

## Week Gone

- ⇒ Key indices logged strong gains in the week after FM Nirmala Sitharaman presented a growth-oriented Budget on Monday. Indices finished at a fresh lifetime peak on Friday after the Reserve Bank kept interest rates unchanged maintaining repo rate at 4% and the reverse repo rate at 3.35%.
- ⇒ The seasonally adjusted India Services Business Activity Index (IHS Markit India Services PMI) rose from 52.3 in December 2020 to 52.8 in January 2021, pointing to a quicker expansion in output.

## Week Ahead

- ⇒ Adani Ports & Special Economic Zone, Berger Paints India, Tata Steel will announce their results for quarter ended 31 December 2020 on 9 February 2021.
- ⇒ Overseas, China will announce inflation rate for January on 10 February 2021

## Technical Overview

Index closed with a gain of 9.46% at 14924. Index opened this week with gap up and witnessed strong rally on the back of cheerful Budget reforms and closed this week on life record highs. Index has surpassed its previous swing high of 14700, which is bullish signal for short term term. Going ahead index has strong support in the zone of 14650-14750, breakout below this would call for further decline towards 14530-14450. While on higher side resistance is placed around 15000-15100-15250.



Source: Falcon, BP Equities Research



## Weekly Wealth

## DOMESTIC INDICES

Index	05-Feb-21	29-Jan-21	Weekly % Chg
Nifty	14,924	13,635	9.5
Nifty Next 50	33,791	31,743	6.5
Nifty 100	14,989	13,743	9.1
Nifty 500	12,280	11,303	8.6
Nifty Midcap 100	14,989	20,910	-28.3
Sensex	50,732	46,286	9.6
BSE 100 Index	15,045	13,798	9.0
BSE 200 Index	6,299	5,790	8.8
BSE 500 Index	19,523	17,975	8.6
BSE Mid-Cap	19,413	18,082	7.4
BSE Small Cap	19,097	17,988	6.2

## NIFTY TOP GAINERS (WEEKLY)

Scrip	05-Feb-21	29-Jan-21	Weekly % Chg
SBI	393.1	282.1	39.4
IndusInd Bank	1,025.1	846.1	21.2
Tata Motors Ltd.	315.9	262.7	20.3
UltraTech Cement	6,352.1	5,327.3	19.2
Shree Cement	26,722.9	22,773.4	17.3

## NIFTY TOP LOSERS (WEEKLY)

Scrip	05-Feb-21	29-Jan-21	Weekly % Chg
UPL	536.5	560.65	-4.31
Asian Paints Ltd.	2,376.75	2,407.35	-1.27
Tech Mahindra	959.4	961.4	-0.21
SBI Life Insurance	864.2	864.45	-0.03

## WORLD INDICES

Index	05-Feb-21	29-Jan-21	Weekly % Chg
Nikkei Index	28,779	27,663	4.0
Hang Seng Index	29,289	28,284	3.6
Kospi Index	3,121	2,976	4.9
Shanghai SE Composite	3,496	3,483	0.4
Strait Times Index	2,907	2,902	0.2
Dow Jones	31,056	30,603	1.5
NASDAQ	13,778	13,337	3.3
FTSE	6,510	6,432	1.2

## FOREX

Currency	05-Feb-21	29-Jan-21	Weekly % Chg
US\$ (Rs.)	72.9	72.9	0.0
GBP (Rs.)	99.8	100.2	-0.3
Euro (Rs.)	87.3	88.6	-1.4
Yen (Rs.) 100 Units	69.0	70.0	-1.4

## FII - ACTIVITY

(Rs. Cr.)

