

June 14, 2013

CRISIL Ltd.

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NSE Code: CRISIL

Reuters Code:

CRSL:NS

Bloomberg Code: CRISIL:IN

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Investor's Rationale

Net sales rose 11.0% YoY on higher revenue from Research Services division – CRISIL witnessed a growth of 11.0% YoY in its consolidated net sales at ₹2.5 bn in its first quarter ended 31 March 2013, mainly on account of an upsurge in revenue from its Research Services division. It was reported that the company's Research Services division registered an increase of 23.6% YoY to ₹1.4 bn in Q1CY'13 as against ₹1.2 bn in Q1CY'12, despite of being impacted by the slowdown in the economy and volatility in the capital markets. However, revenue from CRISIL's rating Services and Advisory Services divisions fell marginally by 1.8% and 1.4% YoY to ₹1.0 bn and ₹0.1 bn respectively.

Net Profit dropped 13.0% YoY on lower other income - The company consolidated net profit declined 13.0% to ₹0.5 bn as it witnessed a fall in other income by 32.8% YoY to ₹0.03 bn in Q1CY'13 as against ₹0.05 bn in Q1CY'12. Moreover, depreciation cost grew 11.0% YoY to ₹0.09 bn against ₹0.08 bn, during the quarter. Consequently, NPM declined 510bps YoY to 19.2% in Q1CY'13 from 24.3% in Q1CY'12. CRISIL being debt free company, interest cost was nil.

EBITDA margin contracted 577bps YoY on higher staff expenses - CRISIL's EBITDA fell 6.9% YoY to ₹0.8 bn as a result of a massive rise in staff expenses (as a percentage of sales) by 687bps YoY to 47.6% in Q1CY'13 against 40.7% in Q1CY'12. As a result, EBITDA margin depreciated 577bps YoY to 30.0% from 35.8% during the quarter.

Won prestigious assignments, despite of facing uncertain investment climate - CRISIL Risk and Infrastructure Solutions Limited (CRIS), a wholly-owned subsidiary of CRISIL, houses the infrastructure advisory and risk solutions business. The uncertain investment climate and delayed decision making have had a bearing on the infrastructure advisory and risk solutions businesses. However, the company won several prestigious assignments in the urban infrastructure space, cementing its position as the leading provider of advisory services in the urban sector in India.

Market Data

Rating	BUY
CMP (₹)	1,159.4
Target Price	1,298
Stop Loss	1,084
Duration	Short-term
52-week High-Low (₹)	1,170/855
Rise from 52WL (%)	35.6
Correction from 52WH (%)	(0.9)
Beta	0.1
1 year Average Volume (mn)	0.03
Stock Return (%)	3M- 27.9 6M- 10.7 1Y- 7.1
Market Cap (₹bn)	82.8
Book Value (₹)	64.5

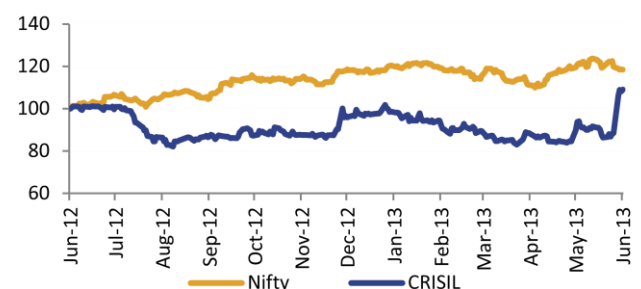
Shareholding Pattern

	Mar'13	Dec'12	Chg
Promoters (%)	53.0	53.0	-
FII (%)	10.6	10.8	(0.2)
DII (%)	16.8	16.5	0.3
Public & Others (%)	19.6	19.7	(0.1)

Quarterly Performance (Consolidated)

(₹bn)	Q1 CY'13	Q1 CY'12	Q4 CY'12	YoY Change(%)	QoQ Change(%)
Revenue	2.5	2.3	2.6	11.0	(2.7)
Op. exp	1.8	1.5	1.7	21.0	3.3
EBITDA	0.8	0.8	0.9	(6.9)	(14.3)
OPM (%)	30.0	35.8	34.1	(577bps)	(405bps)
Net profit	0.5	0.6	0.6	(13.0)	(17.4)
NPM (%)	19.2	24.3	22.2	(510bps)	(301bps)
EPS (₹)	7.0	8.1	8.5	(13.0)	(17.4)

One Year Price Chart





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