

Retail Equity Research INFO EDGE (INDIA) LTD.

Internet & Catalogue Retail

BSE CODE: 532777

NSE CODE: NAUKRI

Bloomberg CODE: NAUKRI:IN

SENSEX: 74,503

BUY

12 Months Investment Period Rating as per Mid Cap

CMP Rs. 5,921 TARGET Rs. 6,935 RETURN 17% ↑
(Closing: 29-05-24)

KEY CHANGES:

TARGET ↑

RATING ↔

EARNINGS ↑

All-round upbeat performance, outlook positive

Info Edge (India) Limited businesses comprise online jobs, real estate, matrimonial and education portals.

- The company's consolidated revenue rose 8.7% YoY in Q4FY24 to Rs. 657cr, supported by pick-up in recruitment activity as well as strong growth in the non-recruitment businesses.
- EBITDA rose 18.3% YoY to Rs. 219cr and EBITDA margin expanded 270bps YoY to 33.4%, aided by lower advertising spend. Also, reported profit after tax (PAT) stood at Rs. 89cr vs. a loss of Rs. 503cr in Q4FY23.
- Info Edge's strong performance was led by rebound in its recruitment business, excellent execution in its 99acres business and robust margin expansion. In fact, sustained growth momentum in the non-IT sectors is expected to continue to buoy its recruitment business. Also, robust home sales demand and higher traction in Jeevansathi (JS) and Shiksha businesses auger well going forward. Thus, we reiterate our BUY rating with a target price of Rs. 6,935, on sum-of-the-parts (SOTP) valuation.

Broad based growth across segments

In Q4FY24, the company's consolidated revenue rose 8.7% YoY to Rs. 657cr and total billings increased 10.5% YoY to Rs. 827cr. The recruitment business reported growth of 4.5% YoY to Rs. 481cr despite a slowdown in IT hiring, owing to sustained growth of non-IT sectors, mainly healthcare, infrastructure, manufacturing, and BFSI. Recruitment billing increased 7.2% YoY to Rs. 625cr, with 11.0% growth in IT, 12.0% in non-IT, and relatively flat consultant segment. Revenue from 99acres rose 22.5% YoY to Rs. 93cr as prices increased significantly in most cities on the back of strong demand and premiumisation of supply. Also, 99acres's billings rose 26.4% YoY to Rs. 131cr, led by increase in the number of billed customers as well as average billing per customer. Revenue from other businesses grew 21.2% YoY to Rs. 84cr, with strong growth in both JS and Shiksha. JS's revenue grew 29.2% YoY to Rs. 24cr and billings rose 25.9% YoY to Rs. 26cr. Shiksha's revenue grew 22.2% YoY to Rs. 39cr and billings increasing 9.3% YoY to Rs. 45cr.

Margin expands 270bps because of lower ad spends

EBITDA grew 18.3% YoY in Q4FY24 to Rs. 219cr and EBITDA margin improved 270bps YoY to 33.4%, mainly owing to lower advertising and promotion spending. Reported PAT was Rs. 88cr as against a loss of Rs. 503cr a year ago, aided by higher other income, partly offset by higher exceptional items and taxes.

Key concall highlights

- In Q4FY24, Naukri Gulf grew 26%, supported by growth in new customer addition to the platform. IIMjobs and Naukri Fast Forward reported robust billing as well, rising 32% and 29% YoY, respectively.
- Also, 99acres posted strong billing growth in metros and tier 2 and 3 cities. Traffic grew 26% YoY, led by growth in new projects and resale traffic. The app's daily average users rose a strong 36% on YoY basis.
- Marketing expenses at its matrimony business declined 50% YoY.

Valuation

Strong recovery in recruitment billings, sustained growth momentum in non-IT segments, such as healthcare, infrastructure, manufacturing and BFSI, robust demand for new and resale homes, and higher traction in Jeevansathi and Shiksha auger well for the company's performance going forward. We also expect margins to improve further, led by better operational efficiencies and lower ad spends. Hence, we remain optimistic on the company's growth prospects and reiterate our BUY rating on the stock with a revised target price of Rs. 6,935, based on SOTP valuation.

