

CRISIL Ltd

Bloomberg Code: CRISIL IN

India Research - Stock Broking

BUY

Economic recovery to boost revenues across business segments: The rating revenues witnessed 8% growth in 2014 compared to last year. Research and advisory revenues were up 16% and 14% respectively. Research segment profitability grew by 6% on account of improved performance by GR&A (Global Research & Analytics). Ratings profitability was marginally up by 1% due to sluggish business environment. The advisory segment witnessed a fall in profitability of around 12% on account of challenging business environment. Going forward, the consolidated revenues are likely to grow on the back of debt issuances by corporations and financial institutions which in turn can improve the businesses for CRISIL.

Consistent improvement in revenues: The top line is expected to grow at 7% for CY15E, 8.4% for CY16E and 8.8% for CY17E on strong improvement across all the business segments of Crisil where as the bottom line is expected to grow by 18% and 19% in CY16E and CY17E respectively.

SME ratings & Debt issuances to improve going forward: The interest rate cycle is witnessing a downtrend as economic activity continues to be sluggish. With fall in the interest rates, we expect the debt restructuring activity, new debt issuances and improvement in SME & MSME ratings to pick up which can spur demand for the rating firms.

Zero Debt Company: CRISIL is a zero debt company since its inception. The company has been incurring capex through internal accruals. We expect the company to continue with the same strategy of being an un-levered firm with consistency in capex across the various business segments.

Valuation and Outlook

At CMP of Rs.1945, CRISIL is currently trading at 36.8x CY17E EPS. We value the company at P/E 43.0x for CY17E EPS for a target price of Rs.2270, based on the expected improvement across research, ratings and advisory services. We, therefore, initiate coverage on CRISIL with a **"BUY"** rating for a target price of Rs.2270 representing an upside potential of 17% in a 12-15 month period.

Key Risks

- Rating Default risks & Forex risks.
- Attrition risks.
- Regulatory constraints.
- Slowdown in credit off-take due to economic slowdown.

Exhibit 1: Valuation Summary

YE Dec (Rs. Mn)	CY13	CY14	CY15E	CY16E	CY17E
Net Sales	11106	12534	13417	14540	15823
EBITDA	3606	3885	3821	4445	5385
EBITDA Margin (%)	32.5	31.0	28.5	30.6	34.0
Adj. Net Profit	2978	2684	2651	3146	3747
EPS (Rs.)	42.3	37.8	37.4	44.3	52.8
RoE (%)	44.2	31.6	30.9	31.4	31.0
PE (x)	20.9	31.8	52.1	43.9	36.8

Source: Company, Karvy Research, *Represents multiples for CY13 & CY14 are based on historic market price

For private circulation only. For important information about Karvy's rating system and other disclosures refer to the end of this material. **Karvy Stock Broking Research is also available on Bloomberg, KRVY<GO>**, Thomson Publishers & Reuters

Recommendation (Rs.)

CMP (as on Nov 18, 2015)	1945
Target Price	2270
Upside (%)	17

Stock Information

Mkt Cap (Rs.mn/US\$ mn)	138284 / 2093
52-wk High/Low (Rs.)	2371 / 1761
3M Avg. daily volume (mn)	0.03
Beta (x)	0.8
Sensex/Nifty	25864 / 7837
O/S Shares(mn)	71.2
Face Value (Rs.)	1.0

Shareholding Pattern (%)

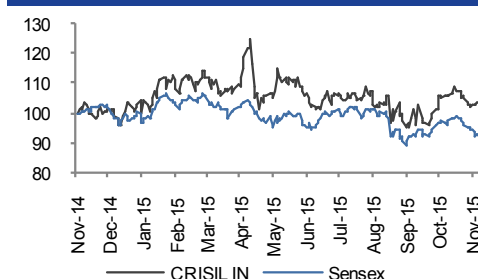
Promoters	67.4
FII's	7.7
DII's	9.9
Others	14.9

Stock Performance (%)

	1M	3M	6M	12M
Absolute	(2)	1	(6)	0
Relative to Sensex	3	9	(1)	9

Source: Bloomberg

Relative Performance*



Source: Bloomberg; *Index 100

Analyst Contact

Uday Kiran Y
 040 - 3321 6273
 uday.kiran@karvy.com

Company Financial Snapshot (Y/E Dec)
Profit & Loss (Rs. Mn)

	CY15E	CY16E	CY17E
Net sales	13417	14540	15823
Optg. Exp (Adj for OI)	9596	10096	10438
EBITDA	3821	4444	5385
Depreciation	462	536	617
Interest	0	0	0
Other Income	427	585	585
PBT	3786	4493	5353
Tax	1136	1348	1606
Adj. PAT	2651	3146	3747
Profit & Loss Ratios			
EBITDA margin (%)	28.5	30.6	34.0
Net margin (%)	19.8	21.6	23.7
P/E (x)	52.1	43.9	36.8
EV/EBITDA (x)	36.0	30.8	25.5
Dividend yield (%)	0.9	1.0	1.0

Source: Company, Karvy Research

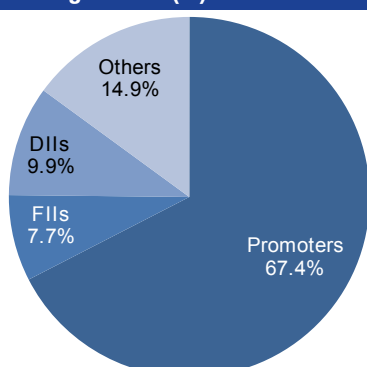
Balance sheet (Rs. Mn)

