

SELL

TP: Rs 2,080 | ▼ 18%

INFO EDGE

| IT Services

| 12 March 2020

On a slippery slope – initiate with SELL

We begin coverage on Info Edge (INFOE) with SELL and a Mar'21 TP of Rs 2,080. INFOE's mainstay Naukri business (>70% revenue share) faces a structural threat to leadership in the online jobs market from Microsoft-backed LinkedIn. Over FY14-FY19, LinkedIn has clocked an 18% CAGR in user base vs. 11% for Naukri, backed by a unique networking proposition and high innovation spends. Profitability looks elusive in property portal 99acres as well. We expect INFOE's revenue/adj. PAT CAGR to slow to 14%/4% (FY20-FY22) and thus find core P/E rich at 54x FY22E.

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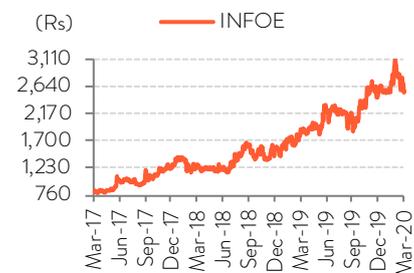
Structural threat to Naukri: INFOE is a clear leader among online job listing platforms in India with 85% market share at Naukri.com (ex-LinkedIn). But we believe an inability to evolve beyond job listings puts Naukri at serious risk of competitive headwinds – reminiscent of the decline at erstwhile US market leader Monster.com post LinkedIn's entry. Our view is premised on (1) LinkedIn's clear edge as a professional networking platform (vs. a plain vanilla job listing portal), (2) its steady user base growth in India (at nearly double Naukri's run-rate for FY14-FY19), and (3) parent Microsoft's deep pockets for product innovation.

Ticker/Price	INFOE IN/Rs 2,548
Market cap	US\$ 4.3bn
Shares o/s	123mn
3M ADV	US\$ 9.4mn
52wk high/low	Rs 3,130/Rs 1,777
Promoter/FPI/DII	40%/36%/23%

Source: NSE

Elusive profitability in 99acres: INFOE's portal 99acres.com is also the No. 1 property platform in India, but persistent weakness in the residential property market and stiff competition – marked by a narrowing traffic-share lead over the second-largest peer – hinder predictable, profitable growth. In 9MFY20, 99acres posted EBITDA of ~Rs 90mn. We expect future profitability to be elusive as rising competition from MagicBricks.com and Housing.com drive up advertising and marketing spends moving into FY21.

STOCK PERFORMANCE



Source: NSE

Initiate with SELL: We bake in a 330bps EBITDA margin slide and a 4% CAGR in adj. PAT at INFOE over FY20-FY22 as competition and macro weakness crimp growth. Naukri and 99acres comprise ~63% of our SOTP-based TP of Rs 2,080.

KEY FINANCIALS

Y/E 31 Mar	FY18A	FY19A	FY20E	FY21E	FY22E
Total revenue (Rs mn)	9,155	10,982	12,776	14,591	16,599
EBITDA (Rs mn)	2,973	3,414	4,500	4,872	5,299
Adj. net profit (Rs mn)	2,737	3,152	3,862	3,865	4,153
Adj. EPS (Rs)	22.3	25.6	31.4	31.4	33.8
Adj. EPS growth (%)	31.4	15.2	22.5	0.1	7.5
Adj. ROAE (%)	13.4	14.2	15.9	14.4	13.9
Adj. P/E (x)	114.4	99.4	81.1	81.0	75.4
EV/EBITDA (x)	105.2	91.6	69.5	63.9	58.1

Source: Company, BOBCAPS Research

BOB Capital Markets Ltd is a wholly owned subsidiary of Bank of Baroda

Important disclosures, including any required research certifications, are provided at the end of this report.

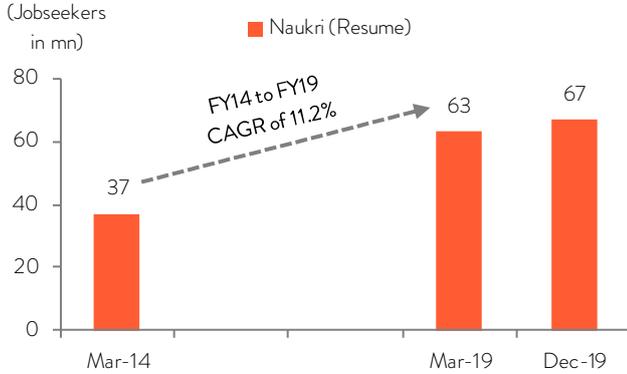


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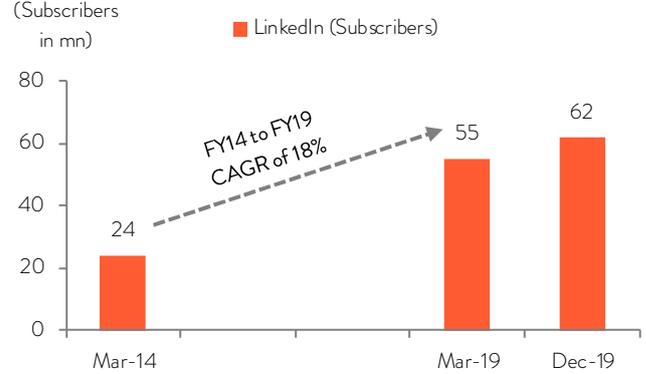
Focus charts

FIG 1 – NAUKRI’S JOBSEEKER BASE INCREASED AT 11% CAGR OVER THE LAST SIX YEARS



Source: Company, BOBCAPS Research

FIG 2 – LINKEDIN COMPOUNDED ITS SUBSCRIBER BASE AT 18% CAGR OVER THE SAME PERIOD



Source: Company, BOBCAPS Research

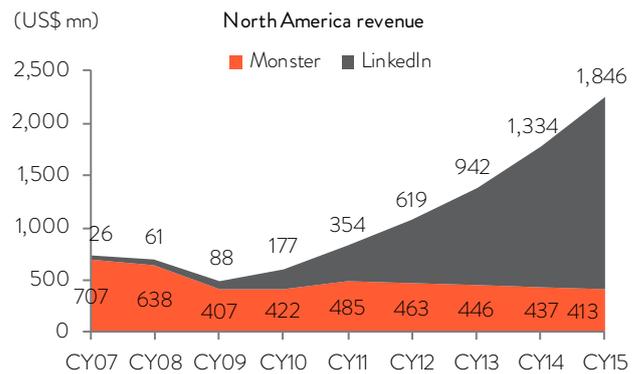
FIG 3 – PRODUCT INNOVATION & ENHANCEMENTS LAG AT NAUKRI

Parameters	LinkedIn	Naukri
R&D investments		
Capex and M&A		
User experience enhancement		
Recruiter experience enhancement		
New product/services rollout		
Overall score		

Source: BOBCAPS Research |

Very high High Moderate Low Very low

FIG 4 – LINKEDIN DISLODGED MONSTER.COM AS USA MARKET LEADER IN ONLINE RECRUITMENT



Source: Company, BOBCAPS Research

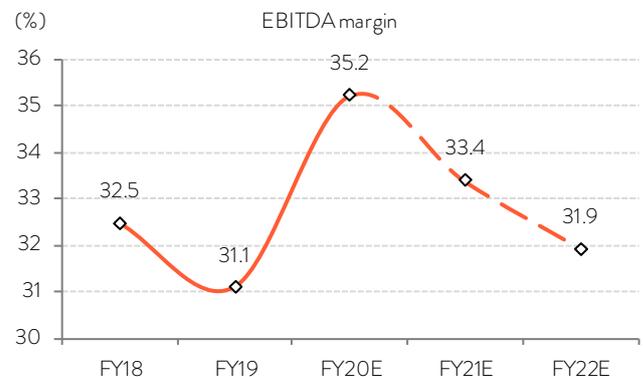
FIG 5 – AGGRESSIVE ADVERTISING SPEND BY PEERS OF 99ACRES

Competitive intensity based on marketing spends by competitors	Q4 FY19	Q1 FY20	Q2 FY20	Q3 FY20
MagicBricks				
Housing				
CommonFloor				

Source: Company, BOBCAPS Research

Aggressive Moderate Low

FIG 6 – EXPECT REVENUE GROWTH MODERATION AT INFO TO WEIGH ON OPERATING MARGINS



Source: Company, BOBCAPS Research

Challenges on all fronts

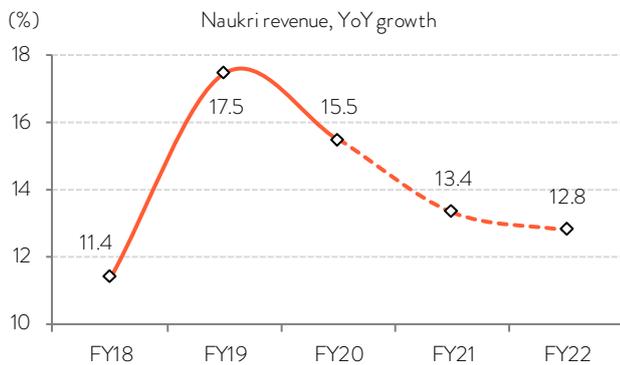
Naukri – structural threat to leadership

Inability to evolve beyond job listings leaves Naukri vulnerable to competition

INFOE’s cash cow Naukri.com (72% revenue share in FY19) remains the undisputed leader among job listing peers – Monster India, TimesJobs, Shine and Indeed. However, we believe LinkedIn’s steady progress in India poses a structural challenge to Naukri’s leadership, given (1) LinkedIn’s unmatched edge as a professional networking platform, (2) its steady user base expansion in India (at 21% CAGR vs. 12% for Naukri over FY14-FY19), and (3) deep pockets for product innovation backed by parent Microsoft.

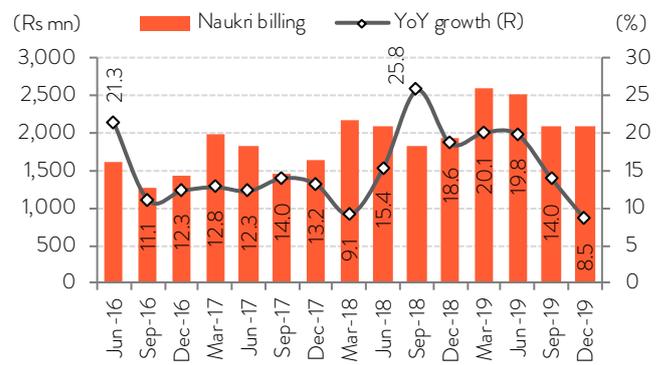
Naukri currently dominates the mass hiring segment (candidates with 2-10 years of experience) and LinkedIn leads in senior executive recruitment. While we expect both players to coexist in the medium-to-long term, we model for a steep slowdown in revenue growth at Naukri to 13.1% CAGR over FY20-FY22 vs. 16.9% in 9MFY20 and 17.5% in FY19.

