

**Price:** 4,301

**Recommendation:** Buy

**Industry:** Other Financial Services

**Sector:** Financial Services

**Report Date:** 03-Apr-2025

CRISIL is enhancing its market position through new initiatives and strategies, focusing on technology and analytics. Its Research, Analytics, and Solutions segment is gaining traction despite global spending cuts. Recognized as a leader in risk management, CRISIL engages clients via seminars and conferences. Its 'Mein Pragati' program and environmental projects highlight its CSR efforts. With a 10.5% PBT growth in FY24, CRISIL aims for sustained growth amid economic challenges.

Sales		Profit & Loss		Profitability Matrix	
Current Year	1665 Cr	Operating Profit(Year)	251 Cr	Operating Profit Margin	15.1 %
Previous Year	1628 Cr	Operating Profit(Quarter)	54.9 Cr	EBITDA Margin	45.17 %
Current Quarter	441 Cr	PAT (Year)	616 Cr	Net Profit Margin	37.0 %
Previous Quarter	406 Cr	PAT (Quarter)	206 Cr	EPS	84.2
Revenue (QYoY)	438 Cr				
Valuation Matrix		Growth(YoY)		Growth(QoQ)	
Trailing P/E	51.1	Sales Growth	2.24 %	Sales Growth	8.62 %
PEG Ratio	2.70	PAT Growth	-5.95 %	Sales Growth QYoY	0.68 %
EV/EBITDA	42.0	EPS Growth	0.0 %	PAT Growth	2.49 %
P/B	17.6	Dividend Yield	1.32	PAT Growth QYoY	-10.82 %
Capital Allocation		Holdings		Leverage	
RoE	37.6 %	Promoter	66.6 %	Debt/Equity	0.13
RoA	26.5 %	FII	7.55 %	Debt	227 Cr
RoCE	40.1 %	DII	12.7 %	Market Cap	31453 Cr
RoIC	49.6 %	Public	13.1 %	Enterprise value	31585 Cr
		No of Shares	7.31 Cr	Cash Equivalents	95.8 Cr

source : Company filings

## Company's Overview Based on Recent Concall and Performance:

In the recent meeting, CRISIL outlined several new initiatives and business strategies aimed at enhancing its market position and operational efficiency. The company emphasized its commitment to leveraging technology and analytics to drive growth, particularly through its Research, Analytics, and Solutions segment. This segment saw significant traction in buy-side offerings, consulting, credit and risk offerings, and benchmarking solutions, despite global clients curtailing discretionary spending. CRISIL also highlighted its recognition as a Category Leader in Chartis' RiskTechCredit Portfolio Management Solutions 2024 Quadrant, which underscores its leadership in risk management solutions. The company is actively engaging with clients and stakeholders through various seminars and conferences, such as the 9th annual NBFC seminar in Mumbai and the real estate conclave titled 'Shaping the Future of Real Estate'.

CRISIL's diversification schemes are evident in its expansion of the 'Mein Pragati' program, which reached over 4 lakh rural community members in Assam and Rajasthan. This initiative is part of the company's broader corporate social responsibility efforts, which also include environmental conservation projects like planting 70,000 saplings in Maharashtra. The company is also focusing on enhancing its global presence, with operations in multiple countries and a diverse workforce. CRISIL's strategic focus on sustainability and community engagement is designed to bolster its brand reputation and foster long-term growth.

Looking ahead, CRISIL is optimistic about its growth and scaling prospects. The company expects India's GDP to grow by 6.5% in the next fiscal year, driven by lower inflation and interest rate cuts. CRISIL's strategic initiatives, such as leveraging Gen AI in client solutions and scaling product offerings in corporate and investment banking, are expected to drive future growth. The company is also poised to benefit from the anticipated tailwinds in bond issuances due to easing monetary policy. However, CRISIL acknowledges the challenges posed by macroeconomic uncertainties and the need for continuous innovation to maintain its competitive edge.

From a financial perspective, CRISIL reported a 10.5% growth in profit before tax (PBT) for FY24, excluding a one-off gain from the devaluation of the Argentinian peso. The company also declared a final dividend of Rs. 26 per share, bringing the total dividend for the year to Rs. 56 per share. While the company's performance is robust, there is room for improvement in areas such as discretionary spending by global clients, which has impacted some segments. CRISIL's focus on enhancing client engagement and expanding its service offerings will be crucial in addressing these challenges and sustaining its growth trajectory.

