



Info Edge's Q4FY21 performance was a mixed bag with our revenue above our estimates whereas EBITDA and PAT were below our estimates.

- Revenue came in at INR 2,900 Mn, +7% qoq / -10% yoy and 4% above our estimate of INR 2,782 Mn
- EBITDA came in at INR 532 Mn, -22% qoq / -45% yoy and 42% below our est. EBITDA margin stood at 18% vs 25% / 29.9% in Q3FY21 and Q4FY20 respectively and vs our estimate of 29.9%.
- EBITDA was way below our estimates due to heightened Other Expenses and Employee Costs. Other Expenses (at INR 226 MN) were up 42% qoq and Employee Costs (INR 1,515 Mn) increased 15% qoq
- PAT stood at INR 667 Mn, -5% qoq / +60% yoy and -8% below our estimates
- EPS stood at INR 5.2 in Q4FY21 vs 5.4 / 6.5 in Q3FY21 / Q4FY20
- Company had an exceptional loss of INR 32.2 Mn during the quarter

Segment-wise Analysis

A. Recruitment Segment

- Billings were reported at INR 297.9 Crores, up by 22% YoY
- Revenue stood at INR 198.6 Crores, declining by 13.9% YoY
- Operating EBITDA stood at INR 99.3 Crores, falling 24.3% YoY
- Margins stood at 50% vs 56.9% in Q4FY20
- Cash EBITDA stood at INR 198.9 Crores, growing by 37% YoY

Financial Summary

Y/E Mar (Rs mn)	FY19	FY20	FY21	FY22E	FY23E
Net sales	10,983	12,727	10,986	14,911	19,585
EBITDA	3,413	4,027	2,775	4,404	6,243
Adjusted net profit	3,151	3,290	2,742	4,459	6,155
Free cash flow	3,373	3,138	1,844	5,288	7,179
EPS (Rs)	25.9	27.1	21.3	34.7	47.9
growth (%)	15%	4%	-21%	63%	38%
P/E (x)	210.5	180.3	228.8	140.7	101.9
P/B (x)	25.4	24.4	14.0	13.6	12.2
EV/EBITDA (x)	172.9	145.7	217.0	136.8	96.2
ROCE (%)	10.2	11.2	5.3	7.4	10.0
RoE (%)	14.2	13.8	7.9	9.8	12.6
Mkt Cap/Sales	54.0	46.6	57.1	42.1	32.0

Source: Company, Dalal & Broacha Research

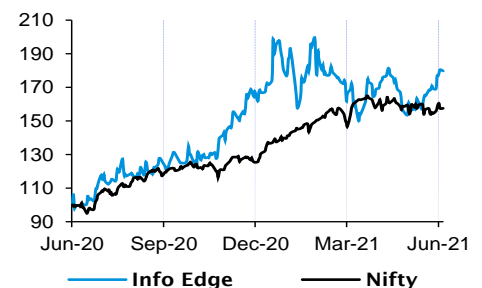
Rating	TP (Rs)	Up/Dn (%)
BUY ON DIPS	5349	7

Market data

Current price	Rs	4978
Market Cap (Rs.Bn)	(Rs Bn)	641
Market Cap (US \$ Mn)	(US \$ Mn)	8641
Face Value	Rs	10
52 Weeks High/Low	Rs	5876/2624
Average Daily Volume	('000)	1020
BSE Code		532777
Bloomberg		INFOE:IN

Source: Bloomberg

One Year Performance



% Shareholding	Mar-21	Dec-20
Promoters	38.41	38.47
Public	61.39	61.42
Others	0.20	0.11
Total	100	100

Source: BSE

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B. Naukri

- Naukri witnessed strong performance in recruitment during Q4FY21 with 22% YoY growth in billings.
- **Jobseeker Side:** Witnessed sharp upswing in matrix. New CV registrations stood at 16,000 per day, growing by 25% YoY. Average CV Modifications stood at 512,000, growth of 21% YoY in Q4 and 41% in March 2021.
- Recruiter engagement on the platform has improved in Q4 majorly led by IT, Healthcare & Pharma businesses.