FIG 7 – EXPECT COMPETITIVE STRESS TO TAKE A TOLL ON REVENUE



Source: Company, BOBCAPS Research

FIG 8 – BILLING GROWTH FELL TO 8.5% IN Q3FY20 – LOWEST SINCE DISCLOSURES BEGAN IN Q1FY15

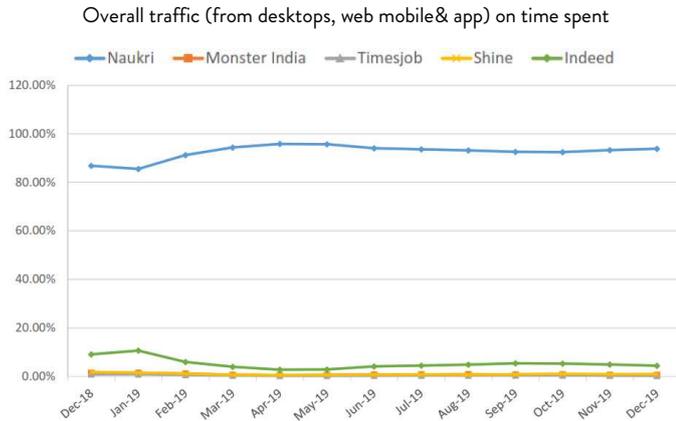


Source: Company, BOBCAPS Research

Business model losing sheen

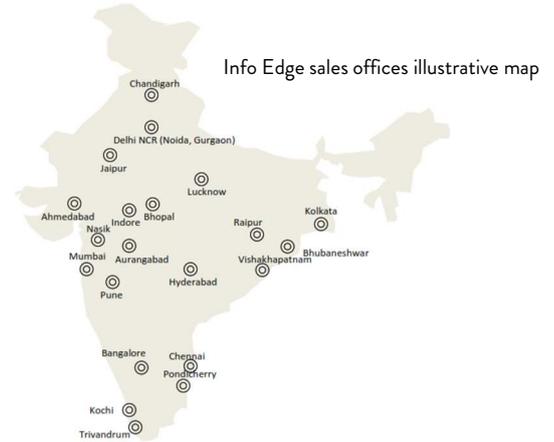
Naukri pioneered online job listings in India and successfully leveraged its first-mover advantage to secure market leadership. A concurrent increase in internet penetration in India and shift of recruitment advertising from print to online led to a 16.7% revenue CAGR for Naukri over FY10-FY19. The company’s consistent investment in sales & marketing efforts and IP creation continue to support 85%+ market share (excluding LinkedIn) among traditional job listing portals such as Monster India, TimesJobs, Shine and Indeed.

FIG 9 – 85%+ MARKET SHARE EXCLUDING LINKEDIN



Source: Company, SimilarWeb, BOBCAPS Research | Above chart excludes LinkedIn since much of the traffic may not pertain to jobs

FIG 10 – EXTENSIVE SALES PRESENCE IN INDIA



Source: Company, BOBCAPS Research | 3,041 sales staff as at end-Dec'19

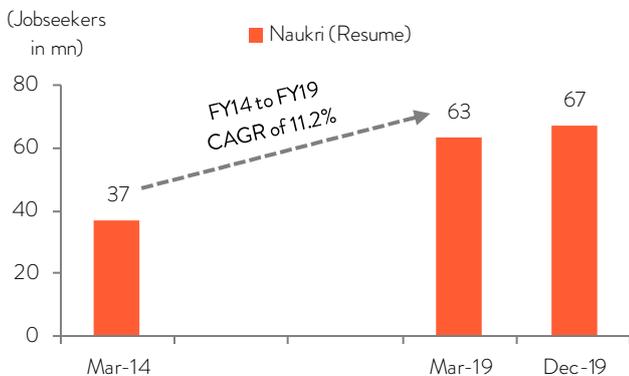
However, we believe Naukri’s business model could lose its sheen as non-traditional peer LinkedIn, backed by Microsoft, builds muscle in India. In our view, LinkedIn India’s rapidly growing userbase has reached critical mass (62mn vs. 67mn jobseekers on Naukri) and now poses a serious risk to the incumbent leader.

Steady inroads by LinkedIn in India

LinkedIn expanding user base faster than incumbent

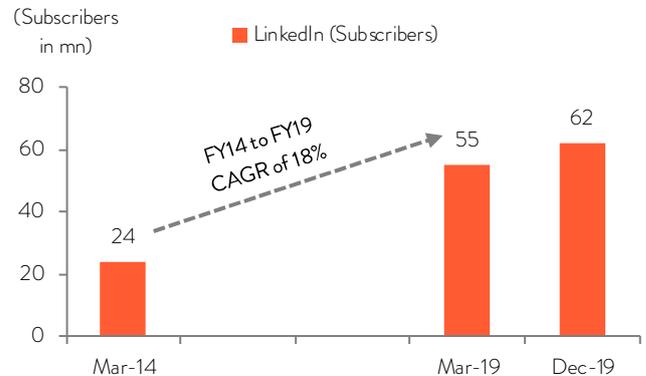
Despite a late start in India in 2009 as against Naukri’s launch in 1997, LinkedIn has made steady inroads into India over the last five years – building its second largest market by user base after the US. Over FY14-FY19, LinkedIn has expanded its customer base at 18% CAGR vs. 11% for Naukri, with user additions of 38mn (vs. 30mn) during FY14-9MFY20. At the same pace of growth, we estimate that the professional networking player will surpass Naukri’s user base over the next two years.

FIG 11 – NAUKRI’S JOBSEEKER BASE INCREASED AT 11% CAGR OVER THE LAST SIX YEARS



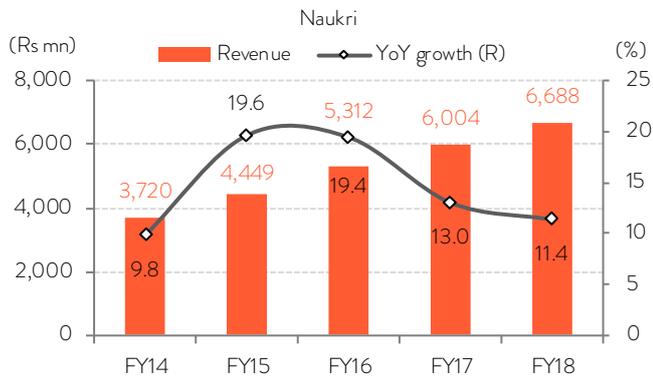
Source: Company, BOBCAPS Research

FIG 12 – LINKEDIN COMPOUNDED ITS SUBSCRIBER BASE AT 18% CAGR OVER THE SAME PERIOD



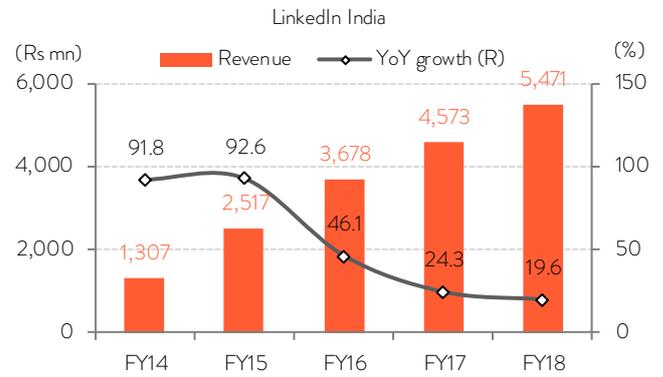
Source: Company, BOBCAPS Research

FIG 13 – SIMILARLY, NAUKRI’S REVENUE GREW AT 16% CAGR OVER FY14-FY18...



Source: Company, BOBCAPS Research

FIG 14 – ...AND LINKEDIN INDIA’S REVENUE GREW AT 43% CAGR OVER SAME PERIOD



Source: RoC, Company, BOBCAPS Research

Social networking creates a wide moat and competitive advantage for LinkedIn

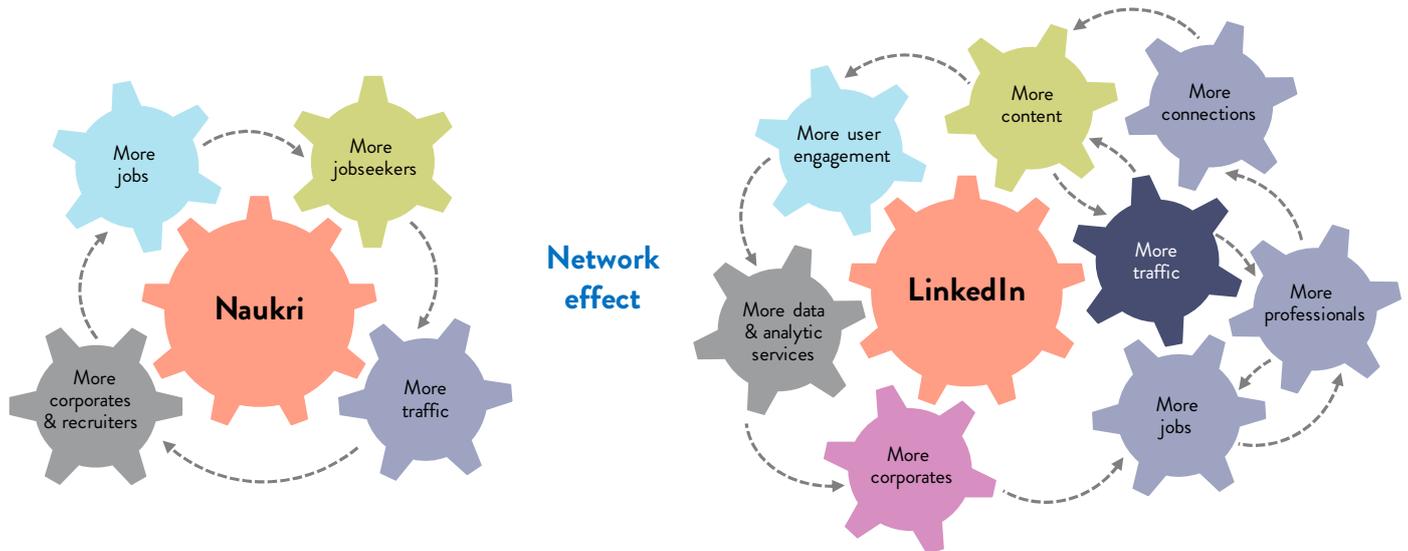
Social networking – a moat for LinkedIn...

Both Naukri and LinkedIn centre their business around jobseekers and employers, enabling users to look for employment and employers to shortlist suitable candidates. Despite this similarity, the founding premise of both platforms is radically different. Naukri was founded with the objective of organising job listings and resumes on an online platform, while LinkedIn’s vision was to build a professional social network. Thus, both players have created vastly different products for the same end-use, targeting the same category of users.