	CY15E	CY16E	CY17E
Total Assets	12341	14095	16461
Net Fixed assets	5281	6242	7204
Current assets	6198	6991	8395
Other assets	862	862	862
Total Liabilities	12341	14095	16461
Networth	8582	10026	12072
Debt	0	0	0
Current Liabilities	3408	3718	4038
Miscellaneous/ Others	351	351	351

Balance Sheet Ratios

RoE (%)	30.9	31.4	31.0
RoCE (%)	42.4	43.3	43.1
Debt/Equity	0.0	0.0	0.0
Equity/Total Assets	71.7	71.7	71.7
P/BV (x)	16.1	13.8	11.5

Source: Company, Karvy Research

Exhibit 2: Shareholding Pattern (%)


Source: BSE, Karvy Research

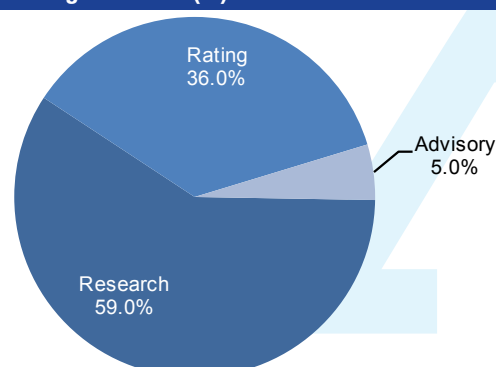
Company Background

CRISIL is a global analytical company providing research, ratings and advisory services to the Banking and financial services industry. Established in the year 1987, The company is headquartered in Mumbai, India. The company has its presence across the globe i.e. New York, Singapore, London, Argentina and China. It provides a wide range of services such as valuing fixed income securities, independent equity research, bond ratings, Credit research, Risk and analytics, Economy and industry research, Bank loan ratings, fund research etc. The company's major shareholder is Standard & Poor's (S&P) which is world's foremost provider of credit ratings. The clients of CRISIL range from small enterprise to large corporations. CRISIL Risk and Infrastructure Solutions (CRIS), is a wholly owned subsidiary of CRISIL Ltd which offers a wide range of solutions focused on infrastructure policy, corporate advisory, integrated risk management and associated consulting services.

Cash Flow (Rs. Mn)

	CY15E	CY16E	CY17E
PBT	3786	4493	5353
Depreciation	462	536	617
Interest (net)	0	0	0
Tax	(1267)	(1348)	(1606)
Changes in WC	(699)	200	141
CF from Operations	2283	3882	4506
Capex	(962)	(1497)	(1578)
Investment	1020	0	(1831)
CF from Investing	58	(1497)	(3409)
Payment towards buyback	(1020)	0	0
Dividends	(1532)	(1702)	(1702)
CF from Financing	(2552)	(1702)	(1702)
Change in Cash	(212)	683	(605)

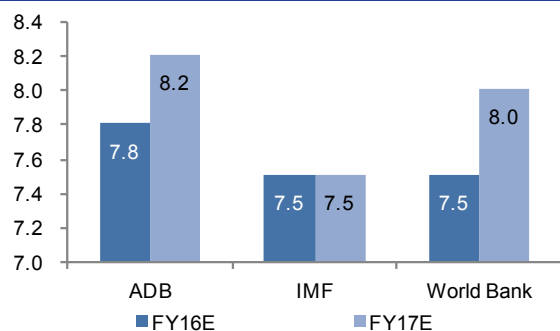
Source: Company, Karvy Research

Exhibit 3: Revenue segmentation (%)


Source: Company, Karvy Research

Economic Outlook:

Exhibit 4: GDP Estimates (%)



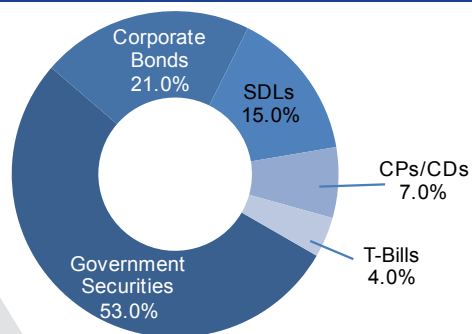
Source: Company, Karvy Research

The economy is witnessing signs of improvement with inflation trending in the downward trajectory and economic activity picking up. The financial & monetary reforms are likely to benefit the Indian industry. The Government's economic reforms will benefit the industrial, manufacturing and service sectors in the coming years. As per the Asian Development Bank (ADB), the GDP growth is likely to trend higher for the years FY16E and FY17E with inflation under control.

The financial sector is witnessing rapid expansion with new entities entering the market such as payment banks. Indian economic recovery is kick started by the Reserve Bank of India by cutting the repo rate by 50 basis points in Sep'15 taking the total tally of repo rate cuts to 125 basis points this year. Improving fiscal position, increasing domestic demand and improvement in credit off-take are likely to benefit the credit rating agencies in terms of research, ratings and advisory services.

Industry Outlook:

Exhibit 5: Composition of Indian Debt Market as on March 31, 2014



Source: Company, Karvy Research

Credit rating agencies provide research, ratings and advisory services. They provide an unbiased opinion to the businesses with regard to debt issuances, credit repayment etc. Credit rating agencies use different business models to generate revenue for the services they provide. One is known as the issuer-pay model and the other as the subscription model. Under the issuer-pay model, which is the business model, rating agencies charge issuers a fee for providing credit ratings. As part of the rating process, these rating agencies obtain information from issuers, and incorporate into their opinions with regard to credit quality. Some credit rating agencies use a subscription model and charge investors and other market participants a fee for access to their agencies ratings.

