

## Disinvestment in Zomato - long term positive

We maintain our Hold rating with a revised TP of Rs1370 as we roll forward the valuations to FY20E. While the revenue growth in the core recruitment business is healthy, billing growth is in low teens on the back of slowdown in IT sector. We believe it would take some quarters to revive back to high teen's level. Further the company would need to invest aggressively in A&P for steady growth in both jeevansaathi and 99acres. While \$50mn disinvestment in Zomato is a positive, we believe the post money valuations at \$1.1bn is lower than expected coupled with the fact the secondary sale was at a lower valuation to primary issue.

- **Q3FY18 result highlights:** Revenue was up 22.1% YoY to Rs2272mn on the back of healthy 20.4%YoY revenue growth in core recruitment business and 31% YoY growth in 99acres. Operating profit was up 68% YoY (6% below expectation) on the back of low single digit growth in employee cost and admin cost. A&P spends was up 39% YoY on higher marketing for 99acres and jeevansaathi. Adj PAT was up 49% to Rs703mn on healthy operating profit.
- **Slowdown in IT sector could hurt recruitment business:** Billing growth in the recruitment business was mere 13.2% despite revenue growth of 20% as the management feels the slowdown in IT sector (35% of revenues) has impacted billing in near term. Ex-IT sector, billing growth would have been 16-17%. While IT, telecom and infra are dragging growth; BFSI, healthcare, travel, tourism, hospitals are doing well. Management continues to invest in products such as mobile experience, search matching algorithm, personalising user experience, investing in platform for clients where they can manage all hiring related activities, etc.
- **99acres set for steady growth:** While confusion over RERA has settled, management expects the recovery in 99acres to be gradual. During the quarter 99acres posted revenue growth of 31% while billing growth was faster at 54% as affordable housing segment is witnessing traction. Company has divested 6.7% of its holding in Zomato for \$50mn to Ant Small and Micro Financial Services. Ant has further invested \$150mn in Zomato at a post money valuation of \$1.1bn. Post the transaction, Info Edge would hold 30.9% in Zomato. Zomato will use the funds as growth capital and invest in new delivery models coupled with strengthening its position in international markets.
- **Maintain Hold:** While we have marginally increased our revenue by 0.6%/1.2% for FY18E/FY19E, operating profit has been increased by 5.1%/6.4% due to healthy operating leverage. We maintain Hold rating on the stock with a revised TP of Rs1,370 as we roll forward to FY20E. We continue to value the company on SoTP basis, with the core recruitment business valued at Rs914 (35x FY20E), 99acres.com (5x EV/Sales) at Rs86 and Zomato at Rs181 and cash at Rs130.

| Y/E Mar (Rs mn)     | Q3FY18       | Q3FY17       | YoY (%)     | Q2FY18       | QoQ (%)       | Q3FY18E      | Var (%)       |
|---------------------|--------------|--------------|-------------|--------------|---------------|--------------|---------------|
| <b>Net Sales</b>    | <b>2,272</b> | <b>1,861</b> | <b>22.1</b> | <b>2,252</b> | <b>0.9</b>    | <b>2,351</b> | <b>(3.4)</b>  |
| Employee cost       | 954          | 938          | 1.7         | 938          | 1.8           | 950          | 0.4           |
| A&P Cost            | 256          | 184          | 38.6        | 176          | 45.4          | 290          | (11.9)        |
| Admin & Other Exp   | 273          | 268          | 2.1         | 251          | 9.1           | 267          | 2.4           |
| <b>EBITDA</b>       | <b>788</b>   | <b>471</b>   | <b>67.5</b> | <b>888</b>   | <b>(11.2)</b> | <b>844</b>   | <b>(6.6)</b>  |
| EBITDA margin (%)   | 34.7         | 25.3         | 942 bps     | 39.4         | (472) bps     | 35.9         | (119) bps     |
| Other Income        | 220          | 250          |             | 262          |               | 240          |               |
| Depreciation        | 53           | 63           |             | 53.1         |               | 52.0         |               |
| Exceptional Item    | 169          | 0            |             | 41           |               | 0.0          |               |
| <b>PBT</b>          | <b>786</b>   | <b>658</b>   | <b>20</b>   | <b>1,056</b> | <b>(25.5)</b> | <b>1,032</b> | <b>(23.8)</b> |
| PAT                 | 253          | 187          | 36          | 270          | (6.4)         | 289          | (12.4)        |
| <b>Adjusted PAT</b> | <b>533</b>   | <b>471</b>   | <b>13</b>   | <b>786</b>   | <b>(15.0)</b> | <b>743</b>   | <b>(5.4)</b>  |
| Adj PAT margin (%)  | 23.4         | 25.3         | 19.1        | 34.6         | (15.0)        | 31.1         | (18.7)        |

