

INFO EDGE (INDIA) LTD

Result Update (PARENT BASIS): Q3 FY19

CMP: 1711.00

JAN 30th, 2019

Overweight

ISIN:
INE663F01024

Index Details

Stock Data

Sector	Internet & Catalogue Retail
BSE Code	532777
Face Value	10.00
52wk. High / Low (Rs.)	1783.65/1125.00
Volume (2wk. Avg.)	16000
Market Cap (Rs. in mn.)	208940.48

Annual Estimated Results(A*: Actual / E*: Estimated)

Years (Rs. In mn)	FY18A	FY19E	FY20E
Net Sales	9154.91	11091.52	13198.91
EBITDA	3944.03	4474.75	5363.13
Net Profit	1823.67	2956.03	3431.98
EPS	14.98	24.21	28.10
P/E	114.24	70.68	60.88

Shareholding Pattern (%)

	As on Dec 2018	As on Sep 2018
Promoter	41.24	41.35
Public	58.57	58.62
Others	0.18	0.04

1 Year Comparative Graph



INFO EDGE (INDIA) LTD

S&P BSE SENSEX

SYNOPSIS

- Info Edge (India) Limited is among the leading internet companies in India.
- Revenue for the 3rd quarter stood at Rs. 2810.62 mn as compared to Rs. 2271.60 mn in Q3 FY18, an increase of 23.73%.
- During the quarter, EBIDTA is Rs. 1128.91 mn as against Rs. 1008.32 mn in the corresponding period of the previous year, up by 11.96%.
- During Q3 FY19, PBT registered at Rs. 1078.81 mn from Rs. 786.40 mn in Q3 FY18.
- During the quarter, the company's net profit registered a growth of 39.28% at Rs. 743.05 mn as against Rs. 533.49 mn in the corresponding quarter ending of previous year.
- EPS of the company stood at Rs. 6.08 during the quarter as against Rs. 4.39 in the corresponding previous year period.
- Info Edge (India) Ltd declared 2nd Interim Dividend of Rs. 1.5/- per share (on the face value of Rs. 10/- per share) for the financial year 2018-19.
- Info Edge recorded Billing of Rs. 2720 mn for the quarter ended Dec 31, 2018 compared to Rs. 2283 mn in quarter ended Dec 31, 2017, up by 19.1%.
- Net Sales of the company rose by 19.38% at Rs. 8056.05 mn in 9M FY19 as against Rs. 6748.31 mn in 9M FY18.
- During 9M FY19, PAT of the company rose by 9.82% at Rs. 2153.91 mn as against Rs. 1961.25 mn in 9M FY18.
- Net Sales and PAT of the company are expected to grow at a CAGR of 16% and 29% over 2017 to 2020E, respectively.

QUARTERLY HIGHLIGHTS (PARENT BASIS)

