Crisil: Five-Pillar Analysis

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Companion to the Crisil investment report (77/100, Selective Positive). This piece grades the business against the five-pillar engine: Sunrise, Leadership, Moat, Iron Fortress, and Free Cash Flow.

Reference price: Rs 4,423.80 (NSE close, October 9, 2026). Four pass, one partial.

Grades at a glance

Pillar	Grade
Sunrise (India credit formalisation, global analytics)	**PASS**
Leadership	**PASS**
Moat	**PARTIAL**
Iron Fortress (balance sheet)	**PASS**
Free Cash Flow	**PASS**

Overall fit verdict: four pass, one partial. Crisil clears the five-pillar bar on industry, leadership, balance sheet and cash, while its moat is wide in domestic ratings and still contestable in global analytics. Full investment report score: **77/100, Selective Positive**.

Pillar 1: Sunrise, PASS

GRADE: PASS

The tailwind is the formalisation of Indian finance and the global outsourcing of financial analysis, and both are structural. Domestically, credit growth, a deepening corporate bond market, regulatory pushes for rated borrowing, and growing insurance, pension and mutual fund pools all increase demand for independent risk opinions. Crisil's own evidence is current: ratings revenue grew 18.4% in calendar 2025 and 21.4% in Q2 2026, and group revenue rose 28.8% in H1 2026.

Globally, banks and asset managers keep moving research, surveillance, risk and benchmarking work to specialist providers who can do it at quality and at lower cost, which is the exact offer of Crisil Integral IQ and Crisil Coalition Greenwich. The PriceMetrix acquisition (November 2025, about US$32.9 million) extends that offer into wealth management, a segment where advisor productivity data is scarce and valuable.

The honest caveat is generative AI, which management itself lists as a potential disruption. A sunrise industry can still see its economics repriced if the delivery model changes. But the pillar tests the direction of demand for trusted risk analysis, and that demand is growing on every front Crisil serves. PASS.

Pillar 2: Leadership, PASS

GRADE: PASS

Amish Mehta, MD and CEO since 2021, passes the engine's central test: did they do what they said, over a full cycle? Revenue rose from Rs 2,301 cr in calendar 2021 to Rs 3,649 cr in calendar 2025, PAT from Rs 466 cr to Rs 766 cr, operating margin reached about 30%, and the dividend rose to Rs 61 per share for calendar 2025. The soft calendar 2024 (revenue growth of only about 4% when global banks cut spending) was absorbed without a crisis, a dilutive raise or a strategy panic, and growth re-accelerated in 2025 and sharply in H1 2026.

Continuity has been formally endorsed: the board reappointed Mehta for three more years from October 1, 2026. Behind him sits an unusual governance asset, a 66.6% parent in S&P; Global, whose chairman-level representation (Yann Le Pallec chairs the Crisil board) ties strategy to the global ratings franchise.

Deductions, stated plainly: leadership inside a controlled subsidiary is never fully its own; global priorities are set with S&P; at the table. Key-person depth below Mehta is not well evidenced in public material. Neither point overturns a record of delivery across a soft year and a strong one. PASS.

Pillar 3: Moat, PARTIAL

GRADE: PARTIAL

Split the business and the moat grades itself. Domestic ratings deserves a pass on its own: SEBI-regulated entry, 39 years of default and transition data, issuer and investor acceptance built over cycles, leadership in corporate bond ratings, and the S&P; name behind the methodology. A new entrant cannot buy that history at any price that makes sense.

The group grade is partial because roughly 70% of revenue is not domestic ratings. In global research, analytics and benchmarking, Crisil competes contract by contract against consultancies, captives and data platforms. Switching costs there are real but modest, clients are professional cost-cutters, and the work most exposed to automation (routine research, surveillance support, summarisation) is a meaningful part of the offer. Coalition Greenwich's benchmarking data pools and the PriceMetrix wealth dataset are genuine moat-building assets, because proprietary pooled data compounds; but they are still being integrated and cross-sold, not yet proven at scale.