LinkedIn’s job classifieds-cum-social network proposition offers enhanced value to platform users, empowering them to develop a professional network. This distinguishing feature yields a clear edge over mere job listing platforms, including Naukri, as it amplifies the ‘network’ effect – crucial for the success of internet businesses. At LinkedIn, each new subscriber adds value to corporates (more candidates to choose from) as well as jobseekers (opportunity to expand connections).

Further, LinkedIn’s sales and marketing solutions offer significant benefits to corporate users, adding to the network effect and opening up new monetisation channels to tap into the advertising budgets of enterprise clients. The social networking model also creates an entry barrier for new professional network start-ups as well as a barrier to exit for subscribers/users, adding to the company’s sustainable moat.

FIG 15 – ADVANTAGES OF A PROFESSIONAL NETWORK OVER JOB LISTINGS



Source: Company, BOBCAPS Research

...a miss for Naukri

Naukri unable to fully tap into the network effect due to its limited talent solution

In contrast, Naukri has had limited success enhancing the network effect as services on the platform remain confined to recruitment or talent solutions. Organised listings of this nature served well when the internet was gaining ground and jobseekers began moving their job search online. But in today’s era of widespread social media connections, job classifieds alone are unlikely to engage or retain users.

In response to the changing market dynamics, INFOE did launch Brijj.com – a professional networking platform – in Aug’07. But this business failed to scale up despite the company’s leadership in the online recruitment advertising industry and its large cache of jobseekers. Brijj.com was eventually wound up.

FIG 16 – LINKEDIN VS. NAUKRI

Particulars	Naukri	LinkedIn (India)
No. of users (as at end-Dec’19)	67mn	62mn+
No. of companies (as at end-Dec’19)	59,265 (paying clients)	557,000+ (companies with a presence on the site)
Jobs	~500,000	~500,000 (weekly active jobs)
Services	Talent solutions	Talent solutions
	NA	Marketing solutions
	NA	Sales solutions
	NA	Learning solutions
Talent solution product	Job posting services	Job posting services
	Resume database access (Resdex)	Recruiter / Recruiter lite (access to jobseekers)

Particulars	Naukri	LinkedIn (India)
	NA*	Talent insights (analytics service)
	Assisted search	Pipeline builder
	Employer branding solution	Career pages / Work with us ads
	Recruitment management system	NA
	Employee referral	NA
User features	Job listing platform	Professional network
	NA	Professional content
	No networking opportunity	Empowers users
	Takes effort to locate relevant job	More relevant opportunities
Type of users	Active jobseekers	Active jobseekers
	NA	Non-jobseekers
Usage	High during job search, Low in other situations	More frequent
Cost of switching	Nil	Loss of professional network, recommendations, testimonials, etc.

Source: Company, BOBCAPS Research | *INFOE did publish two Naukri Trend reports for Q1 and Q2FY20 on an experimental basis, whereas LinkedIn’s Talent Insight service offers biannual bespoke data-driven talent insights

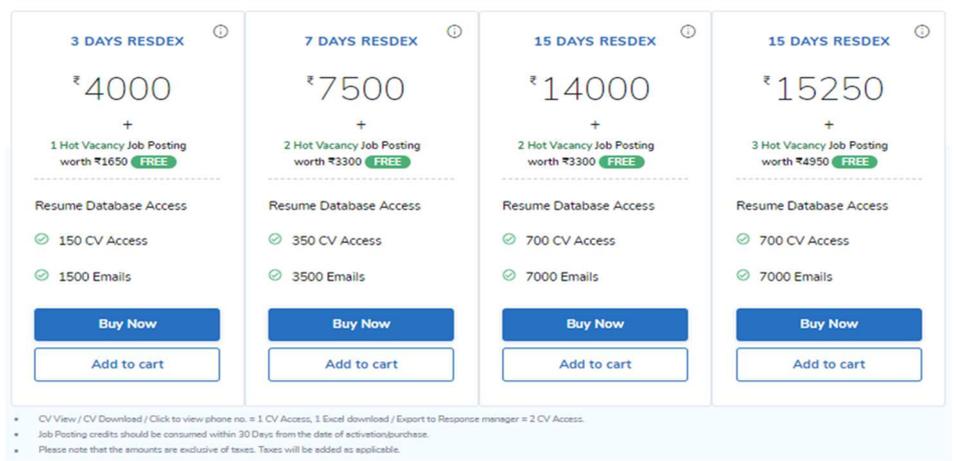
Naukri’s business moat vulnerable to LinkedIn juggernaut

Naukri.com is currently the platform of choice for bulk hiring in India. Its products (Resdex, Job Postings) make it a cost-efficient proposition for this market segment in comparison to LinkedIn – the cheapest comparable LinkedIn hiring solution, Recruiter Lite, offers only 30 InMail credits for US\$ 9.99/month (i.e. 30 direct messages by recruiters to LinkedIn members they’re not connected to).

As per our channel checks, the contact details of prospective jobseekers available with Naukri’s Resdex solution help generate quick responses for recruiters – serving to augment the platform’s popularity for mass hiring. In contrast, LinkedIn’s products offer selective access at premium prices to members through InMail.

Thus, whereas Naukri is the leader in mass recruitment, LinkedIn’s product positioning has helped it become a leader in India’s executive hiring market (candidates with 10 years of experience and above). But as both players cater to the same target groups of jobseekers and employers, an eventual face-off appears inevitable – one we believe Naukri’s moats will prove unequal to counter given LinkedIn’s innovative products, aggressive marketing and track record of market disruption.

FIG 17 – BASIC RESDEX PRODUCT STARTS FROM RS 4,000



Source: Company, BOBCAPS Research | Note: Above prices as on 20 Feb 2020

LinkedIn has a track record of disrupting the market

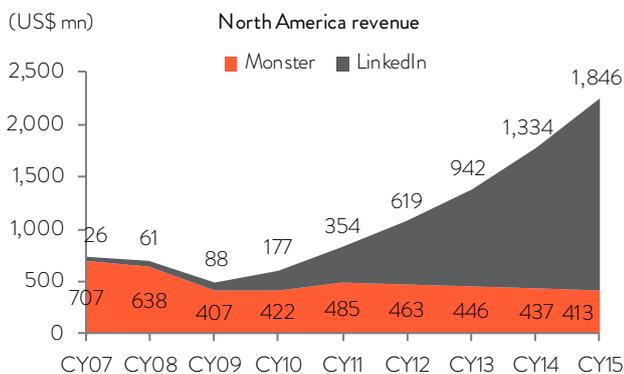
LinkedIn’s steady expansion in India is worrisome for Naukri, especially against the backdrop of its disruptive impact on incumbent leaders in other markets such as the US (Monster.com) and Australia (Seek.com).

Naukri’s predicament reminiscent of erstwhile US leader Monster.com

Case study 1: Monster.com and LinkedIn

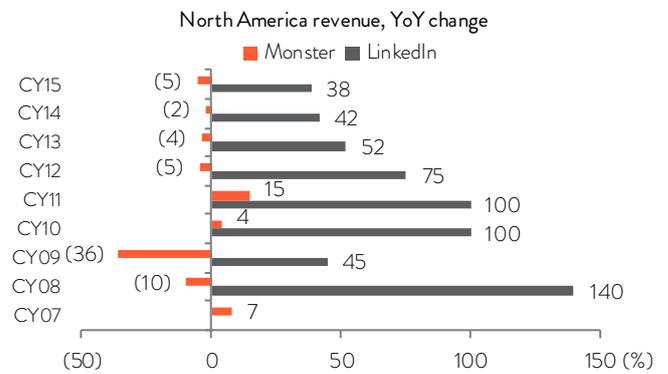
US-based Monster.com listed in 1996 and was a pioneer of the job search website, the online resume database and the job alerts concept – it stood at the top of the US online recruitment classifieds market for more than a decade. However, an inability to evolve in tandem with fast-changing internet trends took a toll on business – North America revenue and operating profits declined at a 6.5% and 13.3% CAGR respectively over CY07-CY15, while LinkedIn’s innovative networking model enabled it to become the jobs marketplace of choice, reporting a 71% North America revenue CAGR over the same period.

FIG 18 – LINKEDIN DISLODGED MONSTER.COM AS USA MARKET LEADER IN ONLINE RECRUITMENT



Source: Company, BOBCAPS Research

FIG 19 – N. AMERICA REVENUE FELL AT -6.5% CAGR AT MONSTER (CY07-CY15) VS. +71% GROWTH AT LINKEDIN



Source: Company, BOBCAPS Research

Seek's pricing power in home markets has been dented by LinkedIn

Case study 2: Seek.com and LinkedIn

Over the last decade, Australia's No. 1 online employment marketplace SEEK invested in several similar assets across the globe (employment platforms in 18 countries globally with market leading positions in 14 of these). In FY19, international business accounted for 64% of revenues, cushioning SEEK against the slow and volatile growth in its domicile Australian and New Zealand markets. In both markets, SEEK holds a leadership position with a total of ~13.2mn profiles vs. ~10mn profiles on LinkedIn. The company commands pricing power on the back of its market leadership, but increasing competition has impaired pricing growth.

FIG 20 – SEEK: HIGHER COMPETITION SLOWED GROWTH IN NATIVE MARKET



Source: Company, BOBCAPS Research | Note: ANZ = Australia & New Zealand

FIG 21 – SEEK'S ONLINE EMPLOYMENT MARKETPLACE LEADS IN 14 OF 18 COUNTRIES: DIVERSIFICATION CUSHIONS HOME MARKET CHALLENGES



Source: Company, BOBCAPS Research

Parent Microsoft’s deep pockets for innovation difficult to match

In the fast-evolving technology space, R&D spend on product/service upgrades and innovation as well as the acquisition of niche disruptive entities are crucial to keep tech firms competitive. Over the last decade, both LinkedIn and Naukri have invested to enhance job matching algorithms, semantic searches and intuitive suggestions. However, our product innovation and engineering scoreboard (Fig 22) suggests that INFOE scores far lower than LinkedIn.

LinkedIn spent US\$ 4bn on R&D in last three fiscal years

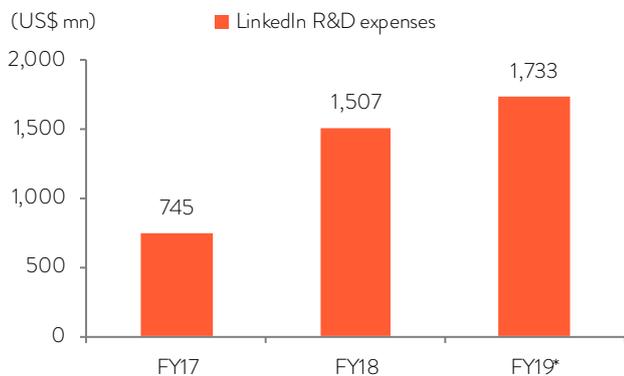
Backed by a strong cash-rich parent in Microsoft, LinkedIn spent US\$ 4bn on research and development over the last three fiscal years, focused at parity between users and recruiters/corporates. This included user experience enhancement and extensive analytics-driven recruitment features for recruiters and corporates. In contrast, we believe Naukri’s product innovation and engineering initiatives have been skewed towards an enhanced experience for recruiters.

