

Retail Equity Research INFO EDGE (INDIA) LTD.

Internet & Catalogue Retail

BSE CODE: 532777

NSE CODE: NAUKRI

Bloomberg CODE: NAUKRI:IN

SENSEX: 52,532

BUY

12 Months Investment period Rating as per Large Cap
CMP Rs. 3,673 TARGET Rs. 4,865 RETURN 32% ↑
(Closing: 21-06-22)

KEY CHANGES:

TARGET ↓

RATING ↔

EARNINGS ↑

Demand Momentum to drive Growth

Info Edge (India) Limited is engaged in online classified business. Company operates an online job portal Naukri.com, matrimony website Jeevansathi.com, real estate search portal 99Acres.com and an educational website Shiksha.com.

- Q4FY22 revenue grew 57.4% YoY to Rs. 473cr (+12.2% QoQ). And 40.9% in FY22 to Rs. 1,589cr, driven by tailwinds in recruitment and real estate verticals.
- Total Billings for the quarter were up 52.5% YoY at Rs. 649.3cr while that for FY22 were up 58.7% at Rs. 1,866cr.
- Q4FY22 EBITDA grew 191.2% YoY (+49.4% QoQ), as EBITDA margin expanded 3,360bps YoY to 73.2% (+1,822bps QoQ). Reported PAT of Rs. 12,882cr (+808.5% YoY) in FY22
- Company delivered solid results and we expect the demand to increase as tailwinds from Recruitment business to continue and looking at revival of demand in Real estate market, we reiterate our BUY rating on the stock with a revised target price of Rs. 4,865 based on SOTP valuation.

Strong Demand drives Topline growth

Consolidated revenue for the Q4FY22 increased 57.4% YoY and 12.2% QoQ to Rs. 473cr and 40.9% YoY in FY22 to Rs. 1,589cr led by strong demand for recruitment solutions business due to increased gap between demand and supply of skills globally and strong growth in Real estate. Recruitment solutions segment revenue increased 48% YoY in FY22 to Rs. 1,182cr and 75.1% in Q4FY22 to Rs. 366cr (+15.7% QoQ) mainly on account of strong growth in billings. In Q4FY22 billings grew 66.6% YoY to Rs. 513.3cr. Profit margins for Recruitment business increased 976 bps YoY to 57% while it declined sequentially 21bps. 99 acres business in 4QFY22 reported revenue of Rs. 61cr (+22.3% YoY; +4.5% QoQ), and Rs.217cr in FY22(+25% YoY) due to strong revival of demand. For FY22 billings in 99acres grew 25.1% YoY at Rs. 217cr and with 10.6% YoY growth in Q4FY22 it stood at Rs. 79.3cr.

EBITDA almost Tripled

Q4FY22 EBITDA surged 191.2% YoY to Rs. 346cr (49.4% QoQ) as EBITDA margin expanded 3,360bps to 73.2% (+1,822bps QoQ), mainly due to lower operating costs. In FY22 company reported PAT of Rs. 12,882cr (vs. Rs. 1,418cr in FY21) due to one-off marked to market listing gains in Zomato of roughly Rs. 9,500cr. Adj EPS grew by ~62% at Rs. 35.78.

Key concall highlights

- 60% YoY growth in Jobspeak Index in Q2FY22. IT and ITes grew 173% YoY, whereas banking, insurance, retail, and hospitality grew by 40-60% YoY.
- During the quarter NCLT approved the merger with Highorbit Careers (iimjobs).
- Company invested Rs.137.1cr in 4B Networks Pvt Ltd, a tech platform to connect agents, brokers, and builders as well as track and aggregate new home site visits and home loans.

