

CRISIL June-FY21

Financial Results & Highlights

Brief Company Introduction

CRISIL (formerly Credit Rating Information Services of India Limited) is a global analytical company providing ratings, research, and risk and policy advisory services. CRISIL's majority shareholder is Standard & Poor's, a division of McGraw Hill Financial and provider of financial market intelligence.

| Standalone Financials (In Crs) | | | | | | | | |
|----------------------------------|----------|----------|--------|----------|---------|--------|--------|--------|
| | Jun-FY21 | Jun-FY20 | YoY % | Mar-FY21 | QoQ % | 6MFY21 | 6MFY20 | YoY% |
| Sales | 230 | 224 | 2.68% | 243 | -5.35% | 473 | 448 | 5.58% |
| PBT | 43 | 31 | 38.71% | 57 | -24.56% | 100 | 71 | 40.85% |
| PAT | 32 | 22 | 45.45% | 45 | -28.89% | 76 | 49 | 55.10% |
| Consolidated Financials (In Crs) | | | | | | | | |
| | Jun-FY21 | Jun-FY20 | YoY % | Mar-FY21 | QoQ % | 6MFY21 | 6MFY20 | YoY% |
| Sales | 484 | 428 | 13.08% | 458 | 5.68% | 942 | 851 | 10.69% |
| PBT | 93 | 99 | -6.06% | 117 | -20.51% | 210 | 212 | -0.94% |
| PAT | 66 | 67 | -1.49% | 88 | -25.00% | 154 | 143 | 7.69% |

Detailed Results:

1. The current quarter was encouraging for the company with revenues rising by 13% and profits staying flat YoY respectively.
2. Excluding Greenwich Associates, revenues have risen 2.2% YoY while profits have risen 28.5% YoY.
3. In the 6MFY21, the revenues have risen 11% YoY while profits have risen 7.7% YoY.
4. The board of directors has declared a second interim dividend of Rs 6 per share.
5. The rating business grew 10.1% YoY due to new client additions and higher issuance. Global Analytical Center (GAC) saw an increase in support coverage for S&P Global Ratings and increased participation in data transformation initiatives.
6. The research business grew 17.5% in revenues due to robust growth in Global Research & Analytics business and contribution from Greenwich. Model & risk offerings saw new deal wins.
7. Excluding Greenwich, the research division would have seen revenues decline 1.1% while profits would have been up 29.8% YoY.
8. The advisory business saw good wins but overall performance was affected by the delays in the closure of contracts in the quarter. Most of these delays were caused by disruption from the COVID-19. Revenues in this division fell 4.2% YoY.
9. The company also saw forex gains of Rs 3.6 Cr in the June quarter.

Analyst's View:

CRISIL has been a trusted financial service and information provider for a long time. They have established themselves as a reputed name in their operational fields of ratings, research, and advisory. The company saw a good response to the rating business while the research business grew steadily with the addition of Greenwich Associates to the company's umbrella. The advisory business suffered a lot due to delays in contract closures from COVID-19. The company has guided that the oncoming period will be tough for both the Indian and World economy. It remains to be seen what second-order effects the COVID-19 situation will have on the company's performance going forward. Nonetheless, given the company's industry position and its financial resilience, CRISIL remains a pivotal stock in the rating sphere. The valuation multiple of the company continues to be near the lowest level in the last ten years which makes it an attractive potential investment for the long term.

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