Date	Purchases	Sales	Net
05-Feb-21	9,402.2	7,940.5	1,461.7
04-Feb-21	11,826.5	9,889.8	1,936.7
03-Feb-21	11,546.2	9,025.3	2,520.9
02-Feb-21	13,585.6	7,404.0	6,181.6
01-Feb-21	10,168.3	8,674.1	1,494.2
<u>MTD</u>	168,241.4	159,260.6	8,980.8

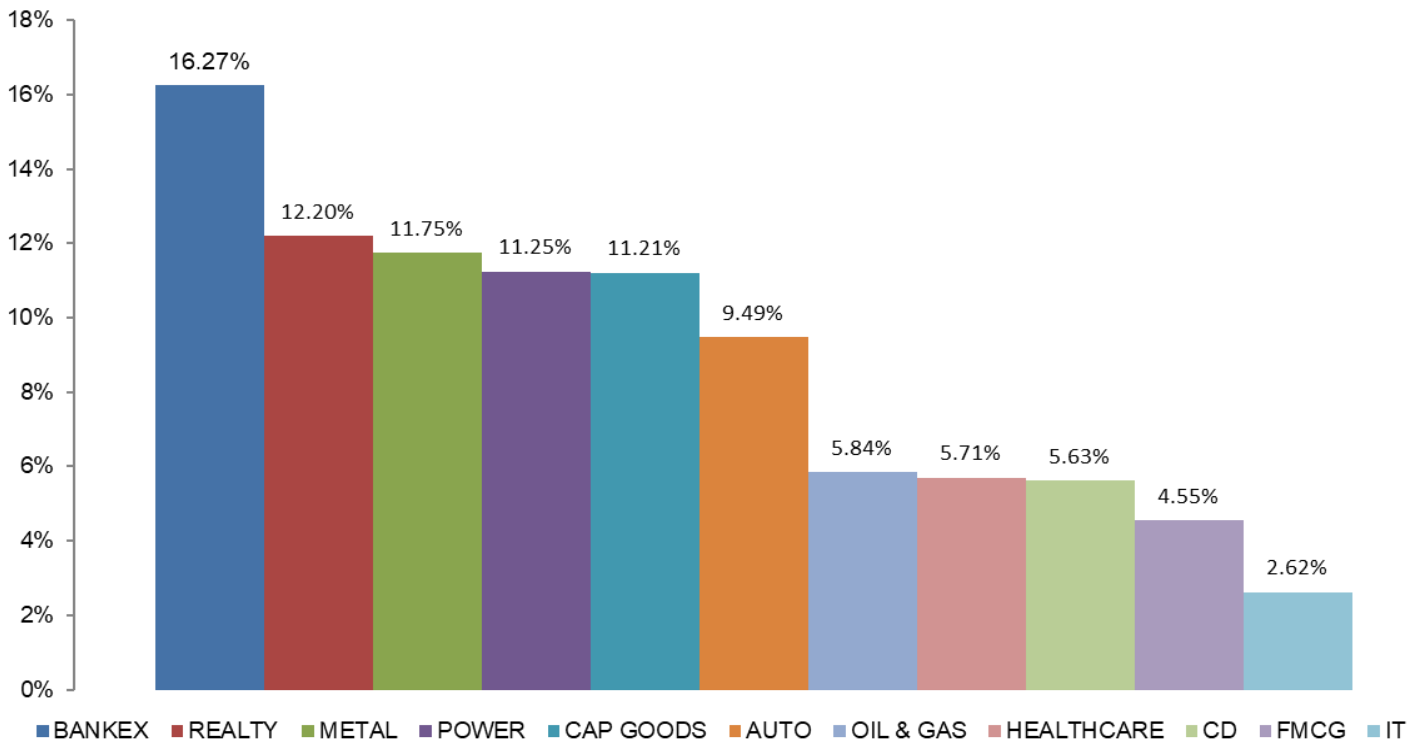
## DII - ACTIVITY

(Rs. Cr.)