Company Outlook:

Crissil provides high-end research to the world's largest banks and leading corporations. CRISIL's majority shareholder is Standard and Poor's (S&P). Standard & Poor's, a part of McGraw Hill Financial (formerly The McGraw-Hill Companies), is the world's foremost provider of credit ratings. The bond market witnessed sub-due growth on account of small ticket issuances by large corporate and financial institutions to re-finance their debt. In 2014, CRISIL Bank Loan Ratings (BLR) witnessed strong growth despite weak credit off-take. Small & Medium Enterprises (SME) ratings witnessed healthy volume growth in high interest rate scenario. Improving awareness about benefits of rating are expected to improve demand going forward.

The business prospects of a credit rating agency are primarily dependent on the overall economic environment. When the economy is upbeat and there are higher levels of borrowing by companies for investment purposes or for creating infrastructure, the demand for a credit rating also improves. At the same time, strengthening relations and expanding client base are crucial for the credit rating agencies.

With the calendar year starting on a promising note on the new government with various reform measures like making flexible laws, clearing the stalled projects, the rating business is expected to continue to do well in the years to come.

The economic trends however continue to be optimistic indicating an uptrend in the economic activity. Industrial growth i.e. Index of Industrial Production (IIP) grew by 2.8% compared to -0.1% in 2013-2014. The lower rate of capital is significant for the businesses to issue debt across the manufacturing, services etc. The demand for long term and short term finance is expected to be buoyant ahead of expected cut in interest rates by the Reserve Bank of India (RBI).

The growth in bank credit was 9.5% in 2013-2014 where as the manufacturing services grew by 5.6%. The total issuances across the debt market was Rs. 4.34 lakh crores which represents 38.65% growth compared to last year which stood at Rs. 3.13 Lakh crores. The debt issuances from infra companies were bleak and is expected on the back of strong economic revival.

The company derives 59% of revenues from research related services, 36% of revenues from ratings and 5% from advisory services. The revenue per employee and income per employee are likely to improve by CY17E.

Credit off-take has been surging ahead over the past decade, aided by strong economic growth, rising disposable incomes, increasing consumerism and easier access to credit. Total credit extended went up to US\$ 1089 Bn in FY15. Credit to non-food industries increased 9.75% to US\$ 1073.4 Bn in FY15, from the previous financial year. Demand has grown for both corporate and retail loans; particularly the services, consumer durables and agriculture allied sectors have led the growth in credit.

(Source: India Brand Equity Foundation (IBEF), Karvy Research)

Going forward, we expect the credit off-take to pick up across all the sectors including Small and Medium Enterprises (SME), Micro, Small and Medium Enterprises (MSME) and large corporations which are likely to boost the rating and research businesses of CRISIL Limited.

Exhibit 6: Corporate Bond Market: Issuances

Financial Year	No. of public issues	Amount raised through public issues (Rs. Mn)	No. of Pvt. Placements	Amount Raised through Private Placements (Rs. Mn)	Total Amount Raised through Public Issues and Pvt. Placements (Rs. Mn)
2007-08	0	0	744	1184850	1184850
2008-09	1	15000	1041	1732810	1747810
2009-10	3	25000	1278	2126350	2151350
2010-11	10	94510	1404	2187850	2282360
2011-12	20	356110	1953	2612830	2968940
2012-13	20	169820	2489	3614620	3784440
2013-14	35	423830	1924	2760540	3184370
2014-15	24	94220	2611	4041360	4135880
2015-16 (till June)	2	5770	1237	1695440	1701210

Source: Company, Karvy Research

Exhibit 7: Business Assumptions

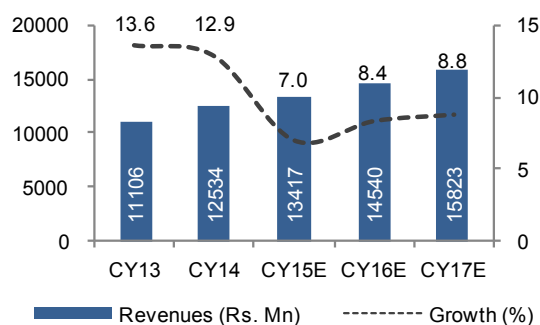
Y/E Dec (Rs. Mn)	CY14	CY15E	CY16E	CY17E	Comments
Revenue	12534	13417	14540	15823	The revenues are likely to improve across various segments of the company from Q2CY16E and through out CY17E.
Revenue Growth (%)	12.9	7.0	8.4	8.8	Revenue growth is likely to be around 8.4% for CY16E and 8.8% for CY17E respectively due to expected improvement in ratings, research and advisory services.
EBITDA	3885	3821	4445	5385	EBITDA is likely to grow at a CAGR of 18.7% from CY15E to CY17E.
EBITDA Margins (%)	31.0	28.5	30.6	34.0	EBITDA margins are likely to increase 210 bps for CY16E and 340 bps for CY17E.
PAT (normalized)	2684	2651	3146	3747	PAT is likely to grow at a CAGR of 18.8% from CY15E to CY17E.
Capex (ex. Acquisition) - cash capex	(178)	(962)	(1497)	(1578)	We expect the capex to be higher on the back of expected expansion across all segments of business and also implementing the automation software.
Net CFO	2646	2283	3882	4506	Net CFO is likely to grow at a CAGR of 40.5% from CY15E to CY17E on the back of improvement across all the business segments.
Debt	0	0	0	0	The company has zero debt and we expect that the company may not raise significant debt in the years to come. Any acquisition or capex will be funded through internal accruals.
Free Cash Flow	2469	1320	2384	2927	