Overall, there was a cycle of growth led by increase in billings, platform usage and no. of customers across the segments including IT/ITES & Consulting (50% of Naukri India Topline).

C. IM Jobs

- Billings were reported at INR 10.3 Crores, growing by 54.9% YoY
- In FY21. IM Jobs added 4,300 new customers.
- EBITDA stood at INR 1.6 Crores up from a loss of INR 2.3 Crores in Q4FY20.
- Cash EBITDA stood at INR 5.4 Crores in Q4FY21.

D. 99 Acres

- Billings were reported at INR 71.7 Crores, growing by 41.5% YoY
- Revenue stood at INR 50.1 Crores, declining by 11.1% YoY
- Billing was down 13.6% in FY21 and closed at INR 184.8 Crores
- Operating Loss stood at INR 15.6 Crores
- Cash Profit stood at INR 5.7 Crores vs Cash Loss of INR 3.8 Crores in Q4FY20.

In Q4, 99 Acres witnessed recovery in New Homes, Re-sale & Commercial segments. Rental recovery remained neutral.

E. Jeevansaathi

- Billings grew by 12.2% YoY to INR 26.7 Crores
- Revenue grew 14.4% YoY to INR 25.9 Crores
- Operating EBITDA Losses stood at INR 21.4 Crores up from a loss of INR 18.8 Crores from last year.
- Cash Loss stood at INR 20.9 Crores up from a loss of INR 18 Crores from last year

Q4FY21 witnessed growth momentum despite the rise in covid cases. Key features such as online verification, video calling and video-based meet ups kept driving user engagement.

F. Shiksha

- Billings grew 45.1% YoY to INR 19.4 Crores
- Revenue grew 16.8% YoY to INR 15.4 Crores
- EBITDA stood at INR 0.3 Crores vs Loss of INR 1.4 Crores in Q4FY20.
- Cash Profit stood at INR 4.3 Crores up from a Cash Loss of INR 1.2 Crores in Q4FY20.

G. Zwayam

- Revenue stood at INR 6.46 Crores in FY21

Conference Call Key Takeaways

- Billings stood at INR 415.7 Crores in Q4FY21 growing at 25% YoY. In FY21, Billings stood at INR 1150.7 Crores down by -9.3% YoY.
- Cash stood at INR 3592 Crores in FY21 as against INR 1551 Crores in FY20.
- **Naukri:** Billings grew across all segments led by IT/ ITES segments
- **99 Acres:** Traffic witnessed robust growth led by growth across all the categories of Residential, Commercial and New Launches. Daily Fresh Owner Listings posted on platform grew 14% YoY in Q4FY21. Broker listings lagged minorly behind the owner listings.
- **2nd Wave Impact:** Sharp drop in 99 acres traffic in Q1FY21 due to the impact of Covid-led 2nd Wave. However, traffic has recovered a little in June.
- **Jeevansaathi:** Making continuous investment for marketing the brand. Positive volume and value growth also gives the firm confidence to keep investing in the brand for next few quarters.
- **Shiksha:** Traffic gains over the past 18 months are translating into higher revenue growth. Continue to improve user experience through comprehensive content and product offerings.
- **Investee Companies:** Zomato has filed for DRHP with SEBI.

Q4FY21 saw sharp uptick in terms of traffic and billing across all the verticals

Once lockdown restrictions are relaxed, there will be broad based recovery especially on listings, traffic and enquiries and revenue.

