

October 22, 2012

CRISIL LTD.

BSE Code: 500092 NSE Code: CRISIL Reuters Code: CRSLNS Bloomberg Code: CRISIL:IN

CRISIL Ltd. (CRISIL), founded in 1987, is a global analytical company. CRISIL offers domestic and international customers by providing services in research, risk and policy advisory. Its rating experience covers more than 45,000 entities, including 30,000 small and medium enterprises. Global research and analytics business possess a massive client list of 30 Fortune 500 companies, across a range of industries and provide coverage on 70 industries. The company is engaged in achieving its objective of catalyzing economic growth and development in various countries.

Investor's Rationale

Net profit rose better than expected by 1.9% YoY, driven by rise in sales

Cril posted better than expected growth in consolidated net profit of 1.9% YoY at ₹0.6 billion driven by robust net sales growth despite muted economic growth, weak overall investment climate in India and even the continued pressure on the global investment banking industry. On sectorial front, the profit (before tax) in rating services grew by 17.1% to ₹0.4 billion. However, the drop in OPM has dragged the NPM figures by 440bps to 22.1% as against 26.5%.

Massive growth in research services segment revenue boosted net sales by 29.2% YoY

CRISIL witnessed a robust growth in its sales by 29.2% YoY at ₹2.7 billion, on the back of higher growth in research services revenues by 38.2% to ₹1.5 billion aided by acquisition of coalition development Limited, UK- based Analytics Firm and new client additions. Further, the rating services revenues rose by 22.6% to ₹1.0 billion, driven by a pick-up in the securitization transactions at the quarter end. Moreover, advisory business revenues also inched up by 7.1% to ₹0.2 billion.

OPM contracted by 153bps on higher staff expenses

During Q3CY'12, CRISIL reported an operating profit of ₹0.9 billion, up by 23.2% YoY. However, OPM constricted by 153bps to 33.9% as against 35.4% due to higher staff expenses (as a % of sales) by 223bps to 44.8%. Further, increase in other expenses by 150bps to 4.8% also pressurized the OPM.

Launched Small and Medium Enterprise (SME) fundamental grading service for SMEs

During the quarter, CRISIL Research launched India's first Small and Medium Enterprise (SME) fundamental grading service for SMEs proposing to raise equity capital through listing on SME exchanges.

Market Data

CMP (₹)	969.2
Target Price	1,080
Stop Loss	930
Duration	Medium-term
52-week High-Low (₹)	1,262/750
Rise from 52WL (%)	29.2
Correction from 52WH (%)	23.2
Beta	0.5
1 year Average Volume (mn)	31.2
Stock Return (%)	3M- (3.1) 6M- (9.4) 9M- 6.5
Market Cap (₹bn)	68.9
Enterprise Value (₹bn)	66.3

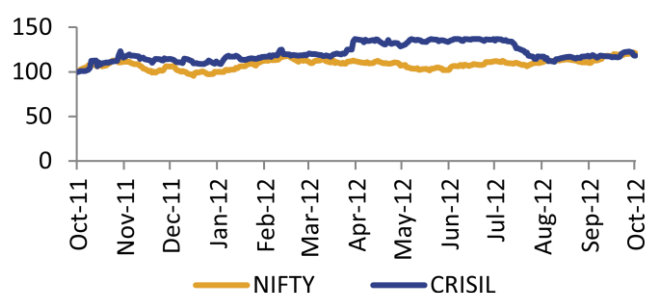
Shareholding Pattern

	Sep'12	Jun'12	Chg
Promoters (%)	53.0	53.0	-
FII (%)	10.6	11.1	(0.5)
DII (%)	16.8	16.6	0.2
Public & Others (%)	19.6	19.3	0.3

Quarterly Performance

(₹bn)	Q3 CY'12	Q3 CY'11	Q2 CY'12	YoY Change(%)	QoQ Change(%)
Revenue	2.7	2.1	2.2	29.2	25.0
Op. exp	1.8	1.4	1.6	31.8	14.6
EBITDA	0.9	0.7	0.6	23.2	51.9
OPM (%)	33.9	35.4	27.9	(153bps)	600bps
Net profit	0.6	0.6	0.4	1.9	36.6
NPM (%)	22.1	26.5	19.6	(440bps)	251bps
EPS (₹)	8.5	8.4	6.2	0.0	0.44

One Year Price Chart





Indbank Merchant Banking Services Ltd.
I Floor, Khiviraj Complex I,
No.480, Anna Salai, Nandanam, Chennai 600035
Telephone No: 044 – 24313094 - 97
Fax No: 044 – 24313093
www.indbankonline.com

Disclaimer

@ All Rights Reserved

This report and Information contained in this report is solely for information purpose and may not be used as an offer document or solicitation of offer to buy or sell or subscribe for securities or other financial instruments. The investment as mentioned and opinions expressed in this report may not be suitable for all investors. In rendering this information, we assumed and relied upon, without independent verification, the accuracy and completeness of all information that was publicly available to us. The information has been obtained from the sources that we believe to be reliable as to the accuracy or completeness. While every effort is made to ensure the accuracy and completeness of information contained, Indbank Limited and its affiliates take no guarantee and assume no liability for any errors or omissions of the information. This information is given in good faith and we make no representations or warranties, express or implied as to the accuracy or completeness of the information. No one can use the information as the basis for any claim, demand or cause of action.

Indbank and its affiliates shall not be liable for any direct or indirect losses or damage of any kind arising from the use thereof. Opinion expressed is our current opinion as of the date appearing in this report only and are subject to change without any notice.

Recipients of this report must make their own investment decisions, based on their own investment objectives, financial positions and needs of the specific recipient. The recipient should independently evaluate the investment risks and should make such investigations as it deems necessary to arrive at an independent evaluation of an investment in the securities of companies referred to in this document and should consult their advisors to determine the merits and risks of such investment.

The report and information contained herein is strictly confidential and meant solely for the selected recipient and is not meant for public distribution. This document should not be altered in any way, transmitted to, copied or distributed, in part or in whole, to any other person or to the media or reproduced, duplicated or sold in any form.