Source: Company, Karvy Research

Exhibit 8: Karvy vs Consensus

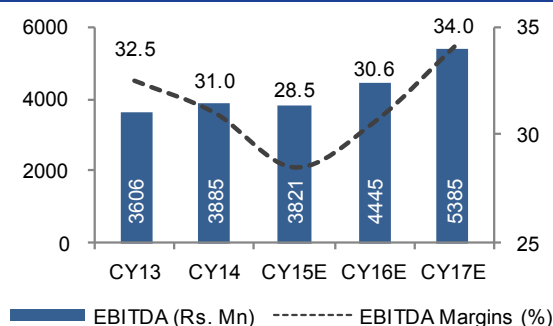
	Karvy	Consensus	Divergence (%)	Comments
Revenues (Rs. Mn)				
CY15E	13417	13808	(2.8)	We expect the revenues to be around Rs.13417Mn in CY15E & Rs.14540 Mn in CY16E.
CY16E	14540	16054	(9.4)	
EBITDA (Rs. Mn)				
CY15E	3821	4206	(9.1)	EBITDA is likely to be around Rs.3821 Mn in CY15E and Rs.4445 Mn in CY16E as we expect the employee costs and administration expenses to be higher.
CY16E	4445	5075	(12.4)	
EPS (Rs.)				
CY15E	37.4	40.4	(7.5)	The EPS is likely to be around Rs.37.4 for CY15E and Rs. 44.3 in CY16E. The divergence is due to higher employee costs.
CY16E	44.3	50.0	(11.3)	

Source: Bloomberg, Karvy Research

Exhibit 9: Revenues (Rs. Mn) and Growth (%)


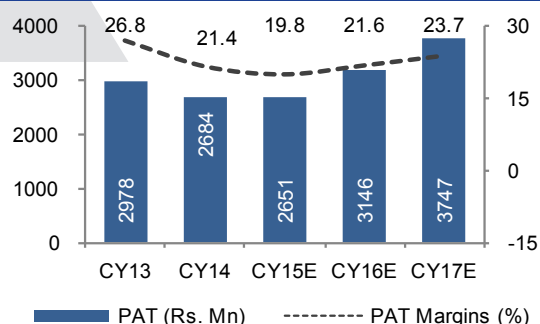
Source: Company, Karvy Research

We expect the revenues to grow at a CAGR of 8.6% from CY15E to CY17E. The company is consistently increasing the revenues from research and ratings services. We expect the trend to continue going forward. The sales in research and ratings segments are likely to pick up and stabilize around 60% and 38% by CY17E which is currently 59% and 36% respectively. The advisory services segment is likely to post flat growth of 5% in CY17E as we expect the sales in advisory services to be muted.

Exhibit 10: EBITDA (Rs. Mn) and EBITDA Margins (%)


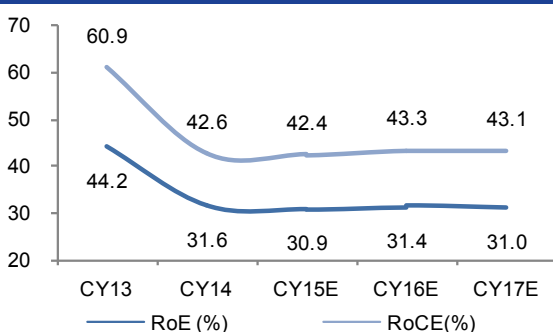
Source: Company, Karvy Research

EBITDA is expected to grow at a CAGR of 18.7% from CY15E to CY17E on expected improvement in services provided by the company. EBITDA margins are likely to expand by 210 bps in CY16E from CY15E; and by 340 bps in CY17E from CY16E. EBITDA margins are likely to be around 30.6% for CY16E and 34.0% for CY17E. The EBITDA margins are likely to improve on the back of improvement across the research and ratings services of the company.

Exhibit 11: PAT (Rs. Mn) and PAT Margins (%)


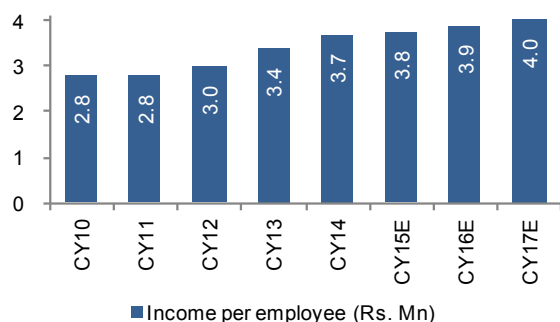
Source: Company, Karvy Research

The consolidated profit after tax for the year is likely to come at Rs. 2651Mn for CY15E compared to Rs.2684 Mn in CY14 which constitutes 1.3% fall in profits compared to previous year. PAT margins are likely to be at 19.8% for CY15 and are likely to improve to 21.6% in CY16E which is 180 bps more than CY15E; and it is expected to improve to 23.7% in CY17E which is 210 bps more than CY16E. We expect the sales to pick up in the coming years on the back of uptick in economic activity and higher issuance of debt by corporations.