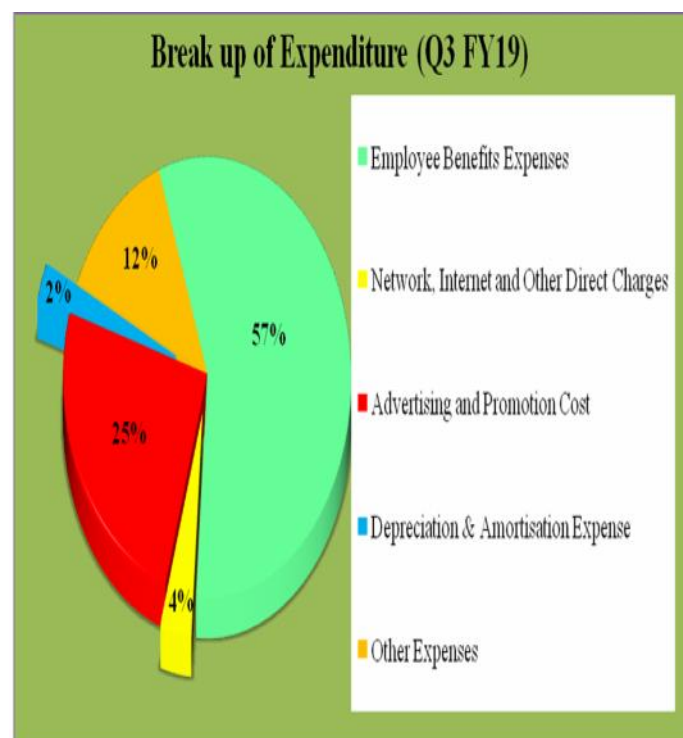
Results updates- Q3 FY19,

Rs. In Million	Dec-18	Dec-17	% Change
Revenue	2810.62	2271.60	23.73%
Net Profit	743.05	533.49	39.28%
EPS	6.08	4.39	38.60%
EBIDTA	1128.91	1008.32	11.96%

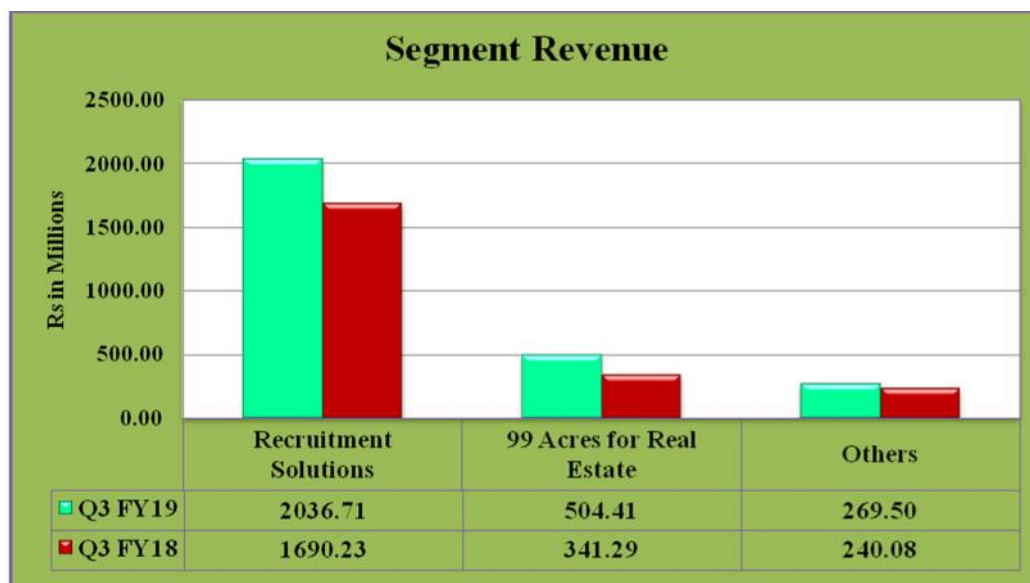
The company's net profit registered a growth of 39.28% at Rs. 743.05 million as compared to Rs. 533.49 million in the corresponding quarter ending of previous year. Revenue for the 3rd quarter stood at Rs. 2810.62 million as against Rs. 2271.60 million with an increase of 23.73%, when compared with the prior year period. Reported earnings per share of the company stood at Rs. 6.08 a share during the quarter as compared to Rs. 4.39 per share over previous year quarter. Profit before interest, depreciation and tax is Rs. 1128.91 million as against Rs. 1008.32 million in the corresponding period of the previous year.