Valuation

With outstanding growth in billings and revenues, improved margins and profitability company delivered solid performance. We expect the trend to continue in medium to long term as the gap between supply and demand of skills will continue to benefit the business, on the other hand Real estate market is picking up. Hence, we reiterate our BUY rating on the stock with a revised target price of Rs. 4,865 based on SOTP valuation

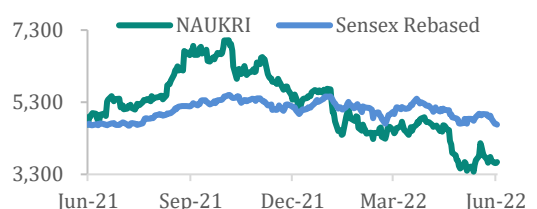
Company Data

Market Cap (cr)	Rs. 58,404
Enterprise Value (cr)	Rs. 47,589
Outstanding Shares (cr)	12.9
Free Float	60.0%
Dividend Yield	0.4%
52 week high	Rs. 7,463
52 week low	Rs. 3,314
6m average volume (lacs)	0.23
Beta	1.2
Face value	Rs. 10

Shareholding %	Q2FY22	Q3FY22	Q4FY22
Promoters	38.4	38.4	38.2
FII's	37.8	36.4	34.0
MFs/Insti	13.7	14.5	15.7
Public	8.9	9.6	10.8
Others	1.2	1.2	1.4
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	-18.1%	-33.5%	-25.8%
Absolute Sensex	-5.8%	-9.1%	-0.4%
Relative Return*	-12.3%	-24.4%	-25.3%

*over or under performance to benchmark index



Consolidated (cr)	FY22A	FY23E	FY24E
Sales	1,589	1,981	2,367
Growth (%)	40.9	24.6	19.5
EBITDA	880	654	891
EBITDA Margin (%)	55.4	33.0	37.6
Adj. PAT	1,585	616	765
Growth (%)	12.6	(61.1)	24.1
Adj. EPS	122.4	47.6	59.1
Growth (%)	10.6	(61.1)	24.1
P/E	36.9	76.4	61.6
P/B	3.4	2.6	2.6
EV/EBITDA	67.1	72.8	53.4
ROE (%)	9.2	3.5	4.1
D/E	0.0	0.0	0.0

Quarterly Financials (Consolidated)

Profit & Loss Account

	Q4FY22	Q4FY21	YoY Growth %	Q3FY22	QoQ Growth %	FY22	FY21	YoY Growth %
Revenue	473	301	57.4	421	12.2	1,589	1,128	40.9
EBITDA	346	119	191.2	232	49.4	880	431	104.3
EBITDA margins	73.2	39.6	3360bps	55.0	1820bps	55.4	38.2	1720bps
Depreciation	12	11	6.1	11	1.8	45	45	0.2
EBIT	335	108	209.8	221	51.8	835	386	116.3
Interest	1	1	(29.3)	1	(12.9)	5	6	(19.7)
Other Income	426	326	31.0	4,686	(90.9)	13,370	1,222	993.9
Exceptional Items	-	-	n.m.	-	n.m.	-	-	n.m.
PBT	760	432	75.9	4,905	(84.5)	14,200	1,602	786.2
Tax	41	122	(66.6)	273	(85.1)	1,318	184	615.2
Share of profit from Associate	-	-	n.m.	-	n.m.	-	-	n.m.
Minority Interest	91	2	4,796.0	31	194.4	123	2	7,031.3
Reported PAT	629	309	103.7	4,602	(86.3)	12,760	1,416	800.9
Adjustments	-	-	n.m.	-	n.m.	-	-	n.m.
Adj. PAT	629	309	103.7	4,602	(86.3)	12,760	1,416	800.9
No. of shares	12.9	12.7	1.9	13.0	(0.0)	12.9	12.7	1.9
Adj. EPS (Rs.)	48.6	24.3	100.0	355.3	(86.3)	985.6	111.5	784.3

Change in Estimates

Year / Rs. cr	Old estimates		New estimates		Change %	
	FY23E	FY24E	FY23E	FY24E	FY23E	FY24E
Revenue	1,756	1,939	1,981	2,367	12.8	22.1
EBITDA	601	654	654	891	8.8	36.3
Margins (%)	34.2	33.7	33.0	37.6	(120bps)	390bps
Adj. PAT	580	631	616	765	6.2	21.1
Adj. EPS	44.7	48.6	47.6	59.1	6.5	21.5