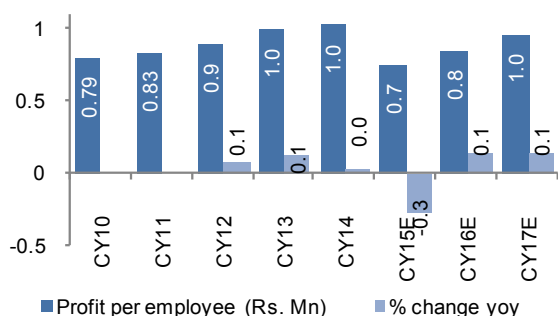
Exhibit 12: RoE & RoCE (%)


Source: Company, Karvy Research

RoE and RoCE are likely to increase from 30.9% and 42.4% in CY15E to 31.0% and 43.1% by CY17E. Hence, RoE and RoCE are likely to be at comfortable levels going forward.

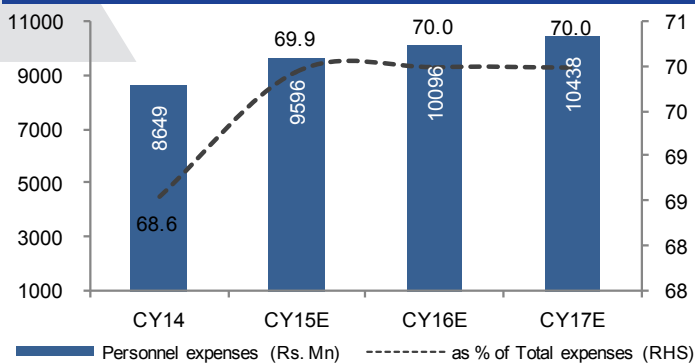
Exhibit 13: Income per employee (Rs. Mn)


The income per employee has grown at a CAGR of 14.9% from CY10 to CY14. The income per employee is likely to be around Rs.3.8 Mn in CY15E and is likely to increase to Rs. 4.0 Mn by CY17E which represents a compounded growth of 3.3% from CY15E to CY17E.

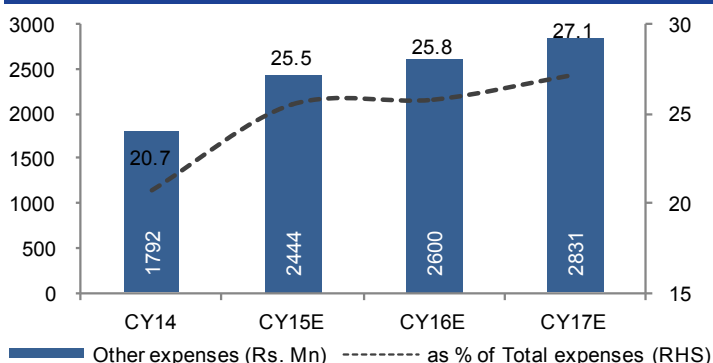
Exhibit 14: Profit per employee (Rs. Mn)


The profit per employee has grown at a CAGR of 13.6% from CY10 to CY14. The profit per employee is likely to be around Rs.0.7 Mn in CY15E and is likely to increase to Rs.1.0 Mn by CY17E which represents a compounded growth of 13.1% from CY15E to CY17E. The fall in profit per employee for CY15E is due to higher employee cost and other expenses.

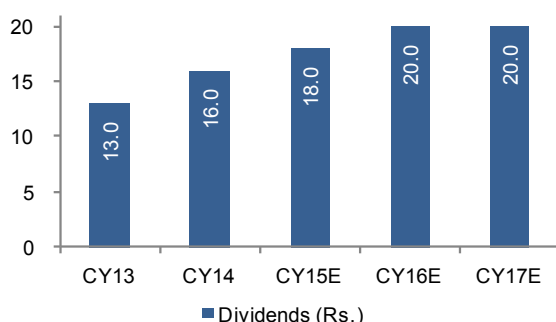
The personnel expenses and other expenses were 69% and 21% of total expenses respectively for CY14. We expect the personnel expenses to be higher in the coming years on the back of higher expected attrition across the industry and higher employee and training costs. The expenses are likely to be higher in CY15E due to which profit per employee is likely to fall and stabilize around Rs.0.7 Mn in CY15E and improve to Rs.0.8 Mn and Rs.1.0 Mn in CY16E and CY17E respectively.

Exhibit 15: Personnel Expenses as % of total expenditure


Source: Company, Karvy Research

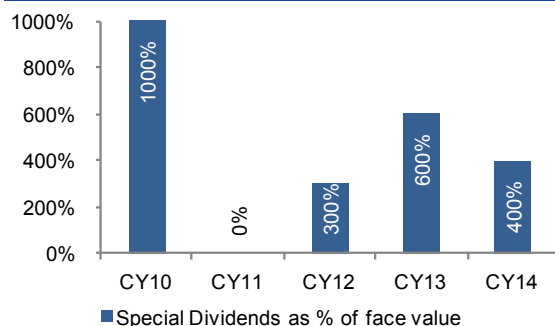
Exhibit 16: Other Expenses as % of total expenditure


Source: Company, Karvy Research

Exhibit 17: Consistent growth in Dividends (Rs.)


The company has been maintaining consistency in paying dividends. The company has paid a dividend of Rs.13.0 per share in CY13 and Rs.16.0 per share in CY14. We expect the trend to continue in future as the company has zero debt; and PAT is likely to improve on the back of expected strong recovery. The dividend per share is likely to be around Rs.18.0 per share in FY15E, Rs.20.0 per share in CY16E and CY17E.