Break up of Expenditure

Break up of Expenditure	Value in Rs. Million		
	Q3 FY19	Q3 FY18	% Change
Employee Benefits Expenses	1150.96	954.16	21%
Network, Internet and Other Direct Charges	70.67	37.46	89%
Advertising and Promotion Cost	502.97	255.52	97%
Depreciation & Amortisation Expense	49.86	52.52	-5%
Other Expenses	253.09	236.03	7%



Segment Revenue:



Result Highlights:

- Info Edge recorded Billing of Rs. 2720 mn for the quarter ended Dec 31, 2018 compared to Rs. 2283 mn in quarter ended Dec 31, 2017, up by 19.1%.
- Net Sales of the company rose by 19.38% at Rs. 8056.05 mn in 9M FY19 as against Rs. 6748.31 mn in 9M FY18.
- Duing 9M FY19, PAT of the company rose by 9.82% at Rs. 2153.91 mn which was stood at Rs. 1961.25 mn in 9M FY18.

Latest Update:

Info Edge (India) Ltd declared 2nd Interim Dividend of Rs. 1.5/- per share (on the face value of Rs. 10/- per share) for the financial year 2018-19.

COMPANY PROFILE

Info Edge (India) Limited is among the leading internet companies in India. Info Edge runs leading internet businesses - Naukri.com - India's no. 1 job site, Jeevansathi.com - one of the leading matrimonial portals, 99acres.com - India's No.1 real estate portal and Shiksha.com - India's leading education portal. The company also owns Quadrangle - an offline executive search business, and Naukri Gulf (a leading jobsite in the Middle East market).

Apart from this Info Edge has made significant strategic investments into emerging internet companies - zomato.com, meritnation.com, policybazaar.com, Canvera.com, happily unmarried.com



Info Edge has ventured into newer businesses & markets, invested in internet start-ups. The company has attracted a very high quality list of institutional shareholders. With its headquarters in Noida (NCR), the company employs around 4000 people and operates through 71 offices in 48 cities in India and other overseas offices in Dubai, Riyadh, Abu Dhabi and Bahrain catering to the Middle East market.

FINANCIAL HIGHLIGHT (PARENT BASIS)
(A* - Actual, E* -Estimations & Rs. In Millions)
Balance Sheet as of March 31, 2017 -2020E

	FY17A	FY18A	FY19E	FY20E
ASSETS				
Non-Current Assets				
a) Property, plant and equipment	586.03	506.45	546.97	585.25
b) Intangible Assets	12.88	22.71	30.66	39.24
c) Intangible Assets under Development	3.35	0.00	0.00	0.00
d) Financial Assets				
i) Investments	7408.58	8263.04	8924.08	9459.53
ii) Other financial assets	212.67	1509.99	1887.49	2227.24
e) Non Current Tax Assets (net)	688.76	895.43	1056.61	1225.66
f) Deferred Tax Assets	295.18	358.60	423.15	490.85
g) Other Non Current Tax Assets	61.31	52.02	47.86	44.99
1. Sub - Total Non- Current Assets	9268.76	11608.24	12916.81	14072.76
Current Assets				
a) Financial Assets				
i) Investments	2162.12	11455.71	14319.64	17183.57
ii) Trade receivables	75.31	44.03	37.43	33.68
iii) Cash and Cash equivalents	472.73	740.07	925.09	1110.11
iv) Bank Balance other than cash and cash equivalents	2435.33	718.09	466.76	336.07
v) Loans	246.76	0.00	0.00	0.00
vi) Other Financial Assets	9389.33	1580.20	1137.74	887.44
b) Other current assets	111.50	131.55	151.28	169.44
2. Sub - Total Current Assets	14893.08	14669.65	17037.94	19720.30
Total Assets (1+2)	24161.84	26277.89	29954.74	33793.06
EQUITY AND LIABILITIES				
EQUITY				
a) Equity Share Capital	1210.81	1215.89	1221.16	1221.16
b) Other Equity	18620.30	19858.57	22814.60	26246.58
1. Total Equity	19831.11	21074.46	24035.76	27467.74
Non Current Liabilities				
a) Financial Liabilities				
i) Borrowings	3.57	2.81	2.39	2.15
ii) Trade Payables	38.30	31.74	27.93	25.70
b) Other Non Current Liabilities	10.40	9.41	8.94	8.67
2. Sub - Total Non Current Liabilities	52.27	43.96	39.26	36.52
Current Liabilities				
a) Financial Liabilities				
i) Borrowings	0.00	0.00	0.00	0.00
ii) Trade Payables	417.78	506.04	597.12	692.66
iii) Other financial liabilities	4.50	4.69	4.92	5.12
b) Provisions	416.10	456.14	492.63	522.19
c) Other Current Liabilities	3440.08	4192.60	4785.04	5068.83
3. Sub - Total Current Liabilities	4278.46	5159.47	5879.72	6288.80
Total Equity and Liabilities (1+2+3)	24161.84	26277.89	29954.74	33793.06