Source: Company, Centrum Research

| Target Price                  | Rs1,370   | Key Data               |                   |                          |        |
|-------------------------------|-----------|------------------------|-------------------|--------------------------|--------|
| CMP*                          | Rs1,369   | Bloomberg Code         | INFOE IN          |                          |        |
| Upside                        | 0.1%      | Curr Shares O/S (mn)   | 121.6             |                          |        |
| Previous Target               | Rs1,170   | Diluted Shares O/S(mn) | 121.6             |                          |        |
| Previous Rating               | Hold      | Mkt Cap (Rsbn/USDbn)   | 166.5/2.6         |                          |        |
| <b>Price Performance (%)*</b> |           | 52 Wk H / L (Rs)       | 1460/796.2        |                          |        |
|                               | <b>1M</b> | <b>6M</b>              | <b>1Yr</b>        |                          |        |
|                               |           |                        | 5 Year H / L (Rs) | 1460/276.4               |        |
| INFOE IN                      | 1.8       | 37.0                   | 65.1              | Daily Vol. (3M NSE Avg.) | 100061 |
| NIFTY                         | 3.0       | 6.7                    | 23.2              |                          |        |

\*as on 2 February 2018; Source: Bloomberg, Centrum Research

### Shareholding pattern (%)\*

|          | Dec-17 | Sep-17 | Jun-17 | Mar-17 |
|----------|--------|--------|--------|--------|
| Promoter | 41.5   | 41.9   | 42.0   | 42.4   |
| FII's    | 32.7   | 32.4   | 33.5   | 33.3   |
| DII's    | 14.9   | 14.4   | 13.4   | 13.0   |
| Others   | 11.0   | 11.4   | 11.1   | 11.3   |

Source: BSE, \*as 2 February 2018

### Earning Revision

| Particulars (Rs mn) | FY18E |       |         | FY19E  |        |         |
|---------------------|-------|-------|---------|--------|--------|---------|
|                     | New   | Old   | Chg (%) | New    | Old    | Chg (%) |
| Sales               | 9,190 | 9,136 | 0.6     | 10,737 | 10,608 | 1.2     |
| EBITDA              | 3,291 | 3,130 | 5.1     | 4,056  | 3,812  | 6.4     |
| Ebitda margin (%)   | 35.8  | 34.3  | 155 bps | 37.8   | 35.9   | 185 bps |
| Adj PAT             | 2,869 | 2,791 | 2.8     | 3,465  | 3,333  | 4.0     |

Source: Centrum Research Estimates

### Centrum vs. Bloomberg Consensus\*

| Particulars (Rs mn) | FY18E   |       |         | FY19E   |        |         |
|---------------------|---------|-------|---------|---------|--------|---------|
|                     | Centrum | BBG   | Var (%) | Centrum | BBG    | Var (%) |
| Sales               | 9,190   | 9,057 | 1.5     | 10,737  | 10,520 | 2.1     |
| EBITDA              | 3,291   | 3,161 | 4.1     | 4,056   | 3,758  | 7.9     |
| PAT                 | 2,869   | 2,693 | 6.5     | 3,465   | 3,165  | 9.5     |

| Bloomberg Consensus* |      |      |                   | Centrum Target Price (Rs) | Variance (%) |
|----------------------|------|------|-------------------|---------------------------|--------------|
| BUY                  | SELL | HOLD | Target Price (Rs) |                           |              |
| 17                   | 3    | 8    | 1,366             | 1,370                     | 0.3%         |