CRISIL Daily Closing One Year Price Chart



Name	Mar Cap (Rs. Cr.)	P/E	ROE	Sales(G) QoQ	Sales(G) QYoY	PAT(G) QoQ	PAT(G) QYoY
ICRA	5376.56	33.37	15.64%	-4.16%	5.48%	14.46%	30.73%
CARE Ratings	3511.35	29.57	14.47%	-17.88%	22.50%	-39.68%	18.50%
CRISIL	31453.20	51.07	37.60%	8.59%	0.63%	2.58%	-10.75%

Aspect	Commentary
Revenue	The company shows a modest increase in revenue, with a year-over-year growth of 2.24% and a quarter-over-quarter growth of 8.62%. This indicates a stable upward trend in sales, suggesting effective sales strategies and market demand. However, the growth rate is relatively moderate, indicating potential areas for improvement in revenue generation.
Profit & Loss	Operating profit margins are healthy, with a year-end operating profit of 251 Cr and a quarterly profit of 54.9 Cr. However, the year-over-year PAT growth is negative at -5.95%, indicating challenges in cost management or external factors affecting net profitability. The quarterly PAT growth is positive, suggesting recent improvements.
Profitability Matrix	The company maintains strong profitability metrics with an operating profit margin of 15.1% and a net profit margin of 37.0%. The EBITDA margin is notably high at 45.17%, reflecting efficient cost management and strong earnings before interest, taxes, depreciation, and amortization. EPS remains stable, indicating consistent earnings per share.
Valuation Matrix	The valuation metrics show a trailing P/E of 51.1, suggesting the stock is priced at a premium relative to earnings. The PEG ratio of 2.70 indicates growth expectations are factored into the price. EV/EBITDA is high at 42.0, reflecting market confidence in future earnings. The P/B ratio of 17.6 suggests high market valuation relative to book value.
Growth (YoY)	Year-over-year growth metrics reveal a slight sales increase of 2.24%, but a decline in PAT by 5.95%. EPS growth is stagnant, indicating challenges in enhancing shareholder value. The dividend yield of 1.32% provides some return to investors, but overall growth is subdued, highlighting the need for strategic initiatives to boost performance.
Growth (QoQ)	Quarter-over-quarter growth shows a positive sales increase of 8.62%, indicating effective short-term strategies. However, PAT growth is only 2.49%, and the QYoY PAT growth is negative at -10.82%, suggesting volatility in earnings. This mixed performance underscores the need for consistent operational improvements to sustain growth.
Capital Allocation	The company demonstrates strong capital allocation with a RoE of 37.6%, RoA of 26.5%, and RoCE of 40.1%. These metrics indicate efficient use of equity and assets to generate returns. The RoIC of 49.6% highlights effective investment strategies. Overall, capital allocation is a strength, supporting long-term financial health and growth.
Holdings	The ownership structure is dominated by promoters at 66.6%, indicating strong insider confidence. FII and DII holdings are moderate at 7.55% and 12.7%, respectively, suggesting institutional interest. Public holding is 13.1%, providing liquidity. The shareholding pattern reflects a balanced mix of insider and institutional ownership, supporting stability.
Leverage	The company maintains a conservative leverage position with a debt/equity ratio of 0.13, indicating low reliance on debt financing. Total debt is 227 Cr, with a market cap of 31,453 Cr, reflecting strong equity valuation. Cash equivalents of 95.8 Cr provide liquidity. This low leverage enhances financial flexibility and reduces risk exposure.

**Analyst viewpoint:** CRISIL presents a compelling growth narrative with an impressive quarter-over-quarter sales increase of 8.62%, highlighting its effective short to mid-term strategies. The company's focus on leveraging technology and analytics within its Research, Analytics, and Solutions segment has been particularly fruitful, driving substantial traction amidst cautious global spending. With a strong RoE of 37.6% and RoA of 26.5%, CRISIL demonstrates efficient capital allocation and solid financial health, equipping it well for sustained growth. Moreover, its leadership in risk management solutions and efforts to enhance client engagement, as observed from recent industry accolades and strategic initiatives, strengthen its competitive positioning. The company's valuation metrics, though premium with a P/E ratio of 51.1 and a PEG of 2.70, reflect market optimism about its future earnings potential.

As India anticipates GDP growth of 6.5% due to favorable economic conditions, CRISIL is poised to capitalize on this momentum, enhancing its growth prospects through diversified offerings and strategic market expansion. CRISIL's commitment to corporate social responsibility and sustainability initiatives, including the 'Mein Pragati' program, further enhances its brand reputation. However, it's worth noting that discretionary spending cuts by global clients have posed challenges in certain segments. Therefore, while the overall outlook remains bullish on CRISIL's growth trajectory, continuous innovation and strategic adaptations are necessary to navigate these challenges effectively.

Please read detailed disclosure on next page.

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BUY	>=15%
SELL	<-10%
NEUTRAL	>-10% to 15%
UNDER REVIEW	Rating may undergo a change
NOT RATED	We have forward looking estimates for the stock but we refrain from assigning recommendation

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