, considering that we made the offer at an upper limit of Rs 750 and it has been over 20 per cent for most of the time on the first day. The market has priced it higher. Therefore it does appear that we did leave enough on the table for investors through what would be called a fair pricing which was also responsible for the response.

While stock movement is market driven, are you confident that the listing gains will be maintained?

We would hope that our sustained performance in business will help in this effort, though admittedly one can never be sure given that at times the stock price may not necessarily reflect the fundamentals at all times though in the medium term there will be a tendency for convergence to take place.