Date	Purchases	Sales	Net
05-Feb-21	6,202.6	7,621.2	-1,418.7
04-Feb-21	6,314.2	7,082.8	-768.6
03-Feb-21	6,427.5	6,827.2	-399.7
02-Feb-21	7,755.2	9,790.4	-2,035.2
01-Feb-21	6,603.5	6,693.9	-90.5
<u>MTD</u>	33,303.0	38,015.6	-4,712.6

# Weekly Wealth

## BSE WEEKLY SECTORAL PERFORMANCE



Source: BSE, BP Equities Research

### TOP OPEN INTEREST GAINERS (WEEKLY)

SCRIP NAME	05-Feb-21	29-Jan-21	Weekly % Chg	05-Feb-21	29-Jan-21	Weekly % Chg
	Share Price (Rs.)			Open Interest		
ICICIPRULI	473.9	483.45	-2.0	8280000	4849500	70.7
L&TFH	90.15	85.4	5.6	33304368	20667984	61.1
BHEL	43.7	36	21.4	153069000	99057000	54.5
ZEEL	215.8	221.05	-2.4	36768000	24168000	52.1
GAIL	128.8	125.95	2.3	34282000	23186100	47.9

### TOP OPEN INTEREST LOSERS (WEEKLY)

SCRIP NAME	05-Feb-21	29-Jan-21	Weekly % Chg	05-Feb-21	29-Jan-21	Weekly % Chg
	Share Price (Rs.)			Open Interest		
LALPATHLAB	2401.6	2238.55	7.3	104500	156000	-33.0
CUMMINSIND	781.65	655.85	19.2	1196400	1702800	-29.7
CIPLA	849.25	831.2	2.2	12529400	17698200	-29.2
TVSMOTOR	630.85	561.55	12.3	4410000	6080200	-27.5
RBLBANK	249.55	211.25	18.1	19192200	25580900	-25.0

Ratings

Company Background

Incorporated in 1987, CRISIL (Credit Rating Information Services of India Ltd) is a global analytical company providing ratings, research, and risk and policy advisory services. The company is India's leading rating agency and also the foremost provider of high-end research to the world's largest banks and leading corporations. It operates its business through two segments namely ratings and research. Rating services include credit ratings for corporates, banks, small and medium enterprises (SME), training in the credit rating field, credit analysis services, grading services and global analytical services while the research segment provides equity research, industry reports, customized research assignments, subscription to data services and initial public offer grading.

Investment Rationale

Leadership position in the rating business

Over the decades, the company has maintained a strong growth momentum by focusing on a new client acquisition and maintaining traction in the securitization market led by strong operating leverage benefits. The business saw a growth in corporate bond ratings with year-to-date issuances higher vs the corresponding period last year which led to an increase in market share. Going ahead, the company is expected to strengthen its leadership position by expanding geographically in new markets which will enable them to unfold new opportunities.

Robust growth in research segment to augur well

In Q3CY20, growth in the Research segment was driven by the Global Research & Analytics business, which saw strong demand for risk and transformation services. Fundamental research saw a tepid performance because of anticipated sell-side restructuring. India Research launched new industry reports and a district-level Covid19 dashboard, which received a good response. Coalition saw delays in client conversions given the impact of the pandemic across global financial services. The company continues to invest in new products and analytics to meet the needs of new clients. Moreover, its focus on leveraging its presence across the research domain will enable to create long term growth..

Valuation and Outlook

CRISIL is India's largest credit rating agency with a strong global parentage (S&P owns 68% of the entity) and a diversified business model. Further, its premium brand value, revival in research vertical and increasing traction in the advisory segment would enable them to drive growth. On the valuation front, we believe its revenue and PAT has a potential to grow by 12% and 14% CAGR respectively for CY20-22E. Owing to the above factors, we valued the stock based on 37x P/E of its CY22E earnings with a target price of INR 2,342 (21% upside from CMP) with a 12 months' investment horizon.