Source: Company, Karvy Research

Exhibit 18: Payment of special dividends


Source: Company, Karvy Research

The company has paid special dividend i.e. 1000% 300%, 600% and 400% of face value in CY10, CY12, CY13 and CY14 respectively. The special dividends were paid when-ever there were one-time gains for the company barring CY14. Currently, we do not anticipate any special dividends as we expect the company to incur higher capex on the back of automation software and also higher employee costs.

Exhibit 19: Company Snapshot (Ratings)

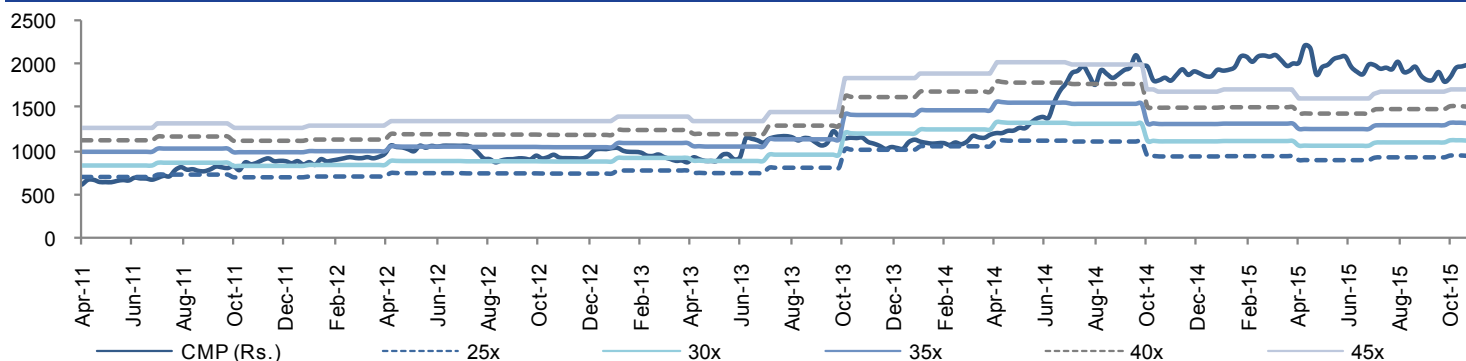
	Low				High
	1	2	3	4	5
Quality of Earnings			✓		
Domestic Sales			✓		
Exports			✓		
Net Debt/Equity					✓
Working Capital Requirement				✓	
Quality of Management				✓	
Depth of Management				✓	
Promoter				✓	
Corporate Governance				✓	

Source: Company, Karvy Research

Valuation & Outlook

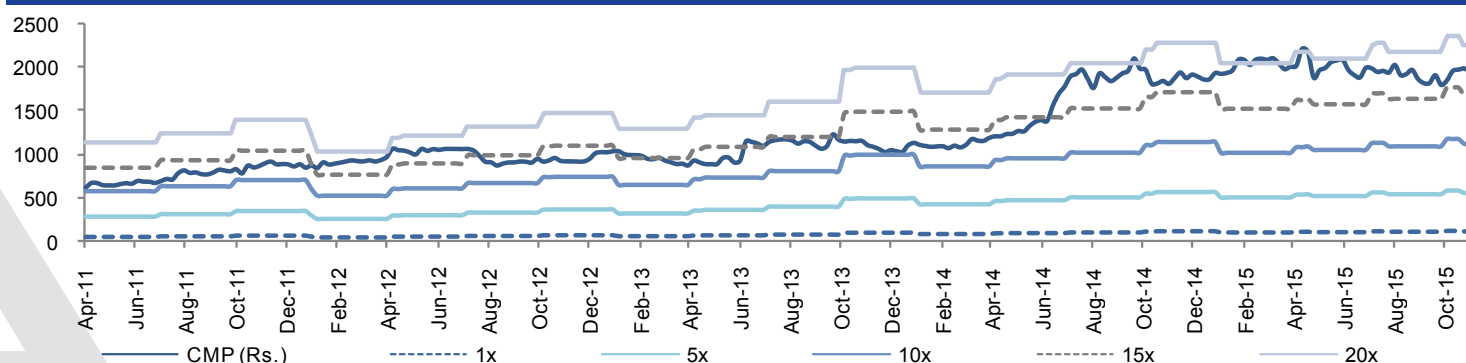
At CMP of Rs.1945, CRISIL is currently trading at 36.8x CY17E EPS. We value the company at P/E 43.0x for CY17E EPS for a target price of Rs.2270, based on the expected improvement across research, ratings and advisory services. We, therefore, initiate coverage on CRISIL with a **“BUY”** rating for a target price of Rs.2270 representing an upside potential of 17% in a 12-15 month period.

Exhibit 20: PE Band



Source: Prowess, Karvy Research

Exhibit 21: PB Band



Source: Prowess, Karvy Research

Key Risks

- **Rating Default risks:** Rating default by client might impact the credibility of rating agency.
- **Forex risks:** CRISIL derives 65% of revenues from outside India out of which 31% revenues are from Europe. Any significant slowdown in Europe might impact the currency and in turn bottom-line of the company, if proper hedging is not adopted.
- **Attrition risks:** In general, attrition rate tends to be higher in the financial services industry. Though we have factored in a higher attrition rate for CY16E and CY17E in our analysis. Any higher attrition beyond our expected attrition rate due to economic recovery might impact the bottom line due to higher training and settlement costs.
- **Regulatory constraints:** Migration of clients to IRB approach* might have adverse impact on CRISIL'S ratings business which constitutes 36% to revenues currently.
- **Slowdown in credit off-take due to economic slowdown:** We expect the economy to recover in Q2CY16E and further improve on the back of falling interest rates and pickup in demand for corporate debt issuances and in turn strong revenues for CRISIL. Any significant slowdown in economic activity or any crisis may pose risk to our call.