\*as on 2 February 2018; Source: Bloomberg, Centrum Research Estimates

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| Y/E Mar (Rsmn) | Revenue | YoY (%) | EBITDA | EBITDA (%) | Adj. PAT | YoY (%) | Fully DEPS | RoE (%) | RoCE (%) | PE (x) | EV/EBITDA (x) |
|----------------|---------|---------|--------|------------|----------|---------|------------|---------|----------|--------|---------------|
| FY16           | 7,176   | 17.4    | 1,355  | 18.9       | 1,366    | (17.1)  | 11.3       | 7.8     | 7.4      | 70.9   | 62.9          |
| FY17           | 8,021   | 11.8    | 2,275  | 28.4       | 2,084    | 52.6    | 17.2       | 11.0    | 10.5     | 48.8   | 38.7          |
| FY18E          | 9,190   | 14.6    | 3,291  | 35.8       | 2,869    | 37.7    | 23.7       | 13.8    | 12.9     | 57.8   | 45.6          |
| FY19E          | 10,737  | 16.8    | 4,056  | 37.8       | 3,465    | 20.8    | 28.6       | 15.0    | 14.1     | 47.8   | 36.1          |
| FY20E          | 12,394  | 15.4    | 4,784  | 38.6       | 4,031    | 16.3    | 33.3       | 15.5    | 14.6     | 41.1   | 29.8          |

Source: Company, Centrum Research Estimates

In the interest of timeliness, this document is not edited

Centrum Equity Research is available on Bloomberg, Thomson Reuters and FactSet

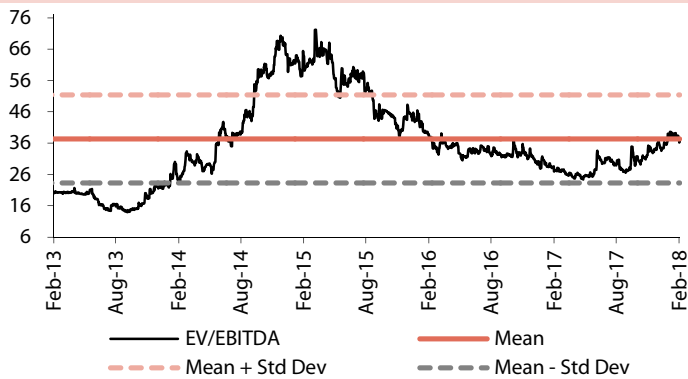
## Valuation

### Exhibit 1: Sensitivity Analysis

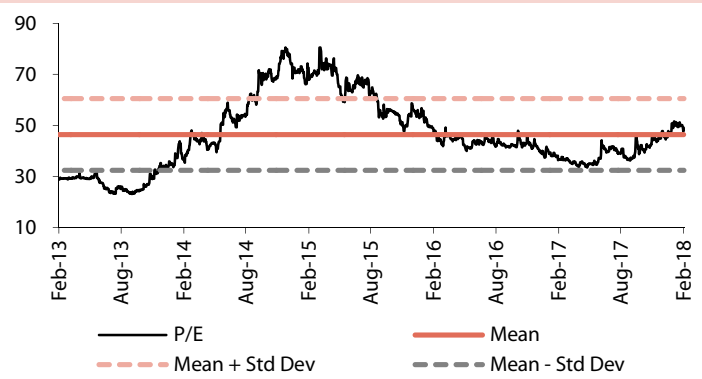
| Sensitivity to key variables | % increase | % impact on EBITDA | % impact on EPS |
|------------------------------|------------|--------------------|-----------------|
| Recruitment revenue          | 1          | 2.0                | 1.6             |
| Advertising & Promotion      | 1          | (0.3)              | (0.2)           |