Stock Rating

BUY	HOLD	SELL
> 15%	-5% to 15%	< -5%

Sector Outlook

Positive

Stock

CMP (INR)	1921
Target Price (INR)	2342
NSE Symbol	CRISIL
BSE Code	500092
Bloomberg	CRISL. IN
Reuters	CRSL.BO

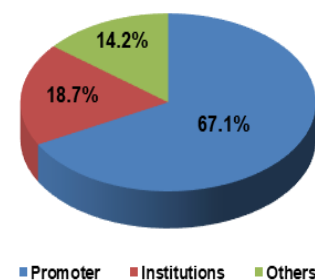
Key Data

Nifty	14,924
52WeekH/L(INR)	2125/1083
O/s Shares (Mn)	72.5
Market Cap (INR bn)	139
Face Value (INR)	1

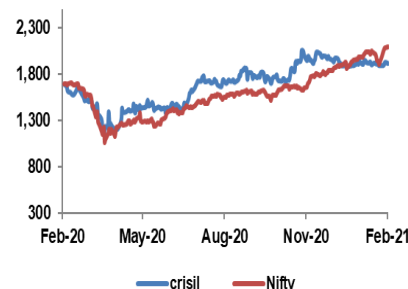
Average volume

3 months	1,893,031
6 months	4,754,372
1 year	9,677,375

Share Holding Pattern (%)



Relative Price Chart



# Weekly Wealth

## Key Financials

YE March (INR Mn)	CY18	CY19	CY20E	CY21E	CY22E
<b>Revenue</b>	<b>17,485</b>	<b>17,317</b>	<b>19,205</b>	<b>21,375</b>	<b>23,897</b>
<i>Revenue Growth (Y-o-Y)</i>	5.4%	(1.0%)	10.9%	11.3%	11.8%
<b>EBIDTA</b>	<b>4,712</b>	<b>4,558</b>	<b>4,705</b>	<b>5,493</b>	<b>6,309</b>
<i>EBIDTA Growth (Y-o-Y)</i>	3.5%	(3.3%)	3.2%	16.8%	14.8%
<b>Net Profit</b>	<b>3,631</b>	<b>3,440</b>	<b>3,553</b>	<b>4,061</b>	<b>4,588</b>
<i>Net Profit Growth (Y-o-Y)</i>	19.3%	(5.3%)	3.3%	14.3%	13.0%
<b>Diluted EPS</b>	<b>50.1</b>	<b>51.1</b>	<b>49.0</b>	<b>56.0</b>	<b>63.3</b>
<i>Diluted EPS Growth (Y-o-Y)</i>	19.3%	2.0%	(4.1%)	14.3%	13.0%

## Key Ratios

<b>EBIDTA margin (%)</b>	<b>27.0%</b>	<b>26.3%</b>	<b>24.5%</b>	<b>25.7%</b>	<b>26.4%</b>
NPM (%)	20.8%	19.9%	18.5%	19.0%	19.2%
<b>RoE (%)</b>	<b>32.0%</b>	<b>27.6%</b>	<b>25.9%</b>	<b>26.3%</b>	<b>25.9%</b>
RoCE (%)	40.7%	35.9%	33.8%	35.0%	35.2%

## Valuation Ratios

<b>P/E (x)</b>	<b>38.3x</b>	<b>37.6x</b>	<b>39.2x</b>	<b>34.3x</b>	<b>30.3x</b>
EV/EBITDA	25.9x	26.7x	25.9x	22.2x	19.3x
<b>P/BV (x)</b>	<b>12.3x</b>	<b>11.2x</b>	<b>10.1x</b>	<b>9.0x</b>	<b>7.9x</b>
Market Cap. / Sales (x)	7.1x	7.1x	6.4x	5.8x	5.2x

Source: Company, BP Equities Research



Research Desk

Tel: +91 22 61596406

Institutional Sales Desk

Tel: +91 22 61596403/04/05

Disclaimer Appendix

**Analyst (s) holding in the Stock : Nil****Analyst (s) Certification:**

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**Corporate Office:**

4th floor,  
Rustom Bldg,  
29, Veer Nariman Road, Fort,  
Mumbai-400001  
Phone- +91 22 6159 6464  
Fax-+91 22 6159 6160  
Website- [www.bpwealth.com](http://www.bpwealth.com)

**Registered Office:**

24/26, 1st Floor, Cama Building,  
Dalal street, Fort,  
Mumbai-400001  
BP Wealth Management Pvt. Ltd.  
CIN No: U67190MH2005PTC154591  
BP Equities Pvt. Ltd.  
CIN No: U67120MH1997PTC107392