FIG 22 – PRODUCT INNOVATION AND ENHANCEMENTS LAG AT NAUKRI

Parameters	LinkedIn	Naukri
R&D investments		
Capex and M&A		
User experience enhancement		
Recruiter experience enhancement		
New product/services rollout		
Overall score		

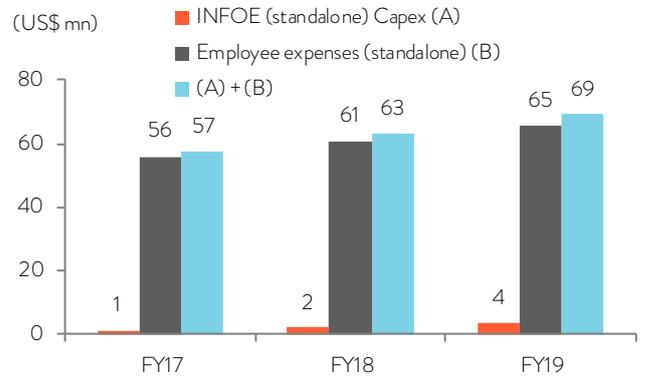
Source: BOBCAPS Research | Very high High Moderate Low Very low

FIG 23 – LINKEDIN SPENT US\$ 1.7BN+ ON R&D IN FY19



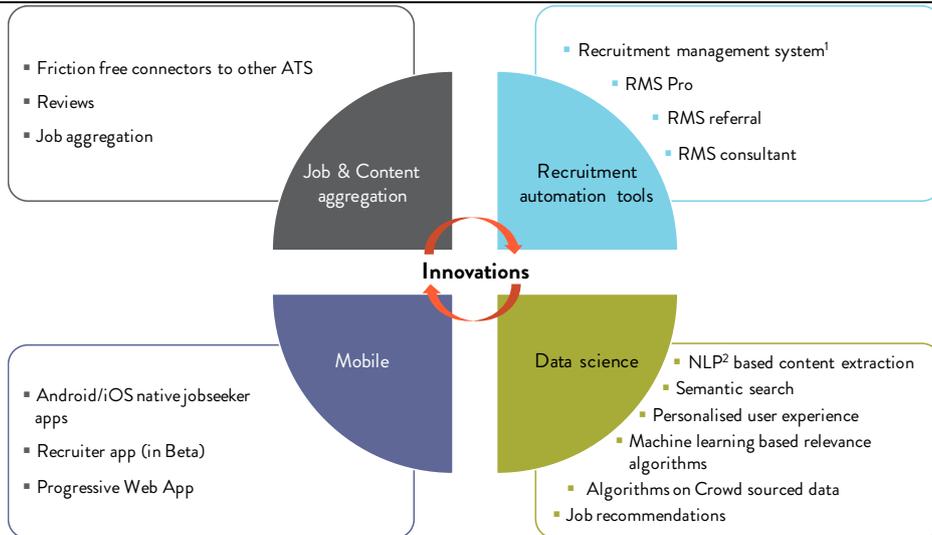
Source: Company, BOBCAPS Research | *FY19 data is our estimate calculated at 15% YoY growth, similar to Microsoft’s overall R&D expense growth of 15% in FY19

FIG 24 – INFOE SPENT US\$ 69MN COLLECTIVELY ON CAPEX AND WAGES IN FY19



Source: Company, BOBCAPS Research

FIG 25 – INFOE PRODUCT INNOVATION STRATEGY



Source: Company, BOBCAPS Research | 1 All solutions earlier pertaining to CSM (career site manager), response management, application tracking, and referral hiring tool are being rebranded into an automated end-to-end hiring process tool called Naukri Recruitment Management System (Naukri RMS). 2 NLP = Natural Language Processing

FIG 26 – NAUKRI’S NASCENT INITIATIVES IN FY20

Type	Particulars
Platform acquired for allied jobs market	Blue Collar
Investments	Acquired minority stakes in GeyHR, Coding Ninjas
Experimenting with outcome-based business models	BigShyft

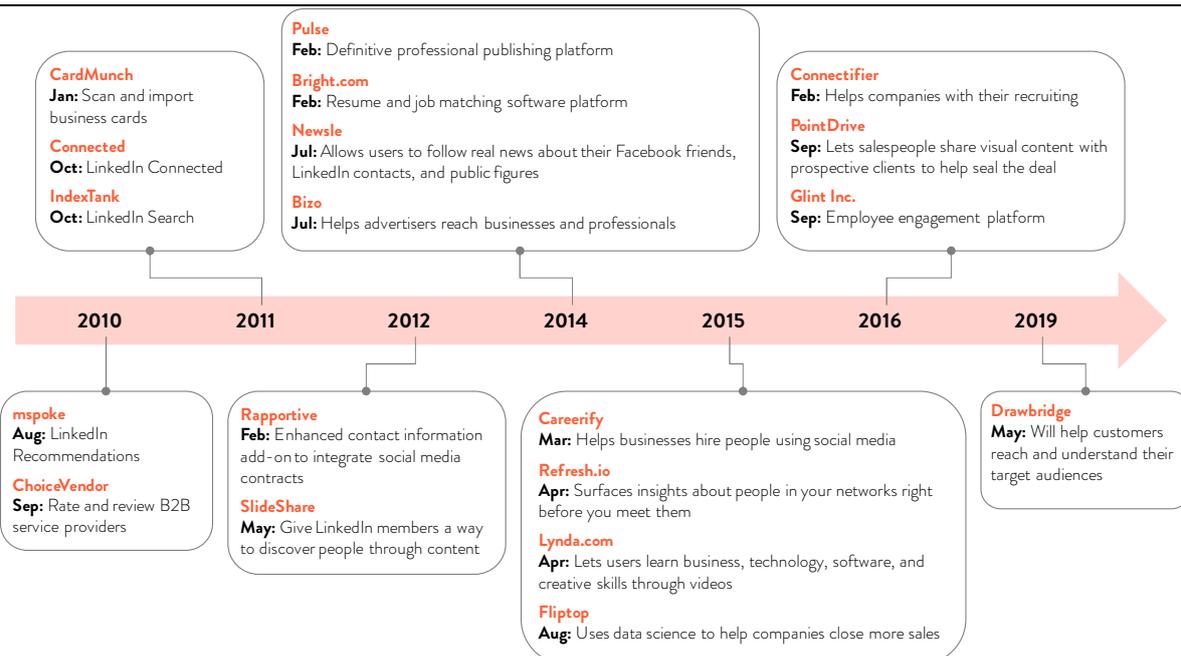
Source: Company, BOBCAPS Research

FIG 27 – INFOE HAS ACQUIRED FOUR ASSETS TO STRENGTHEN NAUKRI.COM SINCE LISTING IN FY07...

Acquisition	Timeline	Remark
Toostep Consultancy Pvt Ltd	FY13	Helps refine resume management application
MakeSense Technologies Ltd	FY13	Helps refine semantic search engine
AmbitionBox.com	FY18	A discovery platform that assists jobseekers with company reviews, company information, interview tips and advice
Highorbit Careers Pvt Ltd	FY20	Brought 'iimjobs.com' under INFOE

Source: Company, BOBCAPS Research

FIG 28 – ...WHEREAS LINKEDIN HAS INKED 19 M&A DEALS OVER THE PAST DECADE



Source: Company, BOBCAPS Research

Higher strategic focus under tech giant Microsoft – pay of top 5 executives linked to LinkedIn performance

FIG 29 – IN OCT’18 MICROSOFT ANNOUNCED THAT LINKEDIN SESSIONS WILL HAVE 6% WEIGHT FOR ESOP AWARD VS. NIL EARLIER

Weights for Stock options	Prior to FY18	FY18-FY20 (Jun ending)
Commercial cloud revenue	34	34
Commercial cloud subscribers	33	33
Windows 10 monthly active devices	11	11
Consumer post-sales monetisation gross margin	11	11
LinkedIn sessions	NA	6
Surface gross margin	11	5
Total	100	100

Source: Company, BOBCAPS Research

Naukri advertising aggressively after a long hiatus

Higher competitive intensity pushing up advertising spends

In CY19, LinkedIn and Naukri both increased marketing and advertisement spends. LinkedIn India launched its second branding campaign in the country (#InItTogether) and scaled up its television advertisement spend two-and-a-half times over CY18 (as per TMS Media Search). Its brand campaign in India kicked off with the Indian Premier League (IPL) in Apr’19. Naukri followed suit, ramping up marketing and advertising including television commercials in FY20 after a long hiatus from media – raising A&P spends 36% YoY in H1.

FIG 30 – LINKEDIN SCALED UP TV ADVERTISEMENT 2.5X IN CY19 VS. CY18

LinkedIn Brand Campaigns – CY19

Campaign	#InItTogether
India Launch	IPL 2019 (23-Mar)
	Aired on 49 TV channels in 2019 vs. 17 in 2018
	Spots on premium English channels (news, movies, entertainment, infotainment) and Hotstar
	Rs 290mn spent during first few days of IPL
	Outdoor advertising, which includes billboards, bus shelters, metro wraps, airports in Mumbai, Delhi and Bangalore
Campaign	LinkedIn MTV Get a Job
Launch	2015 (running to date)
Target	Students and career starters

Source: BOBCAPS Research

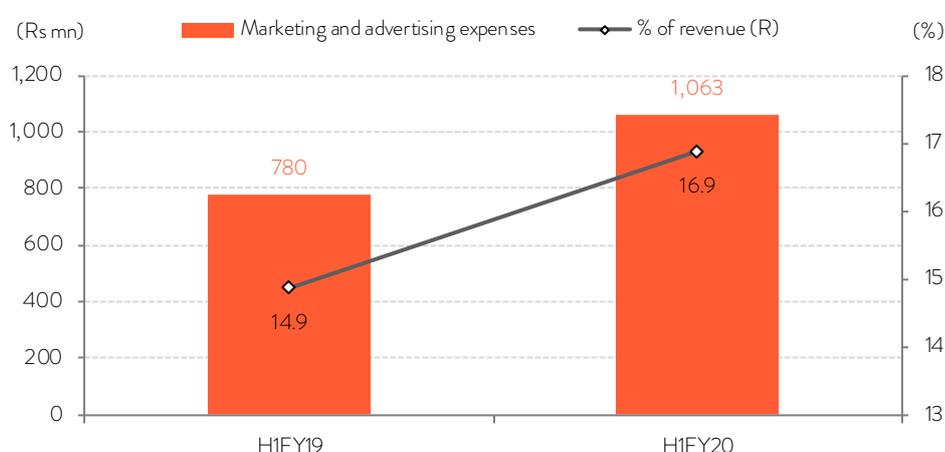
FIG 31 – NAUKRI FOLLOWED SUIT WITH AGGRESSIVE MARKETING IN H1FY20 (POST A LONG GAP IN ADVERTISING)