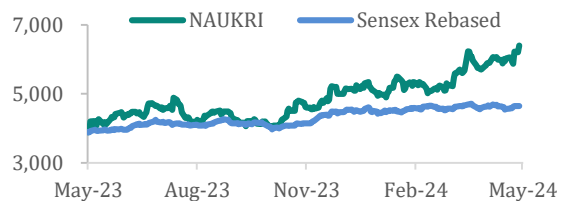
Company Data

Market Cap (cr)	Rs. 76,680
Enterprise Value (cr)	Rs. 77,466
Outstanding Shares (cr)	13.0
Free Float	60.0%
Dividend Yield	0.3%
52 week high	Rs. 6,546
52 week low	Rs. 3,815
6m average volume (lacs)	3.3
Beta	1.3
Face value	Rs. 10

Shareholding (%)	Q2FY24	Q3FY24	Q4FY24
Promoters	38.0	37.9	37.9
FII's	31.2	30.5	30.9
MFs/Insti	18.8	20.2	20.3
Public	11.3	10.8	10.4
Others	0.7	0.6	0.6
Total	100.0	100.0	100.0
Promoters' pledge	0.0	0.0	0.0

Price Performance	3 Month	6 Month	1 Year
Absolute Return	20.8%	39.5%	63.0%
Absolute Sensex	3.1%	14.2%	21.7%
Relative Return*	17.7%	25.3%	41.3%

*Over or under performance to benchmark index



Consolidated (cr)	FY24A	FY25E	FY26E
Sales	2,536	2,897	3,344
Growth (%)	8.1	14.2	15.4
EBITDA	829	976	1,151
EBITDA Margin (%)	32.7	33.7	34.4
Adj. PAT	686	959	1,155
Growth (%)	70.7	39.8	20.4
Adj. EPS	53.0	74.0	89.1
Growth (%)	69.7	39.7	20.4
P/E	121.0	86.6	71.9
P/B	2.7	2.7	2.7
EV/EBITDA	101.3	86.0	72.8
ROE (%)	2.3	3.1	3.7
D/E	0.0	0.0	0.0



Quarterly Financials (Consolidated)

Profit & Loss Account

Rs. cr	Q4FY24	Q4FY23	YoY Growth (%)	Q3FY24	QoQ Growth (%)	FY24	FY23	YoY Growth (%)
Revenue	657	605	8.7	627	4.8	2,536	2,346	8.1
EBITDA	219	186	18.3	203	8.3	829	568	45.9
EBITDA margins	33.4	30.7	270bps	32.3	110bps	32.7	24.2	850bps
Depreciation	26	20	26.8	26	(0.8)	101	73	38.5
EBIT	194	165	17.2	177	9.6	728	495	47.0
Interest	6	1	279.5	5	20.4	22	7	203.5
Other Income	151	(435)	n.m.	33	362.9	414	393	5.3
Exceptional Items	(162)	(97)	(66.2)	5	n.m.	(111)	(509)	78.3
Share of profit from Associate	(15)	(78)	80.9	(20)	23.8	(131)	(231)	43.3
PBT	162	(447)	n.m.	190	(14.7)	878	141	524.4
Tax	74	56	32.5	71	4.9	283	211	34.3
Reported PAT	88	(503)	n.m.	119	(26.4)	595	(70)	n.m.
Minority Interest	28	(230)	n.m.	(32)	n.m.	19	37	(47.6)
PAT att. to shareholders	60	(273)	n.m.	151	(60.0)	575	(107)	n.m.
Adjustments	162	97	66.2	(5)	n.m.	111	509	(78.3)
Adj. PAT	222	(175)	n.m.	146	52.5	686	402	70.7
No. of shares	13.0	12.9	0.5	12.9	0.5	13.0	12.9	0.5
Adj. EPS (Rs.)	17.2	(13.6)	n.m.	11.3	51.8	52.9	31.2	69.9

Change in Estimates

Year / Rs. cr	Old estimates		New estimates		Change (%)	
	FY25E	FY26E	FY25E	FY26E	FY25E	FY26E
Revenue	2,816	3,223	2,897	3,344	2.8	3.8
EBITDA	971	1,145	976	1,151	0.5	0.6
Margins (%)	34.5	35.5	33.7	34.4	(80bps)	(110bps)
Adj. PAT	869	1,019	959	1,155	10.3	13.3
Adj. EPS	67.4	79.0	74.0	89.1	9.8	12.8