Source: Company, Centrum Research Estimates

### Exhibit 2: 1year forward EV/EBITDA chart



### Exhibit 3: 1year forward P/E chart



Source: Bloomberg, Company, Centrum Research Estimates

Source: Bloomberg, Company, Centrum Research Estimates

### Exhibit 4: Comparative Valuations

| Company          | Mkt Cap (USD mn) | CAGR FY17-FY19E (%) |        |        | EBITDA Margin (%) |       |       | PE (x) |       |       | EV/EBITDA (x) |       |       | RoE (%) |       |       | Div Yield (%) |       |       |
|------------------|------------------|---------------------|--------|--------|-------------------|-------|-------|--------|-------|-------|---------------|-------|-------|---------|-------|-------|---------------|-------|-------|
|                  |                  | Rev.                | EBITDA | PAT    | FY17              | FY18E | FY19E | FY17   | FY18E | FY19E | FY17          | FY18E | FY19E | FY17    | FY18E | FY19E | FY17          | FY18E | FY19E |
| Info Edge India* | 2,599            | 15.7                | 33.5   | 29.0   | 28.4              | 35.8  | 37.8  | 48.8   | 57.8  | 47.8  | 38.7          | 45.6  | 36.1  | 11.0    | 13.8  | 15.0  | 0.4           | 0.3   | 0.4   |
| Just Dial        | 472              | 8.7                 | 29.8   | 15.1   | 15.3              | 20.9  | 21.8  | 30.0   | 23.0  | 18.9  | 32.2          | 15.5  | 16.0  | 14.8    | 14.9  | 14.9  | 0.0           | 0.4   | 0.5   |
| Seek             | 5,690            | 16.5                | (4.1)  | (15.6) | 49.4              | 33.2  | 33.5  | 15.8   | 33.6  | 29.5  | 10.9          | 17.7  | 16.8  | 24.0    | 13.5  | 14.8  | 2.8           | 2.2   | 2.4   |
| carsales.com     | 2,973            | 14.2                | 15.8   | 17.0   | 47.4              | 47.6  | 48.7  | 25.7   | 27.5  | 24.8  | 16.8          | 19.7  | 16.4  | 41.5    | 56.1  | 66.0  | 3.4           | 2.9   | 3.2   |
| REA Group        | 7,834            | 16.5                | 60.7   | 28.7   | 30.7              | 56.7  | 58.4  | 35.6   | 34.0  | 28.7  | 36.2          | 21.6  | 18.7  | 27.1    | 31.8  | 32.1  | 1.6           | 1.5   | 1.8   |
| Yelp Inc         | 3,796            | 15.5                | 155.4  | NA     | 4.3               | 18.6  | 20.8  | NM     | 45.3  | 35.2  | 69.6          | 19.7  | 16.3  | -0.6    | 8.7   | 10.1  | 0.0           | 0.0   | 0.0   |

Source: Bloomberg Consensus Estimates, \*Centrum Research Estimates

### Exhibit 5: Info Edge SoTP Valuations

| Info Edge SoTP Valuations               | Current       |
|---|---------------|
| Recruitment Business                    | Rs 26.1       |
| FY20E EPS                               | x 35          |
| PE                                      | Rs 914        |
| <b>Recruitment business Value/share</b> |               |
| Non-Recruitment Business                | Rs mn 2,091   |
| 99acres.com FY20sales                   | x 5           |
| EV/sales                                | Rs 86         |
| <b>99acres Value/share</b>              |               |
| Other businesses FY20 sales             | x 1           |
| EV/sales                                | Rs 15         |
| <b>Other business Value/share</b>       |               |
| Investee Companies                      |               |
| Zomato Valuations                       | Rsmn 71,000   |
| Discount to last Funding                | % 0%          |
| Zomato value/share (Rs)                 | 31% Stake 181 |
| Policy bazaar valuations                | Rs mn 30,000  |
| Policy bazaar value/share (Rs)          | 9% Stake 22   |
| Others Investments                      | Rs mn 2,580   |
| Value                                   | BV 1.0        |
| Value/share                             | Rs 21         |
| <b>Total investee companies value</b>   | <b>Rs 225</b> |
| <b>Cash/share</b>                       | <b>Rs 130</b> |
| Total value/share                       | Rs 1,370      |
| CMP                                     | Rs 1,369      |
| Upside/Downside                         | % 0.1         |

