

**Core businesses continue to do well but valuations expensive**

**CMP : Rs 1870**

**Recommendation : Not Rated**

**STOCK INFO**

BSE	532777
NSE	NAUKRI
Bloomberg	INFOE IN
Reuters	INED.BO
Sector	BPO/ITeS
Face Value (Rs)	10
Equity Capital (Rs Cr)	122
Mkt Cap (Rs Cr)	23078
52w H/L (Rs)	1926 /1125
Avg Weekly Vol (BSE+NSE)	287630

**SHAREHOLDING PATTERN %**

(As on December, 2018)

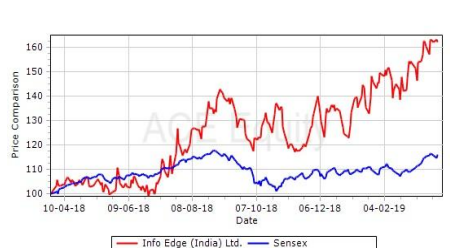
Promoters	41.24
Public & Others	58.76

Source: ACE Equity, Arihant Research

Stock Performance (%)	3m	6m	12m
Info-Edge	24.2	24.7	57.4
SENSEX	6.5	5.0	14.9

Source: ACE Equity, Arihant Research

**Info-Edge v/s SENSEX**



We recently attended Info-Edge’s analyst Meet, where in the management discussed its businesses strategy.

**Key Analyst Meet highlights:**

**1) Naukri.com (Revenue contribution 73%)**

This segment is outperforming due to recovery in IT hiring. Revenue in Naukri.com is estimated to grow steadily maintaining the trend which it has witnessed previously. The source of growth in naukri.com is from regions like Bangalore, Chennai and Hyderabad. Growth in non-IT segments is not as significant.

**2) 99acres (Revenue contribution 18%)**

This segment witnessed consolidation of market share in the real estate space. In terms of time spent and visitors, it now has a traffic share marginally higher than 50%. The management will continue investing in the business in the areas of branding & technology. Improving the quality of the mobile experience will also go hand in hand. The management is expecting very strong growth in 99acres in the near term as the real estate market is improving steadily.

**3) The company will continue to invest in Jeevansathi.com to increase volumes. The management will continue to focus on market share and will look only to defend market share over defending margins going forward.**

**4) Add spending is expected to increase for almost all the businesses in the near term.**

**5) Policy Bazar’s IPO will hit the market in some time. Currently the outlook for the same is very strong.**

**6) Zomato is also experiencing an upward trend in market share.**

**Key Things to note**

- Till Date Info Edge Performance is largely dependent on the performance of naukri.com as it is the highest contributor in revenue and the sole contributor in profits.
- A huge proportion of the investments of InfoEdge belong to those companies which are relatively new (Start-ups).
- Promoters have reduced their stake in 12 out of the last 13 quarters.

**Business Verticals**

Segment Overview (Q3FY19)		
Particulars( Rs. Cr)	Revenue	PBT
Recruitment solution	204	109
99acres	50	-5
Others	27	-19

**Our View**

As of date, Info edge has a very high dependence on Naukri.com but the other businesses of the company have started to show signs of some strength. Huge proportion of investments made by Info edge is in startups (relatively new companies) and thus offer a huge potential of growth. The businesses in which the company is involved are innovative and hence the company does not have any direct competition however a few companies offer similar services in some or the other domains. We believe that the longer term prospects for the company are positive.

**At CMP of Rs 1870, it is trading at P/E multiples of 47.4x based on FY21E EPS of Rs. 39.41 (Bloomberg consensus).**

Quarterly Snapshot( Standalone)					
Particulars (Rs. Cr)	Q3FY19	Q2FY19	QoQ%	Q3FY18	YoY%
Net Sales	281	265	6.1%	227	23.7%
Total Expenditure	198	182	8.4%	148	33.3%
PBIDT (Excl OI)	83	83	0.9%	79	5.6%
PAT	74	78	-4.8%	53	39.3%
PBIDTM% (Excl OI)	29.6%	31.1%	-480 bps	34.7%	-1400bps
PBIDTM%	40.2%	41.5%	-320 bps	44.4%	-960 bps
PATM%	26.4%	29.5%	-930bps	23.5%	1260 bps
Adj. EPS(Rs)	6.1	6.4	-5.2%	4.4	38.5%

### Peer Group Comparison

Info Edge does not have companies which offer direct competition, but a few companies offer similar services in some or the other domains. The details are as follows (few of the ratios are on TTM basis):

Peer group Comparison(Consolidated)				
Particulars (Rs. Cr)	eClerx Services	Info Edge	Intrasoft Tech	Matrimony.Com
Year End	FY18	FY18	FY18	FY18
Net Sales	1365	988	1170	335
PBIDT	408	352	24	84
PAT	290	545	14	74
Adj. EPS(Rs)	76.0	42.1	9.3	32.5
PBIDTM%	29.9	35.6	2.1	25.1
PATM%	21.2	55.2	1.2	22.0
ROCE%	31.4	34.9	12.0	92.3
ROE%	24.3	31.5	10.1	108.5
<b>TTM Ratios</b>				
Latest EPS(Rs)	60.3	41.9	3.0	23.2
Latest CEPS(Rs)	72.0	47.1	4.3	27.8
Price/TTM CEPS(x)	15.8	40.2	31.3	21.7
TTM PE (x)	18.9	45.1	44.0	26.1
Price/BV(x)	3.4	11.7	1.4	6.9
EV/TTM EBIDTA(x)	10.9	65.2	24.0	15.8
EV/TTM Sales(x)	2.8	23.2	0.3	3.7
Dividend Yield%	0.1	0.3	1.5	0.3
MCap/TTM Sales(x)	3.1	23.4	0.2	4.0
Latest Book Value (Rs)	337.9	161.0	98.5	87.5

### Financial Snapshot

Income Statement			
Particulars( Rs. Cr)	FY16	FY17	FY18
Operating Income	748	888	988
Total Expenditure	668	717	725
EBITDA(Excl OI)	80	171	263
Other Income	456	93	89
EBITDA	536	264	352
Interest	3	4	5
PBDT	533	260	347
Depreciation	24	33	30
Profit Before Taxation & Exceptional Items	509	227	317
Exceptional Income / Expenses	-32	-32	313
Profit Before Tax	477	195	630
Provision for Tax	57	48	84
Profit After Tax	419	147	545
EPS	11.2	-2.0	42.1