Sum-Of-The-Parts (SOTP) Valuation

Particulars	Methodology	Multiple	% Holding	Value (Rs. cr.)	Value Per Share (Rs.)
Recruitment Solutions	FY26E EV/EBITDA	21.0x	100.0%	26,825	2,079
99 Acres	FY26E P/S	7.0x	100.0%	3,009	233
Jeevansathi and Shiksha.com	FY26E P/S	5.0x	100.0%	2,018	156
Zomato	Geojit TP		13.8%	26,719	2,071
PolicyBazaar	Mcap	1.0x	12.8%	7,272	564
Other investments	BV			22,704	1,760
Net cash position	BV			944	73
				Target price	6,935

Segment Results

Revenue	Q4FY24	Q4FY23	YoY Growth (%)	Q3FY24	QoQ Growth (%)
Recruiter Solutions	481	460	4.5	469	2.4
99acres	93	76	22.5	89	4.3
Other	84	70	21.2	69	22.1
Total	657	605	8.7	627	4.8
Segment results	Q4FY24	Q4FY23	YoY Growth (%)	Q3FY24	QoQ Growth (%)
Recruiter Solutions	260	275	(5.2)	259	0.5
99acres	(15)	(22)	(31.3)	(15)	3.3
Other	(42)	(75)	(43.6)	(60)	(29.8)
Total	203	178	14.2	184	10.1

PROFIT & LOSS

Y.E March (Rs. cr)	FY22A	FY23A	FY24A	FY25E	FY26E
Revenue	1,589	2,346	2,536	2,897	3,344
% change	40.9	47.6	8.1	14.2	15.4
EBITDA	439	568	829	976	1,151
% change	56.2	29.4	45.9	17.7	18.0
Depreciation	45	73	101	128	102
EBIT	394	495	728	848	1,050
Interest	5	7	22	23	24
Other Income	13,810	(347)	172	496	564
PBT	14,200	141	878	1,321	1,591
% change	786.2	(99.0)	524.4	50.4	20.4
Tax	1,318	211	283	332	400
Tax Rate (%)	9.3	150.1	32.3	25.2	25.2
Reported PAT	12,882	(70)	595	988	1,190
PAT att. to common shareholders	12,760	(107)	575	959	1,155
Adj*	(11,175)	509	111	-	-
Adj PAT	1,585	402	686	959	1,155
% change	(5962.3)	(74.6)	70.7	39.8	20.4
No. of shares (cr)	12.9	12.9	12.9	13.0	13.0
Adj EPS (Rs.)	122.4	31.2	53.0	74.0	89.1
% change	(5854.6)	(74.5)	69.7	39.7	20.4
DPS (Rs.)	13.0	19.0	22.0	37.1	44.7

CASH FLOW

Y.E March (Rs. cr)	FY22A	FY23A	FY24A	FY25E	FY26E
Net inc. + Depn.	12,804	(34)	676	1,087	1,256
Non-cash adj.	(12,130)	564	28	(236)	(300)
Changes in W.C	32	(9)	(2)	19	20
C.F. Operation	707	521	702	869	976
Capital exp.	(191)	(127)	(29)	(43)	(50)
Change in inv.	(1,118)	(405)	(1,038)	(161)	(161)
Other invest.CF	133	165	216	-	-
C.F - Investment	(1,177)	(367)	(852)	(204)	(211)
Issue of equity	260	221	418	-	-
Issue/repay debt	(4)	(6)	(18)	-	-
Dividends paid	(206)	(193)	(245)	(479)	(577)
Other finance.CF	(16)	(20)	(34)	(20)	(20)
C.F - Finance	35	2	120	(500)	(598)
Chg. in cash	(435)	156	(29)	165	167
Closing cash	205	361	332	497	664