Timeline	INFOE management commentary
Q4FY19 May’19	<ul style="list-style-type: none"> Expect FY20 spends to be higher than FY19 in all verticals Have invested aggressively with a mix of television and media advertising in key cities Spent a lot more on marketing in Naukri this year over last year

Timeline	INFOE management commentary
Q1FY20 Aug'19	<ul style="list-style-type: none"> Increased marketing spend substantially in all businesses, specifically in Naukri and Jeevansathi. Overall spend on marketing for the quarter was ~Rs 550mn, up 46% YoY Also invested aggressively in marketing last quarter, especially in television, brand building and outdoor campaigns. New ad film made for television a few months ago. Results have been very encouraging Spend will continue for two quarters at least Advertisements spread over multiple platforms – Facebook, YouTube, Google, app marketing campaigns, TV
Q2FY20 Nov'19	<ul style="list-style-type: none"> Marketing and brand building have been limited for several years, with a lack of a media presence – hence, very aggressive in Naukri in the first half this year

Source: Company, BOBCAPS Research

FIG 32 – 36% YOY INCREASE IN INFOE’S MARKETING AND ADVERTISING EXPENSES IN H1FY20



Source: Company, BOBCAPS Research

Economic weakness and competition to mute Naukri revenue growth

Expect sharp growth slowdown at Naukri

Naukri’s billing growth, a near-term lead indicator, fell sharply in the Dec’19 quarter to 8.5% – this marks a low since the company started disclosures in Q1FY15, as economic weakness spread beyond auto and manufacturing to IT/ITES segment hiring. We expect rising competitive pressures and a weak macro climate to slow revenue growth for the business to 13.4%/12.8% YoY in FY21/FY22 vs. 17.5% in FY19 and 16.9% in 9MFY20.

FIG 33 – NAUKRI REVENUE AND EBITDA ESTIMATES

Particulars	FY18*	FY19*	FY20E	FY21E	FY22E
Revenue (Rs mn)	6,688	7,859	9,077	10,290	11,608
Revenue growth (%)	11.4	17.5	15.5	13.4	12.8
EBITDA margin (%)	57.1	55.3	56.9	56.0	55.5

Source: Company, BOBCAPS Research | *Assumes depreciation charge in similar proportion to revenue as at companywide level

99acres – elusive profitability

INFOE’s real estate search portal 99acres (17% revenue share in FY19) is the leading online marketplace for property listings in India. Revenue from 99acres.com has surged nearly 14-fold over FY09-FY19, but the business lacks profitability. Over 80% of the portal’s listings are for residential property – a segment facing persistent weakness. Further, high competition marked by a narrowing traffic-share lead over the second largest peer impedes the path to predictable, profitable growth.

Falling traffic-share lead to inflate A&P spend at 99acres

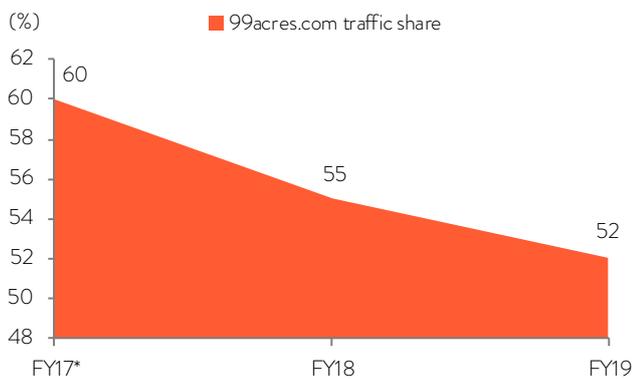
In 9MFY20, 99acres reported positive EBITDA of ~Rs 90mn. We expect future profitability to be elusive as increased competition from MagicBricks.com and Housing.com will drive up advertising and marketing spend moving into FY21. We bake in a revenue CAGR of 17.7% over FY20-FY22 vs. 42%/25% YoY growth in FY19/9MFY20, accompanied by 10ppt EBITDA margin contraction.

FIG 34 – 99ACRES REVENUE AND EBITDA MARGIN ESTIMATE

Particulars	FY18*	FY19*	FY20E	FY21E	FY22E
Revenue (Rs mn)	1,354	1,919	2,280	2,708	3,159
Revenue growth (%)	9.8	41.7	18.8	18.8	16.6
EBITDA margin (%)	(24.2)	(12.5)	0.0	(5.0)	(10.0)

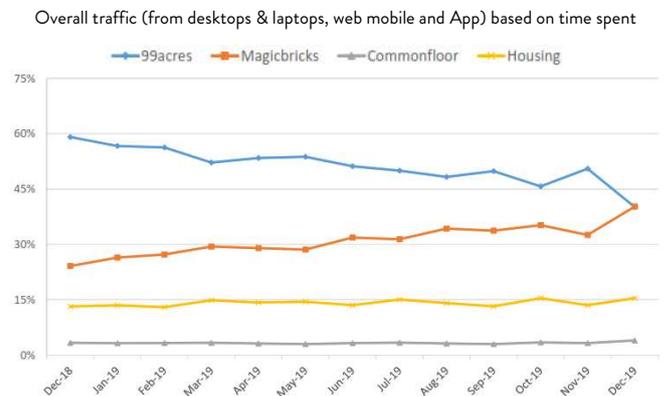
Source: Company, BOBCAPS Research

FIG 35 – 99ACRES HAD 52% MARKET SHARE IN FY19...



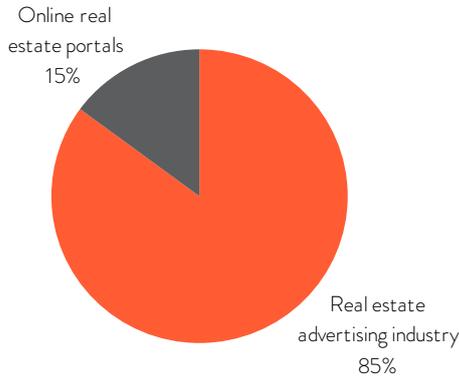
Source: Company, BOBCAPS Research | *99acres ended FY17 with 60% market share; average market share considered for FY18 and FY19

FIG 36 – ...BUT ONLY A NARROW LEAD OVER NO. 2 PLAYER MAGICBRICKS



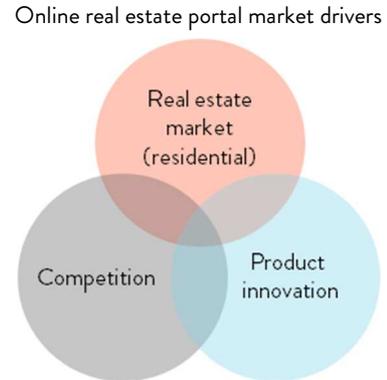
Source: SimilarWeb, Company, BOBCAPS Research

FIG 37 – ONLINE PROPERTY PORTALS ACCOUNT FOR 15%+ SHARE OF REAL ESTATE ADVERTISING SPEND



Source: Company, BOBCAPS Research | Based on INFOE FY17 estimates

FIG 38 – IN ABSENCE OF INNOVATION, COMPETITION & REAL ESTATE MARKET CLIMATE ARE KEY DRIVERS



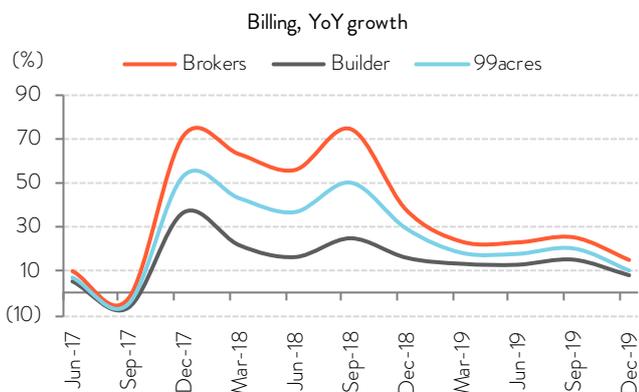
Source: Company, BOBCAPS Research

FIG 39 – 99ACRES HAS 83% OF ITS LISTINGS IN RESIDENTIAL REAL ESTATE – A SEGMENT SEEING PERSISTENT WEAKNESS



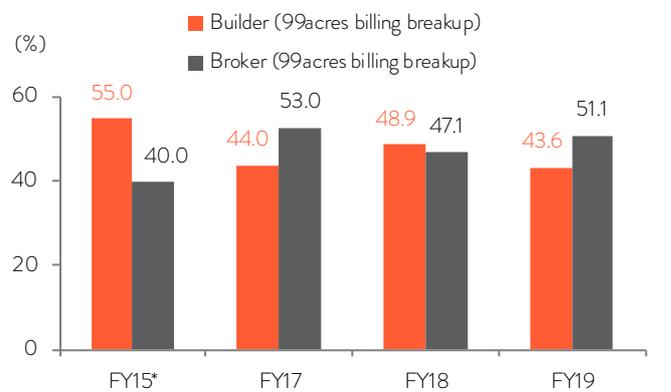
Source: Company, BOBCAPS Research

FIG 40 – 99ACRES BILLING GROWTH MODERATED IN DEC'19 QUARTER



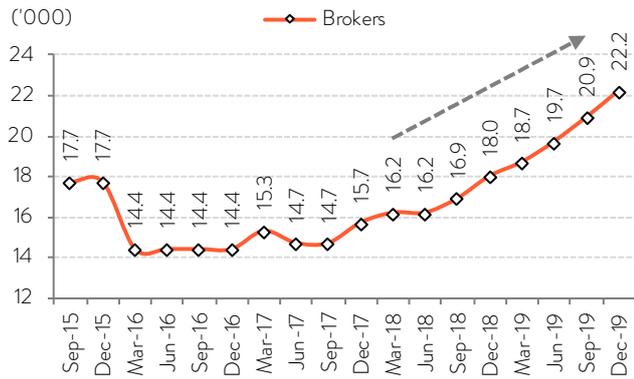
Source: Company, BOBCAPS Research

FIG 41 – BROKERS/CHANNEL PARTNERS NOW CONTRIBUTE MAJORITY OF REVENUE AT 99ACRES



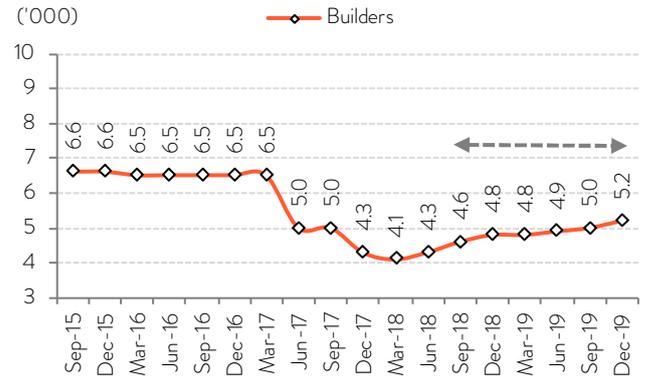
Source: Company, BOBCAPS Research | *Data not available for FY16; FY15 is sourced from management comment in Mar'15 quarter earnings call transcript

FIG 42 – BROKERS DRIVING GROWTH...