* **IRB Approach:** Those clients availing credit rating services from rating agencies under BASEL II framework can migrate to Internal Rating Based (IRB) approach for credit scores which could have adverse impact on the rating business/ rating agencies.

Financials

Exhibit 22: Income Statement

YE Dec (Rs. Mn)	CY13	CY14	CY15E	CY16E	CY17E
Revenues	11106	12534	13417	14540	15823
Growth (%)	13.6	12.9	7.0	8.4	8.8
Operating Expenses	7501	8649	9596	10096	10438
EBITDA	3606	3885	3821	4444	5385
Growth (%)	10.1	7.7	(1.6)	16.3	21.2
Depreciation & Amortization	379	361	462	536	617
Other Income	366	237	427	585	585
EBIT	4252	3761	3786	4493	5353
Interest Expenses	0	0	0	0	0
PBT & Exceptional items	3593	3761	3787	4494	5354
Tax	1273	1076	1136	1348	1606
Adjusted PAT	2978	2684	2651	3146	3747
Growth (%)	35.1	(9.9)	(1.3)	18.7	19.1

Source: Company, Karvy Research

Exhibit 23: Balance Sheet

YE Dec (Rs. Mn)	CY13	CY14	CY15E	CY16E	CY17E
Cash & Cash Equivalents	1899	1547	1004	1686	1081
Sundry Debtors	1195	1409	1661	1815	1969
Loans & Advances	691	801	844	800	826
Investments	2443	3745	2725	2725	4556
Net Block	4493	4319	5281	6242	7204
Miscellaneous	727	825	826	826	825
Total Assets	11449	12646	12341	14095	16461
Current Liabilities & Provisions	4462	3812	3408	3718	4038
Debt	0	0	0	0	0
Other Liabilities	242	351	351	351	351
Total Liabilities	4704	4163	3758	4068	4389
Shareholders Equity	71	71	71	71	71
Reserves & Surplus	6674	8412	8511	9955	12001
Total Networth	6745	8483	8582	10026	12072
Total Networth & Liabilities	11449	12646	12341	14095	16461

Source: Company, Karvy Research

Exhibit 24: Cash Flow Statement

YE Dec (Rs. Mn)	CY13	CY14	CY15E	CY16E	CY17E
PBT	4252	3761	3787	4494	5354
Depreciation	379	361	462	536	617
Interest	0	0	0	0	0
Tax Paid	(1187)	(1247)	(1267)	(1348)	(1606)
Inc/dec in Net WC	(67)	(138)	(699)	200	141
Other non cash items	(838)	(91)	0	0	0
Cash flow from operating activities	2538	2646	2283	3882	4506
Inc/dec in capital expenditure	(178)	(212)	(962)	(1497)	(1578)
Inc/dec in investments	(1306)	(1640)	1020	0	(1831)
Cash flow from investing activities	(1484)	(1852)	58	(1497)	(3409)
Inc/dec in borrowings	1	6	0	0	0
Issuance of equity	249	551	0	0	0
Dividend paid	(1073)	(1667)	(1532)	(1702)	(1702)
Interest paid	0	0	0	0	0
Paymeent towards buyback	0	0	(1020)	0	0
Cash flow from financing activities	(822)	(1110)	(2552)	(1702)	(1702)
Net change in cash	232	(315)	(212)	683	(605)

Source: Company, Karvy Research

Exhibit 25: Key Ratios

YE Dec	CY13	CY14	CY15E	CY16E	CY17E
EBITDA Margin (%)	32.5	31.0	28.5	30.6	34.0
EBIT Margin (%)	38.3	30.0	28.2	30.9	33.8
Net Profit Margin (%)	26.8	21.4	19.8	21.6	23.7
Dividend Payout Ratio (%) *	30.8	42.3	48.2	45.1	37.9
Debt/Equity (x)	0.0	0.0	0.0	0.0	0.0
RoE (%)	44.2	31.6	30.9	31.4	31.0
RoCE (%)	60.9	42.6	42.4	43.3	43.1

Source: Company, Karvy Research

* Dividend Payout Ratio here represents the regular dividend payout ratio. Special dividend has not been included here to reflect the consistency.

Exhibit 26: Valuation Parameters

YE Dec	CY13	CY14	CY15E	CY16E	CY17E
EPS (Rs.)	42.3	37.8	37.4	44.3	52.8
DPS (Rs.) **	13.0	16.0	18.0	20.0	20.0
BV (Rs.)	95.0	119.5	120.5	140.8	169.5
PE (x)	20.9	31.8	52.1	43.9	36.8
P/BV (x)	13.7	13.9	16.1	13.8	11.5
EV/EBITDA (x)	19.9	19.5	36.0	30.8	25.5
EV/Sales (x)	5.5	6.6	10.2	9.4	8.7

Source: Company, Karvy Research; *Represents multiples for CY13 & CY14 are based on historic market price.

** DPS here represents the regular dividend per share. Special dividend has not been included here to reflect the consistency.