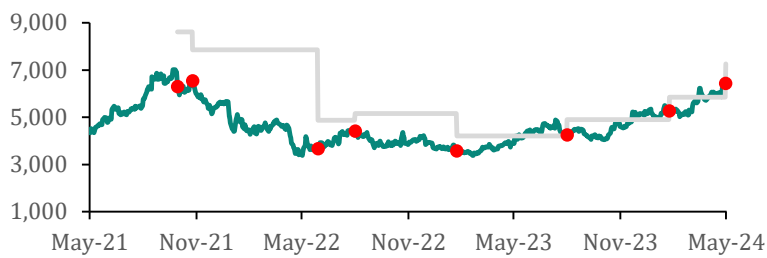
BALANCE SHEET

Y.E March (Rs. cr)	FY22A	FY23A	FY24A	FY25E	FY26E
Cash	205	361	332	497	664
Accounts Receivable	30	13	11	12	14
Inventories	-	-	-	-	-
Other Cur. Assets	3,237	3,317	3,994	4,485	5,092
Investments	15,199	11,675	30,510	30,583	30,624
Gross Fixed Assets	182	299	328	372	422
Net Fixed Assets	105	176	316	231	179
CWIP	-	4	-	-	-
Intangible Assets	902	598	460	464	469
Def. Tax (Net)	0	2	1	2	2
Other Assets	805	514	468	496	526
Total Assets	20,483	16,660	36,091	36,770	37,570
Current Liabilities	1,140	1,349	1,496	1,655	1,831
Provisions	1	2	1	1	1
Debt Funds	1	1	1	1	1
Other Liabilities	1,291	882	2,964	2,975	2,986
Equity Capital	129	129	129	129	129
Reserves & Surplus	17,113	13,269	30,133	30,613	31,190
Shareholder's Fund	17,241	13,398	30,262	30,742	31,319
Minority Interest	809	1,028	1,366	1,396	1,432
Total Liabilities	20,483	16,660	36,091	36,770	37,570
BVPS (Rs.)	1,332	1,040	2,337	2,372	2,417

RATIOS

Y.E March	FY22A	FY23A	FY24A	FY25E	FY26E
Profitab. & Return					
EBITDA margin (%)	27.6	24.2	32.7	33.7	34.4
EBIT margin (%)	24.8	21.1	28.7	29.3	31.4
Net profit mgn.(%)	99.7	17.1	27.0	33.1	34.5
ROE (%)	9.2	3.0	2.3	3.1	3.7
ROCE (%)	2.2	3.4	2.3	2.6	3.2
W.C & Liquidity					
Receivables (days)	6.9	2.0	1.5	1.5	1.5
Inventory (days)	-	-	-	-	-
Payables (days)	-	-	-	-	-
Current ratio (x)	3.0	2.7	2.9	3.0	3.2
Quick ratio (x)	0.6	0.8	0.7	0.8	0.9
Turnover & Leverage					
Gross asset T.O (x)	10.1	9.8	8.1	8.3	8.4
Total asset T.O (x)	0.1	0.1	0.1	0.1	0.1
Int. coverage ratio (x)	84.8	67.5	32.7	36.6	44.6
Adj. debt/equity (x)	0.0	0.0	0.0	0.0	0.0
Valuation					
EV/Sales (x)	37.1	20.8	33.1	29.0	25.1
EV/EBITDA (x)	134.3	85.6	101.3	86.0	72.8
P/E (x)	36.9	119.5	121.0	86.6	71.9
P/BV (x)	3.4	3.6	2.7	2.7	2.7

Recommendation Summary (Last 3 Years)



Source: Bloomberg, Geojit research

Dates	Rating	Target
22-Oct-21	BUY	8,607
17-Nov-21	BUY	7,853
21-Jun-22	BUY	4,865
24-Aug-22	BUY	5,162
15-Feb-23	BUY	4,201
24-Aug-23	BUY	4,896
16-Feb-24	BUY	5,847
29-May-24	BUY	6,935

Investment Rating Criteria

Ratings	Large caps	Midcaps	Small Caps
Buy	Upside is above 10%	Upside is above 15%	Upside is above 20%
Accumulate	-	Upside is between 10%-15%	Upside is between 10%-20%
Hold	Upside is between 0% - 10%	Upside is between 0%-10%	Upside is between 0%-10%
Reduce/sell	Downside is more than 0%	Downside is more than 0%	Downside is more than 0%
Not rated/Neutral			

Definition:

Buy: Acquire at Current Market Price (CMP), with the target mentioned in the research note; **Accumulate:** Partial buying or to accumulate as CMP dips in the future; **Hold:** Hold the stock with the expected target mentioned in the note; **Reduce:** Reduce your exposure to the stock due to limited upside; **Sell:** Exit from the stock; **Not rated/Neutral:** The analyst has no investment opinion on the stock.

To satisfy regulatory requirements, we attribute 'Accumulate' as Buy and 'Reduce' as Sell.

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Not rated/Neutral- The analyst has no investment opinion on the stock under review

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