Sum-Of-The-Parts (SOTP) Valuation

Particulars	Methodology	Multiple	% Holding	Base values	Value (Rs. cr.)	Value/Sh. (Rs.)
Naukri.com	FY24E P/E	25.0x	100.0%	887	22,163	1,752
99acres	FY24E P/S	12.0x	100.0%	321	3,847	304
Jeevansathi + Shiksha.com	FY24E P/S	10.0x	100.0%	273	2,731	216
Zomato	Geojit TP	1.0x	15.2%	80,325	12,193	964
PolicyBazaar	IPO Value	1.0x	13.2%	29,759	3,928	311
Other investments	BV				16,542	1,308
Net cash position	BV				139	11
					Target price	4,865

Segment Results

Revenue	Q4FY22	Q4FY21	YoY Growth %	Q3FY22	QoQ Growth %	FY22	FY21	YoY Growth %
Recruiter Solutions	361	209	72.4	317	13.9	1182	800	47.7
99acres	61	50	22.3	59	4.5	217	174	25.1
Other	51	41	23.8	46	10.9	190	154	23.3
Total	473	301	57.4	421	12.3	1589	1128	40.9
Segment results								
Recruiter Solutions	209	99	111.3	181	15.2	657	413	59.2
99acres	-36	-19	93.3	-25	42.3	-90	-36	151.0
Other	-54	-26	104.5	-42	28.6	-138	-108	27.6
Total	119	54	120.9	114	4.3	429	269	59.8

PROFIT & LOSS

Y.E March (Rs. cr)	FY20A	FY21A	FY22A	FY23E	FY24E
Revenue	1,312	1,128	1,589	1,981	2,367
% change	14.0	(14.0)	40.9	24.6	19.5
EBITDA	477	431	880	654	891
% change	10.2	(9.7)	104.3	(25.7)	36.2
Depreciation	48	45	45	69	117
EBIT	429	386	835	585	774
Interest	8	6	5	1	2
Other Income	(547)	1,222	13,370	95	70
PBT	(126)	1,602	14,200	679	842
% change	(117.6)	(1374.1)	786.2	(95.2)	24.1
Tax	120	184	1,318	56	70
Tax Rate (%)	(95.4)	11.5	9.3	8.3	8.3
Reported PAT	(238)	1,407	12,760	616	765
Adj*	(182)	(1,434)	(11,175)	-	-
Adj PAT	(420)	(27)	1,585	616	765
% change	(139.4)	(692.1)	12.6	(61.1)	24.1
No. of shares (cr)	12.3	12.7	12.9	12.9	12.9
Adj EPS (Rs.)	-34.2	-2.1	122.4	47.6	59.1
% change	(139.4)	(672.2)	10.6	(61.1)	24.1
DPS (Rs.)	6.0	8.0	13.0	5.7	7.3
CEPS (Rs.)	(15.5)	114.2	125.9	52.9	68.1

CASH FLOW

Y.E March (Rs. cr)	FY20A	FY21A	FY22A	FY23E	FY24E
Net inc. + Depn.	(190)	1,452	12,804	685	882
Non-cash adj.	555	(1,180)	(12,130)	(133)	(474)
Changes in W.C	(15)	3	32	22	22
C.F. Operation	350	276	707	575	430
Capital exp.	(106)	(8)	(191)	(184)	(142)
Change in inv.	91	(2,126)	(1,118)	(190)	(152)
Other invest.CF	111	91	133	0	-
C.F - Investment	97	(2,043)	(1,177)	(374)	(294)
Issue of equity	0	1,950	260	-	-
Issue/repay debt	(0)	(6)	(4)	-	-
Dividends paid	(98)	-	(206)	(72)	(92)
Other finance.CF	(46)	(64)	(16)	(6)	(2)
C.F - Finance	(143)	1,880	35	(78)	(94)
Chg. in cash	304	113	(435)	123	42
Closing cash	527	640	205	328	370