Annual Profit & Loss Statement for the period of 2017 to 2020E

Value(Rs.in.mn)	FY17A	FY18A	FY19E	FY20E
Description	12m	12m	12m	12m
Net Sales	8021.06	9154.91	11091.52	13198.91
Other Income	625.23	970.88	1079.51	1165.87
Total Income	8646.29	10125.79	12171.03	14364.78
Expenditure	-5746.16	-6181.76	-7696.28	-9001.66
Operating Profit	2900.13	3944.03	4474.75	5363.13
Interest	-1.00	-0.84	-0.86	-0.79
Gross profit	2899.13	3943.19	4473.90	5362.34
Depreciation	-240.55	-215.49	-208.41	-225.08
Exceptional Items	-39.84	-913.37	-159.66	-119.75
Profit Before Tax	2618.74	2814.33	4105.83	5017.51
Tax	-574.71	-990.66	-1149.79	-1585.53
Net Profit	2044.03	1823.67	2956.03	3431.98
Equity capital	1212.16	1217.66	1221.16	1221.16
Reserves	18620.30	19858.57	22814.60	26246.58
Face value	10.00	10.00	10.00	10.00
EPS	16.86	14.98	24.21	28.10

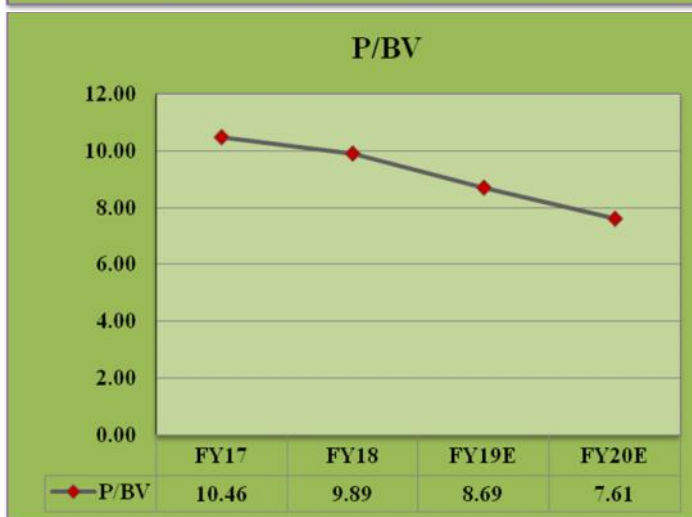
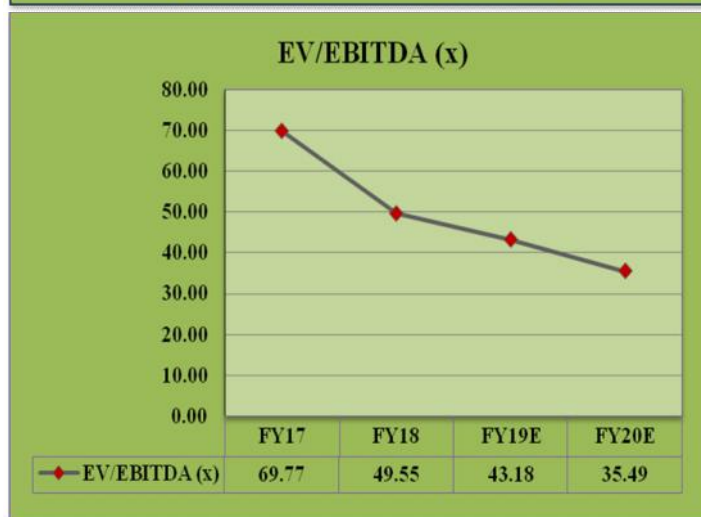