Source: Company, Centrum Research

## Quarterly financials, Operating Metrics and Key Performance Indicators

### Exhibit 6: Quarterly Financials

| Y/E Mar (Rs mn)                 | Q4FY16       | Q1FY17       | Q2FY17       | Q3FY17       | Q4FY17       | Q1FY18       | Q2FY18       | Q3FY18       |
|---------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| <b>Revenue</b>                  | <b>2,042</b> | <b>1,976</b> | <b>2,100</b> | <b>1,861</b> | <b>2,084</b> | <b>2,225</b> | <b>2,252</b> | <b>2,272</b> |
| Network & other charges         | 60           | 62           | 41           | 40           | 30           | 34           | 31           | 37           |
| % of sales                      | 2.9          | 3.1          | 1.9          | 2.2          | 1.5          | 1.5          | 1.4          | 1.6          |
| Employee cost                   | 890          | 963          | 915          | 938          | 936          | 991          | 938          | 954          |
| % of sales                      | 43.6         | 48.7         | 43.6         | 50.4         | 44.9         | 44.5         | 41.6         | 42.0         |
| Advertising & promotion charges | 212          | 258          | 221          | 184          | 217          | 254          | 176          | 256          |
| % of sales                      | 10.4         | 13.1         | 10.5         | 9.9          | 10.4         | 11.4         | 7.8          | 11.2         |
| Admin & Other expenditure       | 258          | 216          | 229          | 228          | 269          | 242          | 220          | 236          |
| % of sales                      | 12.6         | 10.9         | 10.9         | 12.2         | 12.9         | 10.9         | 9.8          | 10.4         |
| <b>Total Expenditure</b>        | <b>1,419</b> | <b>1,498</b> | <b>1,405</b> | <b>1,390</b> | <b>1,452</b> | <b>1,521</b> | <b>1,364</b> | <b>1,483</b> |
| Operating Income                | 623          | 478          | 695          | 471          | 632          | 703          | 888          | 788          |
| Depreciation                    | 60           | 60           | 62           | 63           | 56           | 54           | 53           | 53           |
| PBIT                            | 564          | 418          | 633          | 408          | 576          | 649          | 835          | 736          |
| Interest                        | 0            | 0            | 0            | 0            | 0            | 0            | 0            | 0            |
| Other Income                    | 203          | 243          | 18           | 250          | 113          | 264          | 262          | 220          |
| Exceptional item                | 0            | 0            | 0            | 0            | 40           | 0            | 41           | 169          |
| PBT                             | 766          | 661          | 651          | 658          | 649          | 913          | 1,056        | 786          |
| Total Tax                       | 195          | 217          | (150)        | 187          | 320          | 270          | 270          | 253          |
| <b>PAT</b>                      | <b>572</b>   | <b>444</b>   | <b>801</b>   | <b>471</b>   | <b>329</b>   | <b>642</b>   | <b>786</b>   | <b>533</b>   |
| <b>Adj PAT</b>                  | <b>572</b>   | <b>444</b>   | <b>801</b>   | <b>471</b>   | <b>369</b>   | <b>642</b>   | <b>826</b>   | <b>703</b>   |
| <b>YoY Growth %</b>             |              |              |              |              |              |              |              |              |
| Revenue                         | 17.8         | 13.1         | 20.7         | 5.8          | 2.1          | 12.6         | 7.2          | 22.1         |
| Operating Profit                | 14.6         | 104.0        | 142.4        | 27.2         | 1.4          | 47.2         | 27.8         | 67.5         |
| Adj PAT                         | 7.8          | 54.9         | 159.9        | 23.3         | (35.6)       | 44.8         | 3.2          | 49.1         |
| <b>Margins %</b>                |              |              |              |              |              |              |              |              |
| EBIDTA Margins%                 | 30.5         | 24.2         | 33.1         | 25.3         | 30.3         | 31.6         | 39.4         | 34.7         |
| Adj PAT Margins%                | 28.0         | 22.4         | 38.1         | 25.3         | 17.7         | 28.9         | 36.7         | 30.9         |
| <b>Key KPIs</b>                 |              |              |              |              |              |              |              |              |
| YoY growth in recruitment (%)   | 13.7         | 14.0         | 20.6         | 6.8          | 9.3          | 11.0         | 6.0          | 20.4         |
| YoY growth in 99 Acres (%)      | (7.6)        | 3.0          | 14.9         | (1.1)        | (1.8)        | 12.5         | 5.8          | 30.8         |
| YoY growth in other verticals   | 28.1         | 21.1         | 29.5         | 8.9          | 11.4         | 21.3         | 17.3         | 22.5         |
| EBIT Margins recruitment (%)    | 49.5         | 49.2         | 54.6         | 50.7         | 54.3         | 53.4         | 57.8         | 56.0         |
| EBIT 99 Acres (Rs mn)           | (186)        | (206)        | (148)        | (161)        | (125)        | (112)        | (10)         | (89)         |
| EBIT Other verticals (Rs mn)    | (26)         | (18)         | (6)          | (76)         | (42)         | (30)         | (37)         | (61)         |
| Deferred Sales Revenue (Rsmn)   | 2,814        | 2,993        | 2,747        | 2,790        | 3,367        | 3,537        | 3,348        | 3,330        |
| Collection Growth (%)           | 22.1         | (15.6)       | 16.5         | 9.0          | 7.2          | 11.1         | 11.3         | 18.4         |