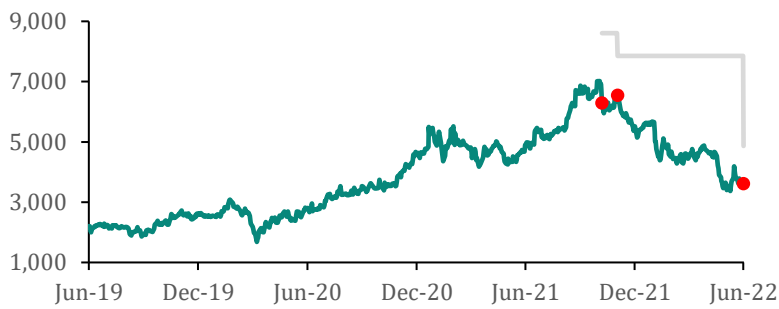
BALANCE SHEET

Y.E March (Rs. cr)	FY20A	FY21A	FY22A	FY23E	FY24E
Cash	527	640	205	328	370
Accounts Receivable	9	6	30	37	45
Inventories	-	-	-	-	-
Other Cur. Assets	986	2,496	3,237	3,445	3,987
Investments	904	2,350	15,199	15,389	15,541
Gross Fixed Assets	128	133	325	509	651
Net Fixed Assets	130	105	105	220	246
CWIP	-	-	-	-	-
Intangible Assets	86	4	902	902	902
Def. Tax (Net)	34	36	0	0	0
Other Assets	223	691	805	775	781
Total Assets	2,899	6,329	20,483	21,096	21,871
Current Liabilities	639	9,584	1,140	1,141	1,170
Provisions	1	1	1	1	1
Debt Funds	0	0	1	1	1
Other Liabilities	63	151	1,291	1,353	1,418
Equity Capital	122	129	129	129	129
Reserves & Surplus	2,073	5,267	17,113	17,657	18,330
Shareholder's Fund	2,196	5,396	17,241	17,786	18,459
Minority Interest	-	79	809	815	823
Total Liabilities	2,899	6,329	20,483	21,096	21,871
BVPS (Rs.)	179	425	1,332	1,374	1,426

RATIOS

Y.E March	FY20A	FY21A	FY22A	FY23E	FY24E
Profitab. & Return					
EBITDA margin (%)	36.4	38.2	55.4	33.0	37.6
EBIT margin (%)	32.7	34.2	52.5	29.5	32.7
Net profit mgn.(%)	-32.0	-2.4	99.7	31.1	32.3
ROE (%)	(19.1)	(0.5)	9.2	3.5	4.1
ROCE (%)	19.6	7.0	4.6	3.1	4.0
W.C & Liquidity					
Receivables (days)	2.5	2.1	6.9	6.9	6.9
Inventory (days)	-	-	-	-	-
Payables (days)	-	-	-	-	-
Current ratio (x)	2.4	0.3	3.0	3.3	3.8
Quick ratio (x)	1.2	0.1	0.6	0.7	0.7
Turnover & Leverage					
Gross asset T.O (x)	10.1	8.6	6.9	4.8	4.1
Total asset T.O (x)	0.4	0.2	0.1	0.1	0.1
Int. coverage ratio (x)	52.4	66.7	179.5	393.8	325.6
Adj. debt/equity (x)	0.0	0.0	0.0	0.0	0.0
Valuation					
EV/Sales (x)	18.6	46.6	37.1	24.0	20.1
EV/EBITDA (x)	51.2	122.1	67.1	72.8	53.4
P/E (x)	(59.5)	(1965.5)	36.9	75.8	61.1
P/BV (x)	11.4	9.8	3.4	2.6	2.5

Recommendation Summary (Last 3 Years)



Dates	Rating	Target
22-Oct-21	BUY	8,607
17-Nov-21	BUY	7,853
21-Jun-22	BUY	4,865

Source: Bloomberg, Geojit research

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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