Source: Company, BOBCAPS Research

FIG 43 – ...BUILDERS RELATIVELY SUBDUED



Source: Company, BOBCAPS Research

FIG 44 – AGGRESSIVE ADVERTISING SPEND BY PEERS

Competitive intensity based on marketing spends by competitors	Q4FY19	Q1FY20	Q2FY20	Q3FY20
MagicBricks	Aggressive	Aggressive	Aggressive	Aggressive
Housing	Aggressive	Aggressive	Aggressive	Aggressive
CommonFloor	Moderate	Moderate	Moderate	Moderate

Source: Company, BOBCAPS Research ■ Aggressive ■ Moderate ■ Low

FIG 45 – PROFITABILITY TYPICALLY UNDERPINNED BY MARKET DOMINANCE

Company	Revenue (last financial year)	Profitability	Market share lead
Rightmove	GBP 268mn	74.1% EBIT margin	~80% market share in H1CY19, more than 5x that of the second largest peer
REA Group	AUD 875mn	57.3% adj. EBITDA margin* 28.9% reported EBIT margin	56% traffic share in Australia (residential & commercial real estate sites), over 2x that of the second largest peer Asian operations include market-leading property sites in Malaysia, Indonesia, Hong Kong and Thailand, with prominent portals in Singapore and China
Zillow	USD 1.3bn	0.8% EBIT margin ex-impairment costs 5.4% reported EBIT losses	50%+ market share spread across two large online portals, but the second portal (owned by Zillow) has a sub-5% market share lead over the No. 3 peer

Source: Company, BOBCAPS Research | *Excludes significant non-recurring items such as revaluation, unwind and finance costs of contingent consideration, transaction costs relating to acquisitions by associates, and impairment of goodwill and investments in associates.

Jeevansathi – poor prospects

EBITDA bleed in Jeevansathi to continue

Backed by aggressive advertising spends, INFOE’s matrimony website Jeevansathi.com (6.6% revenue share in FY19) is likely to deliver healthy topline traction, but widening operating losses. An inherently fragmented market and the chase for market share saw EBITDA losses surge from Rs 79mn in FY17 to Rs 338mn in FY19. While we build in an FY20-FY22 revenue CAGR of 15% compared to 5%/14% YoY growth in FY19/9MFY20, we expect the profit bleed to continue.

FIG 46 – JEEVANSATHI REVENUE AND EBITDA MARGIN ESTIMATES

Particulars	FY18	FY19	FY20E	FY21E	FY22E
Revenue (Rs mn)	687	723	832	957	1,100
Revenue growth (%)	18.5	5.2	15.0	15.0	15.0
EBITDA margin (%)	(35.5)	(46.8)	(60.0)	(55.0)	(50.0)

Source: Company, BOBCAPS Research

Inherently fragmented market

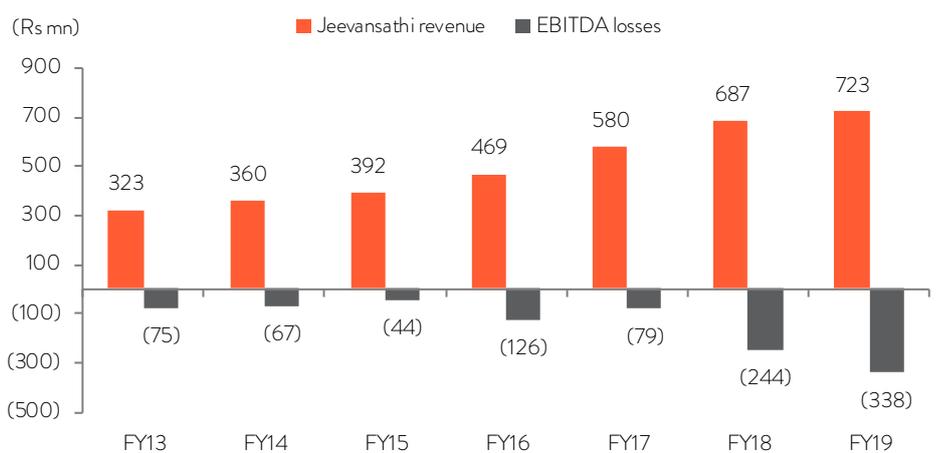
Online matrimony portals have innate disadvantages over other internet services due to a shorter client lifecycle that limits the network effect. Moreover, India’s complex cultural, community-based norms have led to a fragmentation and subdivision of the market.

Three players including Jeevansathi boast dominance in different submarkets: (1) BharatMatrimony.com dominates states in South India and non-resident Indians from these states, (2) Shaadi.com leads in Gujarat and Punjab and with non-resident Indians from these states, (3) INFOE’s Jeevansathi.com leads in certain North Indian communities and states.

Laggardly market share

Unlike INFOE’s recruitment and real estate portals, Jeevansathi lacks a dominant market share positioning, lagging behind BharatMatrimony and Shaadi. In our view, Jeevansathi will continue to face growth and market share challenges, considering the innately fragmented industry and the relentless quest of industry peers to maintain their regional strongholds and simultaneously expand market share.

FIG 47 – JEEVANSATHI CHASING MARKET SHARE AT EXPENSE OF PROFITS



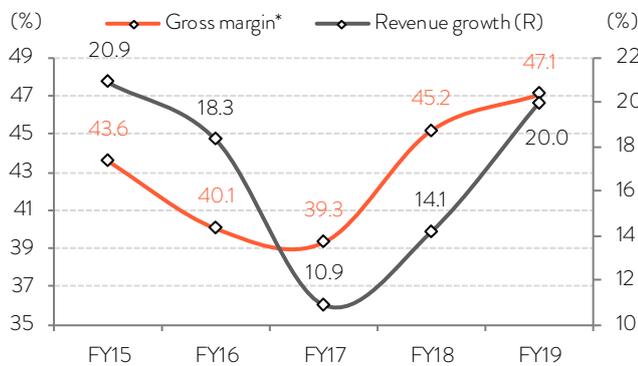
Source: Company, BOBCAPS Research

Rising competition to subdue earnings

We model for a 4% adj. EPS CAGR for INFOE

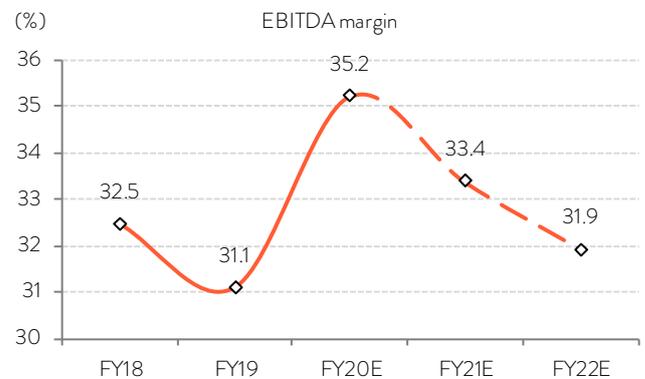
As revenue growth slows, we expect lower operating leverage to drive 330bps contraction in INFOE’s EBITDA margin over FY20-FY22 to 31.9%. Any unexpected increase in competitive intensity may necessitate higher advertisement and marketing spend, further putting margins at risk. We thus expect earnings to lag revenue growth over FY20-FY22 and model for an EBITDA/adj. EPS (excl. non-recurring expense) CAGR of 12%/4% vs. a revenue CAGR of 14%. Moreover, a widespread hiring slowdown on weak macro will also weigh on INFOE’s growth.

FIG 48 – OPERATING LEVERAGE AT PLAY IN LAST FIVE YEARS



Source: Company, BOBCAPS Research | *Gross profits refer to revenue less employee expenses, network and direct charges, and other expenses

FIG 49 – EXPECT REVENUE GROWTH MODERATION TO WEIGH ON OPERATING MARGINS



Source: Company, BOBCAPS Research

INFOE has a poor investment monetisation record

Investee companies – exit strategy holds key

INFOE’s investments in technology companies are reminiscent of the venture capital investment approach, characterised by high-risk high-returns, equity participation for capital gains and lack of liquidity. Successful exits hold the key for value unlocking of such investments.

However, INFOE has a limited monetisation track record – of 31 investments totalling Rs 14.6bn (listed in Annexure A), the company has only part-monetised two, viz. Zomato for US\$ 50mn in FY18 and PolicyBazaar for Rs 1.3bn in FY16, and announced a full exit from one, viz. Meritnation for Rs 500mn. The Meritnation sale was concluded this quarter at a loss of Rs 1bn.

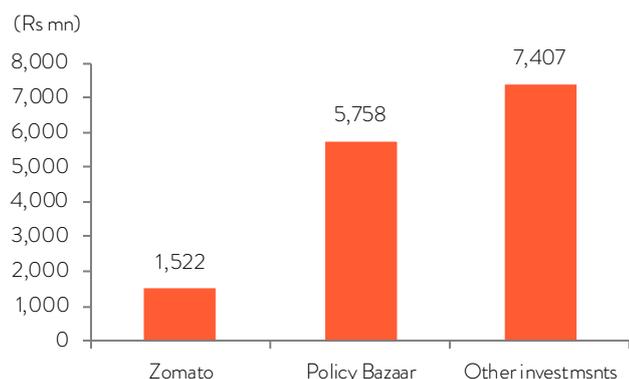
FIG 50 – LIMITED MONETISATION TRACK RECORD

Timeline	Portfolio company	Consideration	Comment
FY18	Zomato	US\$ 50mn	Part-monetised stake in Zomato by selling 6.66% for US\$ 50mn to Ant Financial. Secondary stake sale carried out only to provide sizeable stake to Ant Financial, per management
FY16	PolicyBazaar	Rs 1.3bn	Sold 49.9% of its stake in PolicyBazaar to Temasek (routed through subsidiaries)
FY20	Meritnation	Rs 500mn	Announced the sale of its entire stake in Meritnation to Aakash Educational Services for Rs 500mn (loss of ~Rs 1bn)

Source: Company, BOBCAPS Research

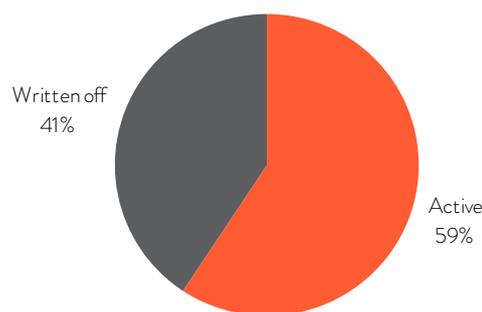
Moreover, unlike many street participants, we believe the stakes in investee portfolio companies warrant discounted valuations to factor in implicit associate entity discount for potential tax liability on monetisation, lack of control and limited liquidity.