Source: Company, Centrum Research

### Exhibit 7: Assumptions

| Assumptions                      | FY15 | FY16 | FY17 | FY18E | FY19E | FY20E |
|----------------------------------|------|------|------|-------|-------|-------|
| Recruitment revenue growth (%)   | 19.6 | 18.9 | 12.6 | 12.4  | 13.5  | 12.3  |
| New verticals revenue growth (%) | 24.4 | 14.0 | 8.8  | 20.9  | 25.7  | 23.0  |

Source: Company, Centrum Research

## Financials

### Exhibit 8: Income Statement

| Y/E March (Rs mn)                | FY16         | FY17         | FY18E        | FY19E         | FY20E         |
|----------------------------------|--------------|--------------|--------------|---------------|---------------|
| <b>Revenue</b>                   | <b>7,176</b> | <b>8,021</b> | <b>9,190</b> | <b>10,737</b> | <b>12,394</b> |
| Employee Cost                    | 3,354        | 3,752        | 3,853        | 4,408         | 5,085         |
| %of revenue                      | 46.7         | 46.8         | 41.9         | 41.1          | 41.0          |
| Advertising Cost                 | 1,318        | 881          | 955          | 1,089         | 1,242         |
| %of revenue                      | 18.4         | 11.0         | 10.4         | 10.1          | 10.0          |
| Admin & other expenses           | 1,148        | 1,114        | 1,091        | 1,184         | 1,283         |
| %of revenue                      | 16.0         | 13.9         | 11.9         | 11.0          | 10.4          |
| Total Expenses                   | 5821         | 5746         | 5899         | 6681          | 7609          |
| <b>EBIDTA</b>                    | <b>1,355</b> | <b>2,275</b> | <b>3,291</b> | <b>4,056</b>  | <b>4,784</b>  |
| EBIDTA Margins (%)               | 18.9         | 28.4         | 35.8         | 37.8          | 38.6          |
| Depreciation & Amortization      | 210          | 241          | 214          | 230           | 250           |
| <b>EBIT</b>                      | <b>1,146</b> | <b>2,034</b> | <b>3,077</b> | <b>3,826</b>  | <b>4,534</b>  |
| Interest expenses                | 0.8          | 1.0          | 1.0          | 1.0           | 1.0           |
| PBT for operations               | 1,145        | 2,033        | 3,076        | 3,825         | 4,533         |
| Other income                     | 785          | 625          | 960          | 1,125         | 1,225         |
| <b>PBT and exceptional items</b> | <b>1,930</b> | <b>2,659</b> | <b>4,036</b> | <b>4,950</b>  | <b>5,758</b>  |
| Exceptional item                 | 115          | 40           | 210          | -             | -             |
| <b>PBT</b>                       | <b>1,815</b> | <b>2,619</b> | <b>3,826</b> | <b>4,950</b>  | <b>5,758</b>  |
| Provision for tax                | 564          | 575          | 1,167        | 1,485         | 1,727         |
| Effective tax rate %             | 29.2         | 21.6         | 28.9         | 30.0          | 30.0          |
| Reported PAT                     | 1,251        | 2,044        | 2,659        | 3,465         | 4,031         |
| <b>Adjusted PAT</b>              | <b>1,366</b> | <b>2,084</b> | <b>2,869</b> | <b>3,465</b>  | <b>4,031</b>  |
| PAT Margins %                    | 19.0         | 26.0         | 31.2         | 32.3          | 32.5          |