Quarterly Performance Analysis

Exhibit 1

YE March (Rs. mn)	Q4 FY21	Q3 FY21	Q-o-Q change %	Q4 FY20	Y-o-Y change %	Q2 FY21 Est.	Deviation %
Total Revenue (INR Mn)	2,900	2,723	6.5%	3,228	(10.2%)	2,782	4.2%
Less:							
Network & other charges	71	67	6.2%	58	22.7%	71	-0.2%
Employee Cost	1,515	1,315	15.3%	1,392	8.9%	1,315	15.3%
Advertising & promotion charges	557	503	10.8%	484	15.1%	535	4.1%
Admin & Other expenditure	226	157	43.4%	329	(31.5%)	159	41.5%
Total Expenditure	2,368	2,041	16.0%	2,263	4.7%	2,080	13.9%
EBIDTA	532	682	(22.0%)	965	(44.9%)	703	-24.3%
Less: Depreciation	106	109	(3.4%)	110	(3.9%)	116	-9.2%
Operating Income	426	572	(25.5%)	855	(50.2%)	586	-27.3%
Interest Paid	13	14	(1.8%)	16		14	
Other income (expense), net	406	316	28.6%	195	108.6%	336	20.9%
Extraordinary Income							
Extraordinary Expense	32	0		372		0	
Profit Before Tax	787	875	(10.0%)	662	18.8%	909	-13.4%
Adj. PBT	819	875		1,034		909	
Tax	120	176	(31.7%)	246	(51.2%)	183	-34.3%
Deferred Tax							
PAT before Minority Interest	667	699	(4.6%)	416	60.2%	726	-8.1%
Minority Interest			N.A.		N.A.		
Share of Profit of Associates							
Profit After Tax	667	699	(4.6%)	416	60.2%	726	-8.1%
PAT	667	699	(4.6%)	416	60.2%	726	-8.1%
APAT							
Basic & Diluted EPS (Rs.)	5.2	5.4	(4.6%)	3.4	51.5%	5.6	-8.1%
Adjusted PAT	699	699	0.1%	788	(11.3%)	726	-3.7%
Basic & Diluted Outstanding (mn)	129	129		122		129	
Reported EPS	5.4	5.4	0.1%	6.5		5.6	
Adj. EPS							
Margin Analysis %			Change In bps		Change In bps		
EBIDTA Margin	18.3%	25.0%	-670	29.9%	-1,156	25.3%	-692
Operating Margin	14.7%	21.0%	-632	26.5%	-1,180	21.1%	-638
PBT Margin	28.2%	32.1%	-387	32.0%	-379	32.7%	-442
NPM	24.1%	25.7%	-156	24.4%	-31	26.1%	-199
Effective Tax Rate (%)	14.6%	20.1%	-545	23.8%	-914	20.1%	-545
Cost Analysis %			Change In bps		Change In bps		
Cost of Revenues/ Sales	54.7%	50.7%	395	44.9%	978	49.8%	489
SG&A/Sales	27.0%	24.2%	274	25.2%	178	47.2%	-2,027

Source: Dalal & Broacha Research, Company

Valuation & Outlook

Info Edge's Q4FY21 performance indicates that segments are gradually reviving sequentially. However, Q1FY22 again will report a dip in performance due to the 2nd wave of the lockdown. We believe that the financial recovery, at least in terms of the Sales and Billing, will be a V-shaped one as the economy opens up.

We continue to remain positive on the prospects of Info Edge on the back of its stellar leadership across most of the segments it is present in directly (Naukri and 99Acres) or indirectly (Zomato and PolicyBazaar). Additionally, through its AIF, Info Edge has also become a Venture Capital Fund company and a great proxy play at that.

Valuation Breakdown

We increase the applied PE multiple to the standalone business from 75x to 85x FY23e EPS based on following factors:

1. Naukri has consistently withstood competition and in fact managed to increase its job market traffic share to 85%
2. We believe that the real estate market is at an inflection point and about to turn a corner and expect 99acres to be the biggest beneficiary of it given that it is the leader in the space

Zomato's last round of fund raise valued the company at \$5.4 Bn. However, reports and interactions suggest that it may dictate a valuation upwards of \$11 Bn in its upcoming IPO. We conservatively bake in a valuation of \$8.5 Bn in our estimates - which comes up to INR 1,118 per share

Lastly, PolicyBazaar's last round of fund-raise valued the company at \$2.4 Bn, indicating a value per share of INR 162 for Info Edge.

Therefore, on an SOTP basis, we come upon a target price of INR 5,349.

We have not baked in our estimates the valuation of Info Edge's AIF. But we believe that it will not only generate massive value for Info Edge's existing business verticals through M&A strategy to consistently solidify its position, but also enable the company to expand its business into other next-gen businesses.

Therefore, we continue to remain positive on the long-term prospects of the stock and recommend a BUY on Dips strategy with a revised target price of INR 5,349 (earlier INR 4,122) based on SOTP valuation methodology.

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