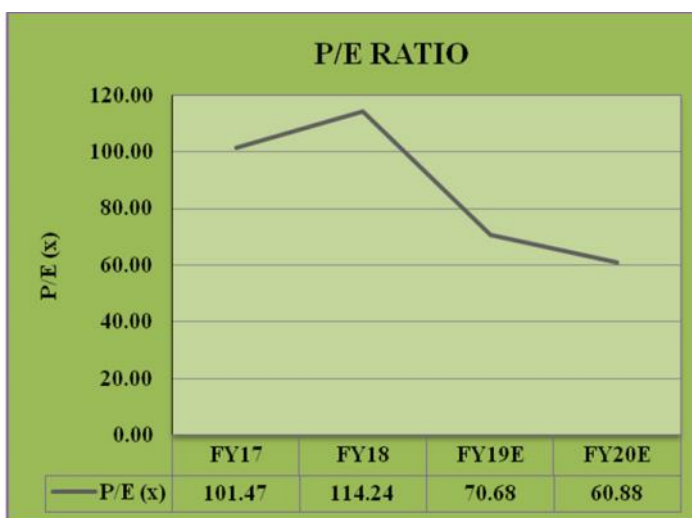
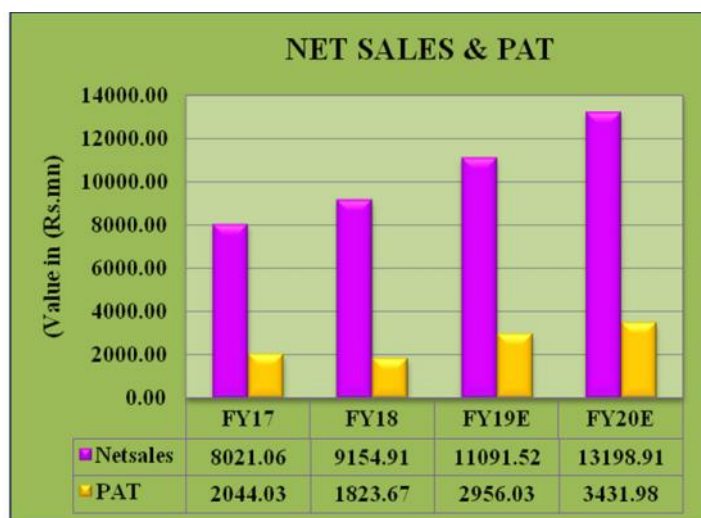
Quarterly Profit & Loss Statement for the period of 30th June, 2018 to 31st Mar, 2019E

Value(Rs.in.mn)	30-June-18	30-Sep-18	31-Dec-18	31-Mar-19E
Description	3m	3m	3m	3m
Net sales	2595.32	2650.11	2810.62	3035.47
Other income	236.32	274.91	295.98	272.30
Total Income	2831.64	2925.02	3106.60	3307.77
Expenditure	-1752.70	-1824.97	-1977.69	-2140.92
Operating profit	1078.94	1100.05	1128.91	1166.85
Interest	-0.18	-0.22	-0.24	-0.22
Gross profit	1078.76	1099.83	1128.67	1166.64
Depreciation	-53.06	-52.14	-49.86	-53.35
Exceptional Items	-159.66	0.00	0.00	0.00
Profit Before Tax	866.04	1047.69	1078.81	1113.29
Tax	-236.06	-266.81	-335.76	-311.16
Net Profit	629.98	780.88	743.05	802.12
Equity capital	1219.16	1219.16	1221.16	1221.16
Face value	10.00	10.00	10.00	10.00
EPS	5.17	6.41	6.08	6.57