Source: Company, Centrum Research Estimates

### Exhibit 9: Key Ratios

| Y/E March                     | FY16   | FY17  | FY18E | FY19E | FY20E |
|-------------------------------|--------|-------|-------|-------|-------|
| <b>Margin ratios (%)</b>      |        |       |       |       |       |
| EBIDTA Margins                | 18.9   | 28.4  | 35.8  | 37.8  | 38.6  |
| PBT from operations           | 16.0   | 25.4  | 33.5  | 35.6  | 36.6  |
| PAT Margins                   | 17.4   | 25.5  | 28.9  | 32.3  | 32.5  |
| <b>Growth ratios (%)</b>      |        |       |       |       |       |
| Revenues                      | 17.4   | 11.8  | 14.6  | 16.8  | 15.4  |
| EBIDTA                        | (24.4) | 67.8  | 44.7  | 23.3  | 17.9  |
| Net Profit                    | (17.1) | 52.6  | 37.7  | 20.8  | 16.3  |
| <b>Return Ratios (%)</b>      |        |       |       |       |       |
| ROCE                          | 7.4    | 10.5  | 12.9  | 14.1  | 14.6  |
| ROE                           | 7.8    | 11.0  | 13.8  | 15.0  | 15.5  |
| RoIC                          | 12.4   | 25.3  | 35.5  | 50.7  | 71.2  |
| <b>Turnover Ratios (days)</b> |        |       |       |       |       |
| Gross block turnover ratio(x) | 5.2    | 7.1   | 8.6   | 9.3   | 9.9   |
| Debtors                       | 6.2    | 3.4   | 5.0   | 5.0   | 5.0   |
| Creditors                     | 16     | 21    | 20    | 20    | 20    |
| Cash conversion cycle         | (9)    | (17)  | (15)  | (15)  | (15)  |
| <b>Solvency Ratio (x)</b>     |        |       |       |       |       |
| Debt-Equity                   | 0.0    | 0.0   | 0.0   | 0.0   | 0.0   |
| Net debt-equity               | (0.6)  | (0.7) | (0.7) | (0.8) | (0.8) |
| Interest coverage ratio       | 1,488  | 2,034 | 3,077 | 3,826 | 4,534 |
| Current ratio                 | 1.1    | 1.2   | 1.7   | 2.1   | 2.5   |
| Gross debt/EBITDA             | 0.0    | 0.0   | 0.0   | 0.0   | 0.0   |
| <b>Per Share (Rs)</b>         |        |       |       |       |       |
| FDEPS (Adjusted)              | 11.3   | 17.2  | 23.7  | 28.6  | 33.3  |
| CEPS                          | 13.1   | 19.2  | 25.5  | 30.5  | 35.4  |
| Book Value                    | 148.7  | 163.8 | 180.0 | 202.4 | 228.5 |
| Dividend                      | 5.0    | 4.5   | 4.8   | 5.3   | 6.0   |
| Dividend payout(%)            | 58.0   | 21.4  | 26.0  | 22.0  | 21.6  |
| <b>Valuations (x)</b>         |        |       |       |       |       |
| PER                           | 70.9   | 48.8  | 57.8  | 47.8  | 41.1  |
| P/BV                          | 5.4    | 5.1   | 7.6   | 6.8   | 6.0   |
| EV/EBIDTA                     | 62.9   | 38.7  | 45.6  | 36.1  | 29.8  |
| Dividend yield(%)             | 0.6    | 0.4   | 0.3   | 0.4   | 0.4   |
| 5 yrs Avg AOCF/EV Yield (%)   | 1.4    | 1.6   | 1.1   | 1.4   | 1.7   |