FIG 51 – RS 14.6BN IN INVESTEE COMPANIES SO FAR



Source: Company, BOBCAPS Research

FIG 52 – 40%+ OF INVESTMENTS EX-ZOMATO AND POLICYBAZAAR WRITTEN OFF OR PROVIDED FOR



Source: Company, BOBCAPS Research | Note: Chart depicts INFOE's portfolio investments of Rs 7.4bn excluding Zomato and PolicyBazaar

FIG 53 – ZOMATO VALUATIONS IN VARIOUS FUNDING ROUNDS

Date	Valuation (US\$ mn)
Aug-10	3
Sep-11	15
Sep-12	112
Feb-13	54
Oct-13	159
Nov-14	624
Mar-15	789
Sep-15	951
Feb-18	1,100
Oct-18	2,000
Jan-20	3,000

Source: VCC Edge, Company, BOBCAPS Research

FIG 54 – POLICYBAZAAR VALUATIONS IN VARIOUS FUNDING ROUNDS

Date	Valuation (US\$ mn)
Sep-08	9
Apr-11	21
Mar-13	30
May-14	95
Mar-15	210
Sep-17	485
Jun-18	1,000
Dec-19	1,497

Source: VCC Edge, Company, BOBCAPS Research

Valuation methodology

Street not factoring in risk to INFOE's mainstay business

**Core valuations of 58x/53x
FY21E/FY22E fully price in
Naukri's dominance**

INFOE's stock price has increased at a 30%+ CAGR over the last decade (FY10 to date) backed by (1) strong growth and cash generation in Naukri, (2) asset diversification (99acres, Jeevansathi, active investments in internet startups), and (3) successes in select investee companies (Zomato and PolicyBazar.com). Current core business valuations of 58.2x/54.2x FY21E/FY22E EPS (assuming Rs 718/sh of embedded value for non-core business) fully factor in Naukri and 99acres's industry dominance, in our view.

The recent stock correction in Feb'20 (down 15%+ from its peak) is largely due to growth concerns led by slow macro dynamics. In our view, the street is not adequately factoring in the structural risk to Naukri's leadership (71% of INFOE's FY19 revenue and its sole cash generating business) from the LinkedIn juggernaut.

Initiate with SELL

**Initiate with SELL and a TP of
Rs 2,080**

We initiate coverage on INFOE with SELL and a Mar'21 sum-of-the-parts (SOTP) target price of Rs 2,080. Our SOTP model includes (1) Rs 1,101/sh for Naukri (30x FY22E EPS), (2) Rs 218/sh for 99acres (8.5x sales), (3) Rs 45/sh for Jeevansathi (5x sales), and (4) Rs 531/sh stakes in key investee companies (Zomato and PolicyBazaar) based on their latest funding rounds. A reverse DCF value of Rs 1,101/sh for Naukri implies a steep 15.7% revenue CAGR for the business over the next ten years (vs. 16.7% CAGR over FY10-FY19).

FIG 55 – SOTP VALUATION SNAPSHOT

SOTP valuation	Method	Value (Rs mn)	% stake	Value of stake (Rs mn)	Value per share (Rs)	% of total value
Naukri	30x FY22E P/E	1,35,457	100	1,35,457	1,101	53
99acres	8.5x FY22E sales	26,852	100	26,852	218	10
Jeevansathi	5x FY22E sales	5,502	100	5,502	45	2
Zomato	Valued at US\$ 3bn*	2,13,000	23	48,351	393	19
PolicyBazaar	Valued at US\$ 1.5bn*	1,06,500	16	16,934	138	7
Other investments	Book value	4,392	NA	4,392	36	2
Cash and Cash equivalents	Book value	18,690	100	18,690	152	7
Target price (Rs/sh)					2,080	

Source: BOBCAPS Research | *As implied by Dec'19 and Jan'20 funding rounds

FIG 56 – REVERSE DCF VALUATION FOR NAUKRI IMPLIES STEEP REVENUE ASK (15.7% CAGR OVER NEXT 10 YEARS VS. 16.7% CAGR OVER FY10-FY19)

Naukri reverse DCF	
Cost of equity (%)	12.5
Terminal growth rate (%)	4.5
Total value of discounted cash flow (Rs mn)	54,220
Terminal value (Rs mn)	80,858
Total EV (Rs mn)	1,35,078
Value per share (Rs/sh)	1,100

Source: BOBCAPS Research

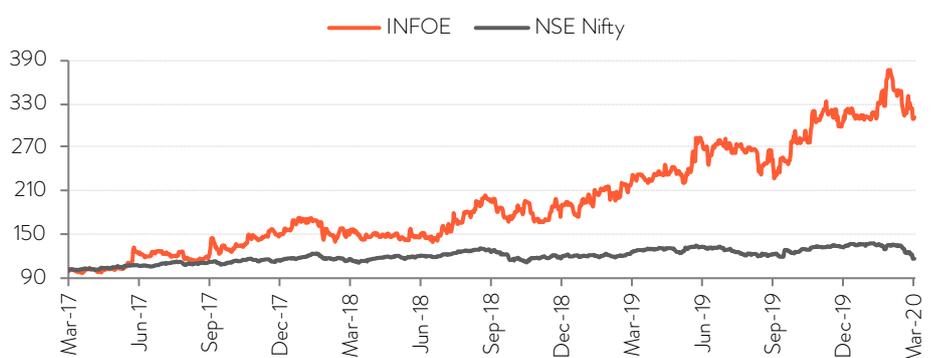
FIG 57 – SELECT INTERNET STOCK VALUATION SUMMARY

Company	Price (US\$/sh)	Mcap (US\$ mn)	Sales (US\$ mn)				EPS(US\$/sh)				EBITDA (US\$ mn)				EBITDA margins (%)			
			FY19A	FY20E	FY21E	FY22E	FY19A	FY20E	FY21E	FY22E	FY19A	FY20E	FY21E	FY22E	FY19A	FY20E	FY21E	FY22E
Info Edge	32.4	3,971	157	180	213	251	0.3	0.4	0.5	0.6	49	60	76	93	31.1	33.2	35.6	37.1
Just Dial	5.3	343	128	135	144	156	0.4	0.5	0.6	0.6	33	37	39	42	25.7	27.5	27.4	27.1
Affle India	19.1	488	36	49	64	83	0.3	0.4	0.5	0.7	10	13	17	24	28.0	26.3	27.3	28.6
Indiamart Intermesh	31.6	913	76	90	105	121	NA	0.7	0.9	1.2	7	22	26	33	8.8	24.2	24.7	27.5
Seek	11	3,948	599	1106	1310	1490	0.1	0.2	0.3	0.4	161	295	353	416	26.9	26.7	26.9	27.9
Recruit Holdings	30	50,040	5,598	23,720	25,324	27,217	0.3	1.1	1.3	1.5	903	3,298	3,759	4,299	16.1	13.9	14.8	15.8
Rightmove	7	6,265	183	377	402	430	0.1	0.3	0.3	0.3	135.2	288.8	306.0	327.8	73.8	76.7	76.1	76.2
Rea Group	56	7,390	301	605	591	672	0.8	1.6	1.6	1.9	182.9	351.2	356.9	414.1	60.7	58.0	60.3	61.6
Zillow Gro-C	41	8,672	944	2,614	4,940	7,469	NA	(0.6)	(1.1)	(0.7)	(48.0)	9.6	(22.4)	42.4	(5.1)	0.4	(0.5)	0.6

Company	ROE (%)				EV (US\$ mn)	Net cash/ Debt (US\$ mn)	P/E (x)				EV/EBITDA (x)				EV/Sales (x)			
	FY19A	FY20E	FY21E	FY22E			FY19A	FY20E	FY21E	FY22E	FY19A	FY20E	FY21E	FY22E	FY19A	FY20E	FY21E	FY22E
Info Edge	26.3	13.3	16.1	18.4	3,911	(64)	98.0	89.5	66.0	50.8	80.1	65.3	51.4	42.0	24.9	21.7	18.3	15.6
Just Dial	20.9	22.7	21.0	18.2	335	(8)	11.9	9.6	9.4	8.4	10.2	9.1	8.5	8.0	2.6	2.5	2.3	2.2
Affle India	NA	44.4	35.2	34.9	485	(3)	66.5	52.7	36.1	25.6	48.5	37.6	27.8	20.3	13.6	9.9	7.6	5.8
Indiamart Intermesh	NA	62.8	47.1	43.2	822	(98)	NA	43.0	34.7	26.2	123.0	37.9	31.8	24.6	10.8	9.2	7.8	6.8
Seek	11.3	8.7	11.9	15	5,037	976	76.2	46.2	33.9	26.1	31.3	17.1	14.3	12.1	8.4	4.6	3.8	3.4
Recruit Holdings	20.2	18.3	18.1	18	50,185	69	101.3	26.4	23.0	19.6	55.6	15.2	13.4	11.7	9.0	2.1	2.0	1.8
Rightmove	642.0	439.6	897.0	1,350.2	6,234	(32)	58.7	28.1	26.0	23.6	46.1	21.6	20.4	19.0	34.0	16.5	15.5	14.5
Rea Group	27.0	32.7	32.1	32.6	7,546	169	73.1	34.9	36.1	29.5	41.2	21.5	21.1	18.2	25.0	12.5	12.8	11.2
Zillow Gro-C	(9.1)	(3.7)	(19.8)	(51.1)	8,762	91	NA	(67.6)	(38.0)	(55.7)	(182.5)	909.3	(391.7)	206.6	9.3	3.4	1.8	1.2

Source: Bloomberg, Company, BOBCAPS Research. Prices as on 11th March 12, 2020.

FIG 58 – RELATIVE STOCK PERFORMANCE



Source: NSE

Key risks

Upside risks to our estimates include:

- significant scale-up of any of the investee companies (excluding Zomato and PolicyBazaar);
- favourable turnaround in India’s residential real estate industry, uplifting growth and profitability at 99acres; and
- above-expected market share gains by Jeevasathi.