Ratio Analysis

Particulars	FY17A	FY18A	FY19E	FY20E
EPS (Rs.)	16.86	14.98	24.21	28.10
EBITDA Margin (%)	36.16%	43.08%	40.34%	40.63%
PBT Margin (%)	32.65%	30.74%	37.02%	38.01%
PAT Margin (%)	25.48%	19.92%	26.65%	26.00%
P/E Ratio (x)	101.47	114.24	70.68	60.88
ROE (%)	10.31%	8.65%	12.30%	12.49%
ROCE (%)	13.41%	17.69%	17.75%	18.70%
Debt Equity Ratio	0.00	0.00	0.00	0.00
EV/EBITDA (x)	69.77	49.55	43.18	35.49
Book Value (Rs.)	163.61	173.09	196.83	224.93
P/BV	10.46	9.89	8.69	7.61

Charts



OUTLOOK AND CONCLUSION

- At the current market price of **Rs. 1711.00**, the stock P/E ratio is at 70.68 x FY19E and 60.88 x FY20E respectively.
- Earning per share (EPS) of the company for the earnings for FY19E and FY20E is seen at Rs. 24.21 and Rs. 28.10 respectively.
- Net Sales and PAT of the company are expected to grow at a CAGR of 16% and 29% over 2017 to 2020E, respectively.
- On the basis of EV/EBITDA, the stock trades at 43.18 x for FY19E and 35.49 x for FY20E.
- Price to Book Value of the stock is expected to be at 8.69 x and 7.61 x for FY19E and FY20E respectively.
- Hence, we say that, we are Overweight in this particular scrip for Medium to Long term investment.

INDUSTRY OVERVIEW

Urban India witnessed a growth of 9.7% between December 2016 and December 2017, with there being around 295 million internet users as on December 2017. Rural India witnessed a growth of over 14% during the same period, and was estimated to have around 186 million internet users as on December 2017. It needs stating that while the growth rate of rural India is higher, it is mainly due to the low base effect. The number of internet users in rural India is still low: internet penetration in rural India was just a bit over 20% in December 2017 compared to 60.6% in urban India. Given that total urban population is much lower than that of rural, the urban-rural digital divide is more acute than what the penetration numbers portray.

Future growth policies must, therefore, focus on bridging this digital divide. In terms of numbers, urban India with an estimated population of 455 million already has 295 million using the internet. Rural India, with 918 million people according to the 2011 census, has only 186 million internet users. Thus, if rural India were to exhibit the urban internet penetration rate of 60.6%, there is a potential of bringing in an additional 370 million rural users—if only they can be reached out properly. The point is that while there have been rapid strides in internet usage in the country, there is still immense scope for further expansion as the overall internet penetration.

The skewness of internet users across India is further reflected in the fact that the top nine cities account for 35% of all urban internet users in the country. The smaller metros and non-metros have internet penetration levels lower than the national average for rural India.

281 million people comprise daily internet users. Of these, some 183 million or 62% access internet daily in urban area, compared to only 98 million users or 53%, in rural India. Almost double the proportion of users access internet less than once a month in rural India in comparison with urban India. Moreover, the internet user market is still a male preserve in India: there are some 143 million female internet users overall, or 30% of the total. While 'Digital India' is making

headways in rural India, the underlining digital gender gap still persists. Digital literacy is therefore a key to ensure that everyone stays informed, engaged and safe online.

Internet is the preserve for youngsters. Students and young people account for around 60% of all internet users in India. The demographic profile and the purpose of usage are interlinked. Popularity of entertainment, social networking etc. makes internet more attractive for youngsters. Unless digitalisation of important civic and social services as envisioned under e-governance programmes really take-off, internet will continue to be perceived as a medium of digital entertainment.