Source: Company, Centrum Research Estimates

### Exhibit 10: Balance Sheet

| Y/E March (Rs mn)               | FY16          | FY17          | FY18E         | FY19E         | FY20E         |
|---------------------------------|---------------|---------------|---------------|---------------|---------------|
| Share Capital                   | 1,207         | 1,211         | 1,211         | 1,211         | 1,211         |
| Reserves & Surplus              | 16,742        | 18,620        | 20,589        | 23,292        | 26,451        |
| Total Shareholders Funds        | 17,950        | 19,831        | 21,800        | 24,502        | 27,661        |
| Loan Funds                      | 4             | 4             | 4             | 4             | 4             |
| Deferred tax                    | 492           | 295           | 295           | 295           | 295           |
| <b>Total Liabilities</b>        | <b>17,461</b> | <b>19,540</b> | <b>21,509</b> | <b>24,211</b> | <b>27,370</b> |
| Fixed Asset                     |               |               |               |               |               |
| Gross Block                     | 1,226         | 1,041         | 1,100         | 1,200         | 1,300         |
| Less:- Accumulated Depreciation | 209           | 442           | 656           | 886           | 1,136         |
| Net Block                       | 1,017         | 599           | 444           | 314           | 164           |
| Capital WIP                     | 3             | 3             | 3             | 3             | 3             |
| Net fixed assets                | 1,020         | 602           | 448           | 318           | 168           |
| Investments                     | 16,246        | 18,050        | 18,051        | 18,051        | 18,051        |
| Debtors                         | 121           | 75            | 126           | 147           | 170           |
| Cash & bank balances            | 1,493         | 2,908         | 5,132         | 8,579         | 12,566        |
| Loans & advances                | 2,188         | 2,194         | 2,304         | 2,419         | 2,540         |
| Other current assets            | 43            | 36            | 50            | 50            | 50            |
| Total current assets            | 3,845         | 5,214         | 7,612         | 11,196        | 15,326        |
| Sundry creditors                | 308           | 456           | 504           | 588           | 679           |
| Other liabilities               | 2,915         | 3,455         | 3,676         | 4,295         | 4,957         |
| provisions                      | 429           | 416           | 422           | 470           | 538           |
| Net current assets              | 194           | 887           | 3,011         | 5,843         | 9,152         |
| <b>Total</b>                    | <b>17,461</b> | <b>19,540</b> | <b>21,509</b> | <b>24,211</b> | <b>27,370</b> |

Source: Company, Centrum Research Estimates

### Exhibit 11: Cash Flow

| Y/E March (Rs mn)                                | FY16         | FY17           | FY18E        | FY19E        | FY20E        |
|--|--------------|----------------|--------------|--------------|--------------|
| <b>Operating chargers before WC</b>              | <b>1,527</b> | <b>2,537</b>   | <b>3,081</b> | <b>4,056</b> | <b>4,784</b> |
| Working capital changes                          | 486          | 564            | 114          | 614          | 678          |
| <b>Net cash inflow from operations</b>           | <b>1,102</b> | <b>2,283</b>   | <b>2,015</b> | <b>3,186</b> | <b>3,735</b> |
| Adj. OCF (OCF-Interest)                          | 1,102        | 2,282          | 2,014        | 3,185        | 3,734        |
| Change in Fixed assets                           | (293)        | (64)           | (59)         | (100)        | (100)        |
| Adj. FCF (AOCF-Capex)                            | 808          | 2,218          | 1,954        | 3,085        | 3,634        |
| <b>Cash generated from investment activities</b> | <b>(349)</b> | <b>(1,839)</b> | <b>900</b>   | <b>1,025</b> | <b>1,125</b> |
| <b>Cash generated from financing activities</b>  | <b>(661)</b> | <b>(419)</b>   | <b>(691)</b> | <b>(764)</b> | <b>(873)</b> |
| Net increase/decrease in cash                    | 93           | 25             | 2,224        | 3,447        | 3,987        |

Source: Company, Centrum Research Estimates

## Appendix A

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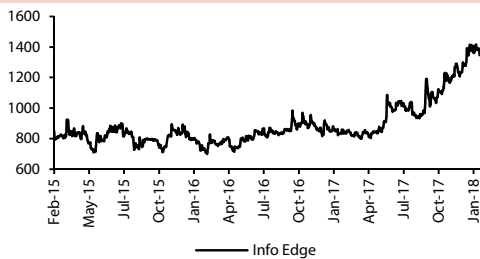
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### Info Edge price chart



Source: Bloomberg, Centrum Research

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