Stock Ratings		Absolute Returns
Buy	:	> 15%
Hold	:	5-15%
Sell	:	<5%

Connect & Discuss More at

 1800 425 8283 (Toll Free)

 research@karvy.com
 Live Chat


Disclaimer

Analyst certification: The following analyst(s), **Uday Kiran Y**, who is (are) primarily responsible for this report and whose name(s) is/are mentioned therein, certify (ies) that the views expressed herein accurately reflect his (their) personal view(s) about the subject security (ies) and issuer(s) and that no part of his (their) compensation was, is or will be directly or indirectly related to the specific recommendation(s) or views contained in this research report.

Disclaimer: Karvy Stock Broking Limited [KSBL] is a SEBI registered Stock Broker, Depository Participant, Portfolio Manager and also distributes financial products. The subsidiaries and group companies including associates of KSBL provide services as Registrars and Share Transfer Agents, Commodity Broker, Currency and forex broker, merchant banker and underwriter, Investment Advisory services, insurance repository services, financial consultancy and advisory services, realty services, data management, data analytics, market research, solar power, film distribution and production, profiling and related services. Therefore associates of KSBL are likely to have business relations with most of the companies whose securities are traded on the exchange platform. The information and views presented in this report are prepared by Karvy Stock Broking Limited and are subject to change without any notice. This report is based on information obtained from public sources, the respective corporate under coverage and sources believed to be reliable, but no independent verification has been made nor is its accuracy or completeness guaranteed. The report and information contained herein is strictly confidential and meant solely for the selected recipient and may 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 in any form, without prior written consent of KSBL. While we would endeavor to update the information herein on a reasonable basis, KSBL is under no obligation to update or keep the information current. Also, there may be regulatory, compliance or other reasons that may prevent KSBL from doing so. The value and return on investment may vary because of changes in interest rates, foreign exchange rates or any other reason. This report and information herein is solely for informational purpose and shall not be used or considered as an offer document or solicitation of offer to buy or sell or subscribe for securities or other financial instruments. Though disseminated to all the customers simultaneously, not all customers may receive this report at the same time. KSBL will not treat recipients as customers by virtue of their receiving this report. Nothing in this report constitutes investment, legal, accounting and tax advice or a representation that any investment or strategy is suitable or appropriate to your specific circumstances. This material is for personal information and we are not responsible for any loss incurred based upon it. The investments discussed or recommended in this report may not be suitable for all investors. Investors must make their own investment decisions based on their specific investment objectives and financial position and using such independent advice, as they believe necessary. While acting upon any information or analysis mentioned in this report, investors may please note that neither KSBL nor any associate companies of KSBL accepts any liability arising from the use of information and views mentioned in this report. Investors are advised to see Risk Disclosure Document to understand the risks associated before investing in the securities markets. Past performance is not necessarily a guide to future performance. Forward-looking statements are not predictions and may be subject to change without notice. Actual results may differ materially from those set forth in projections.

- Associates of KSBL might have managed or co-managed public offering of securities for the subject company or might have been mandated by the subject company for any other assignment in the past twelve months.
- Associates of KSBL might have received compensation from the subject company mentioned in the report during the period preceding twelve months from the date of this report for investment banking or merchant banking or brokerage services from the subject company in the past twelve months or for services rendered as Registrar and Share Transfer Agent, Commodity Broker, Currency and forex broker, merchant banker and underwriter, Investment Advisory services, insurance repository services, consultancy and advisory services, realty services, data processing, profiling and related services or in any other capacity.
- KSBL encourages independence in research report preparation and strives to minimize conflict in preparation of research report.
- Compensation of KSBL's Research Analyst(s) is not based on any specific merchant banking, investment banking or brokerage service transactions.
- KSBL generally prohibits its analysts, persons reporting to analysts and their relatives from maintaining a financial interest in the securities or derivatives of any companies that the analysts cover.
- KSBL or its associates collectively or Research Analysts do not own 1% or more of the equity securities of the Company mentioned in the report as of the last day of the month preceding the publication of the research report.
- KSBL or its analysts did not receive any compensation or other benefits from the companies mentioned in the report or third party in connection with preparation of the research report and have no financial interest in the subject company mentioned in this report.
- Accordingly, neither KSBL nor Research Analysts have any material conflict of interest at the time of publication of this report.
- It is confirmed that KSBL has not received any compensation from the subject company mentioned in the report in the preceding twelve months. **Uday Kiran**, Research Analyst who is primarily responsible for this report was an employee of S&P Capital IQ (India) Private Limited, Hyderabad until May 26, 2015, and has received salary during his employment in the capacity of an employee. Both Crisil Limited and S&P Capital IQ (India) Private Limited are group companies of McGraw Hill Financial Inc.
- It is confirmed that **Uday Kiran**, Research Analyst did not serve as director of the companies mentioned in the report.
- KSBL may have issued other reports that are inconsistent with and reach different conclusion from the information presented in this report.
- Neither the Research Analysts nor KSBL have been engaged in market making activity for the companies mentioned in the report.
- We submit that no material disciplinary action has been taken on KSBL by any Regulatory Authority impacting Equity Research Analyst activities.

Karvy Stock Broking Limited

Plot No.31, 6th Floor, Karvy Millennium Towers, Financial District, Nanakramguda, Hyderabad, 500 032, India

Tel: 91-40-2331 2454; Fax: 91-40-2331 1968

For More updates & Stock Research, visit www.karvyonline.com