The GoI has been showing its intent to transform India into a massive digital economy. It has a stated objective of creating a trillion dollar economy through the 'Digital India' campaign. Government departments are actively developing a blueprint for getting there. The GoI has already supplemented private sector initiatives by linking 1.2 billion people with Aadhaar numbers – a unique individual identification number — and has created 736 million Aadhaar-linked Jan-Dhan bank accounts. It has also put in place stated objective of providing digital infrastructure as a core utility for all; provision of on-demand governance and related services; and digital empowerment of citizens. These initiatives have been backed by certain developments on the internet infrastructure front including creation of unified payments interface – such as the India Stack, establishment of shared IT infrastructure for the central and state governments, and the roll-out of a national optical fibre network to all village panchayats. The GoI has doubled allocation for the 'Digital India' programme to ` 3,073 crore in FY2019 and will launch a mission to support establishment of Centres of Excellence to implement the objectives. In addition, funds worth Rs. 10,000 crore were provided for in 2018-19 for creation and augmentation of the telecom infrastructure.

Outlook:

The Company expects pressure on hiring activities especially in the IT sector to continue in FY2019. However, it is well placed to garner share of activities from the other segments to boost revenues for naukri.com. The value added services are expected to grow. Both naukri.com and jeevansathi.com are expected to continue on their gradual growth path with investments being made on brand development.

shiksha.com is still a small business but is gaining traction and becoming profitable. With gradual recovery in the Real Estate segment and 99acres.com consolidating its leadership position, future holds promise of high growth and value creation.

Overall, the Company expects macro-economic conditions to improve in FY2019 and is well positioned to leverage market opportunities and grow. It will continue to explore opportunities to make strategic investments in investee companies while maintaining a strong war chest of cash in its reserves to preserve and protect existing brands under control.

Disclosure Section

The information and opinions in Firstcall Research was prepared by our analysts and it does not constitute an offer or solicitation for the purchase or sale of any financial instrument including any companies scrips or this is not an official confirmation of any transaction. The information contained herein is from publicly available secondary sources and data or other secondary sources believed to be reliable but we do not represent that it is accurate or complete and it should not be relied on as such. Firstcall Research or any of its affiliates shall not be in any way responsible for any loss or damage that may arise to any person from any inadvertent error in the information contained in this report. Firstcall Research and/or its affiliates and/or employees will not be liable for the recipients' investment decision based on this document.

Analyst Certification

The following analysts hereby state that their views about the companies and sectors are on best effort basis to the best of their knowledge. Unless otherwise stated, the individuals listed on the cover page of this report are research analysts. The analyst qualifications, sectors covered and their exposure if any are tabulated hereunder:

Name of the Analyst	Qualifications	Sectors Covered	Exposure/Interest to company/sector Under Coverage in the Current Report
Dr.C.V.S.L. Kameswari	M.Sc, PGDCA, M.B.A, Ph.D (Finance)	Pharma & Diversified	No Interest/ Exposure
U. Janaki Rao	M.B.A	Capital Goods	No Interest/ Exposure
B. Anil Kumar	M.B.A	Auto, IT & FMCG	No Interest/ Exposure
V. Harini Priya	M.B.A	Diversified	No Interest/ Exposure

Important Disclosures on Subject Companies

In the next 3 months, neither Firstcall Research nor the Entity expects to receive or intends to seek compensation for any services from the company under the current analytical research coverage. Within the last 12 months, Firstcall Research has not received any compensation for its products and services from the company under the current coverage. Within the last 12 months, Firstcall Research has not provided or is providing any services to, or has any client relationship with, the company under current research coverage.

Within the last 12 months, Firstcall Research has neither provided or is providing any services to and/or in the past has not entered into an agreement to provide services or does not have a client relationship with the company under the research coverage.