Annexure A

FIG 1 – INFOE'S INVESTMENTS

SN	Investee company	Website	Book value of investments (Rs mn)	% stake
Active				
1	Zomato Media Pvt Ltd	www.zomato.com	1,522	22.7
2	Applect Learning Systems Pvt Ltd	www.meritnation.com	775	65.7
3	Etechaces Marketing and Consulting Pvt Ltd	www.policybazaar.com	5,758	15.9
4	Happily Unmarried Marketing Pvt Ltd	www.happilyunmarried.com	323	42.3
5	Unnati Online Pvt Ltd	www.unnatihelpers.com	40	28.6
6	Ideaclicks Infolabs Pvt Ltd	www.zippserv.com	54	45.3
7	Wishbook Infoservices Pvt Ltd	www.wishbooks.io	59	30.2
8	NoPaperForms Solutions Pvt Ltd	www.nopaperforms.com	337	48.1
9	International Educational Gateway Pvt Ltd	www.university.com	135	29.6
10	Agstack Technologies Pvt Ltd	www.gramophone.in/	204	33.2
11	Bizcrum Infotech Pvt Ltd	www.shoekconnect.com	160	32.9
12	Medcords Healthcare Solutions Pvt Ltd	www.medcords.com/	52	11.4
13	Printo Document Services Pvt Ltd	www.printo.in/	250	25.1
14	Shop Kirana E Trading Pvt Ltd	shopkirana.com/	604	25.4
15	Greytip Software Pvt Ltd	www.greythr.com/	350	20.3
16	Metis Eduventures Pvt Ltd (Adda_24*7)	www.adda247.com/	280	17.0
17	Terralytics Analysis Pvt Ltd (Teal)		50	20.0
18	LQ Global Services Pvt Ltd	www.legitquest.com/	15	16.7
19	Llama Logisol Pvt Ltd (Shipsy)	www.shipsy.in/	50	10.0
20	Sunrise Mentors Pvt Ltd (Coding Ninja)	www.codingninjas.com/	370	25.0
21	Qyuki Digital Media Pvt Ltd		180	7.0
22	Dotpe Pvt Ltd		104	7.5
Total			11,672	
Written-off or exited				
1	VCARE Technologies Pvt Ltd	dirolabs.com	40	
2	Kinobeo Software Pvt Ltd	www.mydala.com	270	
3	Canvera Digital Technologies Pvt Ltd	www.canvera.com	1,210	
4	Studyplaces	www.studyplaces.com	45	
5	Ninety Nine Labels Pvt Ltd	www.99labels.com	285	
6	Nogle Technologies	www.floost.com	26	
7	Green Leaves Consumer Services (Bigstylist)	www.bigstylist.com	174	
8	Rare Media Co	www.bluedolph.in	109	
9	Mint Bird Tech (Vacationlabs)	www.vacationlabs.com	60	
Sub Total			2,219	
Provisioned for				
Applect Learning			796	
Total write down			3,015	

Source: Company, BOBCAPS Research

FINANCIALS

Income Statement

Y/E 31 Mar (Rs mn)	FY18A	FY19A	FY20E	FY21E	FY22E
Total revenue	9,155	10,982	12,776	14,591	16,599
EBITDA	2,973	3,414	4,500	4,872	5,299
Depreciation	215	204	447	511	581
EBIT	2,758	3,210	4,053	4,361	4,718
Net interest income/(expenses)	(1)	(1)	(67)	(77)	(87)
Other income/(expenses)	971	1,112	885	880	920
Exceptional items	(913)	(160)	(861)	0	0
EBT	2,814	4,162	4,010	5,164	5,550
Income taxes	991	1,169	1,009	1,300	1,397
Extraordinary items	0	0	0	0	0
Min. int./Inc. from associates	0	0	0	0	0
Reported net profit	1,824	2,992	3,001	3,865	4,153
Adjustments	913	160	861	0	0
Adjusted net profit	2,737	3,152	3,862	3,865	4,153

Balance Sheet

Y/E 31 Mar (Rs mn)	FY18A	FY19A	FY20E	FY21E	FY22E
Accounts payables	506	617	700	800	910
Other current liabilities	4,197	5,011	5,780	6,601	7,508
Provisions	456	496	496	496	496
Debt funds	3	4	4	4	4
Other liabilities	41	42	42	42	42
Equity capital	1,216	1,220	1,220	1,220	1,220
Reserves & surplus	19,859	22,019	24,128	27,035	30,159
Shareholders' fund	21,074	23,239	25,348	28,255	31,379
Total liabilities and equities	26,278	29,410	32,370	36,197	40,340
Cash and cash eq.	740	683	3,595	7,368	11,450
Accounts receivables	44	60	70	80	91
Inventories	0	0	0	0	0
Other current assets	13,886	14,826	14,826	14,826	14,826
Investments	8,263	10,333	10,333	10,333	10,333
Net fixed assets	506	500	538	582	632
CWIP	0	20	20	20	20
Intangible assets	23	49	49	49	49
Deferred tax assets, net	359	416	416	416	416
Other assets	2,457	2,524	2,524	2,524	2,524
Total assets	26,278	29,410	32,370	36,197	40,340

Source: Company, BOBCAPS Research

Cash Flows

Y/E 31 Mar (Rs mn)	FY18A	FY19A	FY20E	FY21E	FY22E
Net income + Depreciation	2,683	3,055	3,448	4,375	4,734
Interest expenses	(913)	(986)	(67)	(77)	(87)
Non-cash adjustments	0	0	0	0	0
Changes in working capital	1,166	860	842	910	1,007
Other operating cash flows	132	28	0	0	0
Cash flow from operations	3,067	2,956	4,223	5,208	5,654
Capital expenditures	(137)	(259)	(486)	(554)	(631)
Change in investments	(9,180)	8,164	0	0	0
Other investing cash flows	7,274	(10,137)	67	77	87
Cash flow from investing	(2,043)	(2,233)	(418)	(478)	(543)
Equities issued/Others	48	27	0	0	0
Debt raised/repaid	0	0	0	0	0
Interest expenses	(137)	(138)	0	0	0
Dividends paid	(667)	(670)	(892)	(957)	(1,029)
Other financing cash flows	0	0	0	0	0
Cash flow from financing	(757)	(781)	(892)	(957)	(1,029)
Changes in cash and cash eq.	268	(57)	2,912	3,773	4,082
Closing cash and cash eq.	740	683	3,595	7,368	11,450

Per Share

Y/E 31 Mar (Rs)	FY18A	FY19A	FY20E	FY21E	FY22E
Reported EPS	14.8	24.3	24.4	31.4	33.8
Adjusted EPS	22.3	25.6	31.4	31.4	33.8
Dividend per share	5.5	6.0	6.1	7.9	8.4
Book value per share	171.5	189.1	206.2	229.9	255.3

Valuations Ratios

Y/E 31 Mar (x)	FY18A	FY19A	FY20E	FY21E	FY22E
EV/Sales	34.2	28.5	24.5	21.3	18.5
EV/EBITDA	105.2	91.6	69.5	63.9	58.1
Adjusted P/E	114.4	99.4	81.1	81.0	75.4
P/BV	14.9	13.5	12.4	11.1	10.0

DuPont Analysis

Y/E 31 Mar (%)	FY18A	FY19A	FY20E	FY21E	FY22E
Tax burden (Net profit/PBT)	97.3	75.7	96.3	74.8	74.8
Interest burden (PBT/EBIT)	102.1	129.6	98.9	118.4	117.6
EBIT margin (EBIT/Revenue)	30.1	29.2	31.7	29.9	28.4
Asset turnover (Revenue/Avg TA)	36.3	39.4	41.4	42.6	43.4
Leverage (Avg TA/Avg Equity)	1.2	1.3	1.3	1.3	1.3
Adjusted ROAE	13.4	14.2	15.9	14.4	13.9

Source: Company, BOBCAPS Research | Note: TA = Total Assets

Ratio Analysis

Y/E 31 Mar	FY18A	FY19A	FY20E	FY21E	FY22E
YoY growth (%)					
Revenue	14.1	20.0	16.3	14.2	13.8
EBITDA	30.7	14.8	31.8	8.3	8.8
Adjusted EPS	31.4	15.2	22.5	0.1	7.5
Profitability & Return ratios (%)					
EBITDA margin	32.5	31.1	35.2	33.4	31.9
EBIT margin	30.1	29.2	31.7	29.9	28.4
Adjusted profit margin	29.9	28.7	30.2	26.5	25.0
Adjusted ROAE	13.4	14.2	15.9	14.4	13.9
ROCE	8.7	13.2	12.1	14.1	13.7
Working capital days (days)					
Receivables	2	2	2	2	2
Inventory	0	0	0	0	0
Payables	18	19	19	19	19
Ratios (x)					
Gross asset turnover	16.8	21.8	24.6	26.1	27.4
Current ratio	2.8	2.5	2.7	2.8	3.0
Net interest coverage ratio	0.0	0.0	0.0	0.0	0.0
Adjusted debt/equity	0.0	0.0	(0.1)	(0.3)	(0.4)

Source: Company, BOBCAPS Research

Disclaimer

Recommendations and Absolute returns (%) over 12 months

BUY – Expected return >+15%

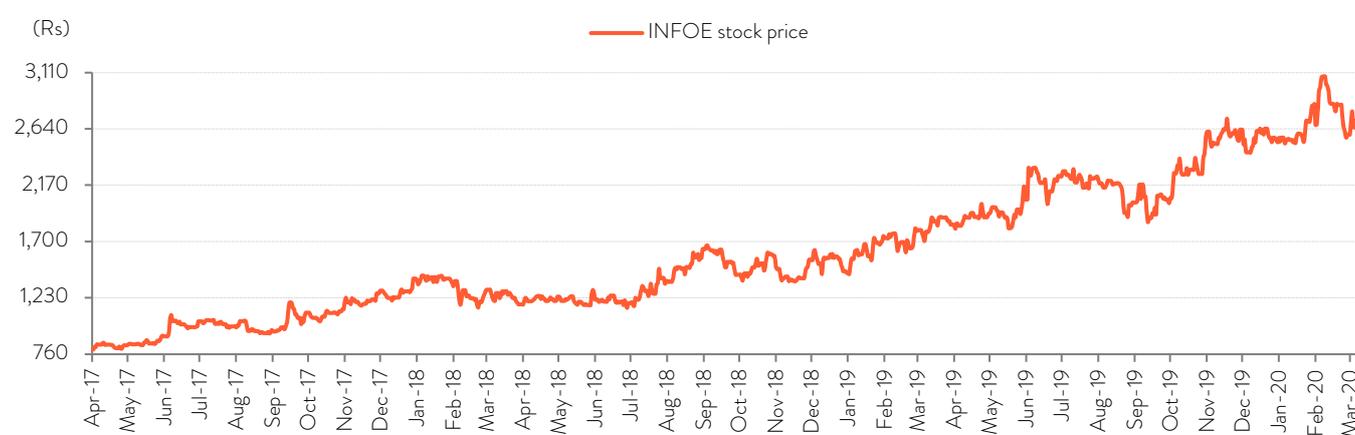
ADD – Expected return from >+5% to +15%

REDUCE – Expected return from -5% to +5%

SELL – Expected return <-5%

Note: Recommendation structure changed with effect from 1 January 2018 (Hold rating discontinued and replaced by Add / Reduce)

HISTORICAL RATINGS AND TARGET PRICE: INFO EDGE (INFOE IN)



B – Buy, A – Add, R – Reduce, S – Sell

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