Add the structural caveat of the whole industry: issuer-pays ratings carry a permanent conflict that reputation must re-win after every credit cycle. The moat is wide at home, contestable abroad, and one credit event away from a public test at all times. PARTIAL, with a clear upgrade path.

Pillar 4: Iron Fortress, PASS

GRADE: PASS

The balance sheet is built for a bad year. Reserves rose from Rs 1,571 cr at December 2021 to Rs 3,026 cr at December 2025 (about Rs 3,264 cr by June 2026), against borrowings of Rs 297 cr at December 2025 on the Screener series, much of the liability side being leases and working items rather than structural debt. Interest cost was Rs 22 cr in calendar 2025, trivial against PBT of Rs 1,041 cr.

The fortress was stress-tested in calendar 2024, when revenue growth slowed to about 4%: the company stayed highly profitable, kept paying and raising dividends, and then funded the roughly Rs 294 cr PriceMetrix acquisition in 2025 without leverage. An analyst business has no inventory, no plant and no commodity exposure; its fortress is cash, brand and people, and on the first two it is unambiguous. PASS.

Pillar 5: Free Cash Flow, PASS

GRADE: PASS

Crisil converts profit into cash because it has almost nothing to spend capital on. There is no capex cycle to fund, working capital is light, and operating margins of 26 to 30% over five years drop through to cash after a wage bill that is the real, and expensed, cost of the product. The clearest evidence is the dividend record: payout ratios of 72%, 62%, 60%, 60% and 57% across calendar 2021 to 2025, sustained through the soft 2024, plus interim dividends of Rs 9 and Rs 10 per share already declared in the first two quarters of 2026. Companies do not pay out three-fifths of earnings for five straight years, and buy companies for cash, on accounting profits that are not cash.

The watch item is acquisition spending as a recurring use of cash: goodwill of about Rs 213 cr on PriceMetrix alone means reported free cash flow after acquisitions will be lumpier than operating free cash flow. Judged on the operating business, which is what the pillar tests, this is a clean PASS.

Summary

- **Pillar 1. Sunrise:** PASS, formalisation of Indian credit and global analytics outsourcing; ratings revenue +21.4% in Q2 2026
- **Pillar 2. Leadership:** PASS, Mehta delivered compounding through a soft year and was reappointed to 2029; controlled-subsidiary caveat noted
- **Pillar 3. Moat:** PARTIAL, domestic ratings moat is wide, global analytics is contestable and GenAI-exposed
- **Pillar 4. Iron Fortress:** PASS, Rs 3,026 cr reserves, small borrowings, acquisition funded without leverage
- **Pillar 5. Free Cash Flow:** PASS, asset-light conversion proven by a 57 to 72% dividend payout over five years

Four of five pass. The engine's read: a fortress business in a sunrise industry with proven leadership and real cash conversion, whose durability edge is excellent at home and still being built abroad. That matches the investment report's 77/100 Selective Positive: the deduction is the price (about 36.6x trailing earnings) and the partial moat, not the quality.

What changes the grade: Moat upgrades to pass if Coalition Greenwich and PriceMetrix show sustained cross-selling and pricing power through 2027, or if GenAI visibly raises Crisil's margins instead of compressing its prices. Moat downgrades if a global client insources at scale or a rated-credit event damages the brand. Free Cash Flow downgrades if acquisition spending becomes serial and goodwill-led without revenue follow-through.

Sources

- Crisil filings and presentations: calendar 2025 audited results, Q1 and Q2 2026 results, FY2025 corporate presentation, annual report 2025
- Screener.in consolidated data, December 2021 to December 2025 and June 2026
- Market data around October 9, 2026 (Upstox, ICICI Direct, Tickertape, Smart Investing, Finnhub summaries)
- Full source list in the companion investment report.