Certain disclosures listed above are also for compliance with applicable regulations in various jurisdictions. Firstcall Research does not assign ratings of Buy, Hold or Sell to the stocks we cover. Overweight, Equal-weight, No-Weight and Underweight are not the equivalent of buy, hold and sell. Investors should carefully read the definitions of all weights used in Firstcall Research. In addition, since Firstcall Research contains more complete information concerning the analyst's views, investors should carefully read Firstcall Research, in its entirety, and not infer the contents from the weightages assigned alone. In any case, weightages (or research) should not be used or relied upon as investment advice. An investor's decision to buy or sell should depend on individual circumstances (such as the investor's own discretion, his ability of understanding the dynamics, existing holdings) and other considerations.

Analyst Stock Weights

Overweight (O): The stock's total return is expected to exceed the average total return of the analyst's industry (or industry team's) coverage universe, on a risk-adjusted basis, over the next 12-18 months.

Equal-weight (E): The stock's total return is expected to be in line with the average total return of the analyst's industry (or industry team's) coverage universe, on a risk-adjusted basis, over the next 12-18 months.

No-weight (NR): Currently the analyst does not have adequate conviction about the stock's total return relative to the average total return of the analyst's industry (or industry team's) coverage universe, on a risk-adjusted basis, over the next 12-18 months.

Underweight (U): The stock's total return is expected to be below the average total return of the analyst's industry (or industry team's) coverage universe, on a risk-adjusted basis, over the next 12-18 months.

Unless otherwise specified, the weights included in Firstcall Research does not indicate any price targets. The statistical summaries of Firstcall Research will only indicate the direction of the industry perception of the analyst and the interpretations of analysts should be seen as statistical summaries of financial data of the companies with perceived industry direction in terms of weights.

Firstcall Research may not be distributed to the public media or quoted or used by the public media without the express written consent of Firstcall Research. The reports of Firstcall Research are for Information purposes only and is not to be construed as a recommendation or a solicitation to trade in any securities/instruments. Firstcall Research is not a brokerage and does not execute transactions for clients in the securities/instruments.

Firstcall Research - Overall Statement		
S. No	Particulars	Remarks
1	Comments on general trends in the securities market	Full Compliance in Place
2	Discussion is broad based and also broad based indices	Full Compliance in Place
3	Commentaries on economic, political or market conditions	Full Compliance in Place
4	Periodic reports or other communications not for public appearance	Full Compliance in Place
5	The reports are statistical summaries of financial data of the companies as and where applicable	Full Compliance in Place
6	Analysis relating to the sector concerned	Full Compliance in Place
7	No material is for public appearance	Full Compliance in Place
8	We are no intermediaries for anyone and neither our entity nor our analysts have any interests in the reports	Full Compliance in Place
9	Our reports are password protected and contain all the required applicable disclosures	Full Compliance in Place
10	Analysts as per the policy of the company are not entitled to take positions either for trading or long term in the analytical view that they form as a part of their work	Full Compliance in Place
11	No conflict of interest and analysts are expected to maintain strict adherence to the company rules and regulations.	Full Compliance in Place
12	As a matter of policy no analyst will be allowed to do personal trading or deal and even if they do so they have to disclose the same to the company and take prior approval of the company	Full Compliance in Place
13	Our entity or any analyst shall not provide any promise or assurance of any favorable outcome based on their reports on industry, company or sector or group	Full Compliance in Place

14	Researchers maintain arms length/ Chinese wall distance from other employees of the entity	Full Compliance in Place
15	No analyst will be allowed to cover or do any research where he has financial interest	Full Compliance in Place
16	Our entity does not do any reports upon receiving any compensation from any company	Full Compliance in Place

Firstcall Research Provides

Industry Research on all the Sectors and Equity Research on Major Companies forming part of Listed and Unlisted Segments

*For Further Details Contact:
Mobile No: 09959010555*

*E-mail: info@firstobjectindia.com
info@firstcallresearch.com
www.firstcallresearch.com*