

CRISIL (CRISIL) - ADD

Company Update

Current Market Price (CMP) Rs.4822	Fair Value (FV) Rs.5000
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Rationale:

- We met with Amish Mehta (CEO) and Dinesh Venkatasubramanian (CFO). Key takeaways were:
- A favorable outlook for the non-ratings business, underpinned by robust demand in the benchmarking segment.
- Meaningful client diversification, which has significantly reduced reliance on sell-side revenues.
- While GenAI and GCCs remain key structural themes, competitive pressures have not intensified over the past year.
- Ratings business benefitted from improved pricing in bank loan ratings (industry feature) and could further gain from RBI initiatives aimed at strengthening discipline in the bank loan ratings market.
- We remain constructive and maintain our ADD rating, while revising FV to Rs5,000 (Rs4,800 earlier).

 Positives:

- The domestic ratings business remains well placed (we assume 18% revenue CAGR).
- Non-ratings business growth outlook has improved over the past 12 months. We believe our 9-10% revenue CAGR assumptions for non- ratings are conservative and could have upside risks.

 Negatives:

- Overhang of AI and competition (global capability center) remains but has not increased in the past 12 months.
- Past 12 months have been weak for bond issuances but revenue growth has held up close to 17% during the period.



The content of this document has been derived from KIE research report. Kotak's PCG Research has summarized the report (Research Team: shrikant.chouhan@kotak.com). Readers who wish to access the complete report are kindly requested to contact their respective Relationship Manager. Further, the recipient of this material should take their own professional advice before investing.

Holding Period: 12 months