

Feb 14, 2014

Info Edge (India) Ltd.

BSE Code: 532777

NSE Code: NAUKRI

Reuters Code:

INED.NS

Bloomberg Code: INFOE:IN

Info Edge (India) Ltd (IEIL) incorporated on May 1, 1995 is India's premier on-line classifieds company in recruitment, matrimony, real estate, education and related services including Naukri.com, Jeevansathi.com, 99acres.com and Shiksha.com. Info Edge has established and currently maintains a network of 57 offices located in 41 cities throughout India. These offices primarily engage in sales, marketing and payment collection activities of the businesses. To cater to the Gulf market, the company have 2 offices in Dubai and 1 each in Bahrain, Riyadh and Abu Dhabi. The company, with a view to tap into the growing Indian internet market, undertakes investments in early stage start-up ventures.

Investor's Rationale

Better performance in IT/Tech sector boosted the topline by 16% YoY – IEIL recorded a decent growth of ~16% in its standalone topline during Q3FY'14 at ₹1,233.6 mn. The company has registered continued growth in IT sector because it is not really indexed to the Indian economy and that is because of global factors. The revenue from Naukri.com grew by about 10% at ₹910 mn and 99acres.com grew by 40% at ₹190 mn. However, company expects that as economic activity picks up, hiring should pick up and its principal business around Naukri.com should grow at slightly rapid rates.

Net profit grew marginally by 4.5% – IEIL reported a muted growth of 4.5% YoY in its bottomline at ₹322.2 mn mainly due to the sharp rise in taxation by 16% YoY to ₹150.2 mn and depreciation by 80.1% YoY to ₹39.0 mn, which restricted the growth in the bottomline. Consequently, NPM contracted by 204bps YoY to 24.3% from 26.3%.

EBITDA margin grew merely by 73bps on higher employee and A&P expenses – In line with the healthy net sales growth, the EBITDA grew by 18% YoY to ₹423 mn against the ₹357.1 year earlier. However, the OPM expanded merely by 73bps YoY to 34.3% from 33.6% led by higher employee and A&P expenses. Accordingly, employee cost grew by 16% at ₹494.2 mn and advertising & promotion cost grew by 10.2% at ₹132.5 mn.

Focused on product development to maintain leadership position - In order to maintain and strengthen its leadership position, the company continues to invest aggressively in product development. IEIL has launched a product called "Recruiter Connect" which is also a paid product and rolled out a new version of their Naukri Android App, that is getting around 5,000 downloads per day. In Q3FY'14, the company has further invested into emerging internet companies: Zomato.com, Meritnation.com and Canvera.com keeping a long term view.

Market Data

Rating		BUY
CMP (₹)		548
Target Price		650
Stop Loss		495
Duration		Short-term
52-week High-Low (₹)		625/276
Rise from 52WL (%)		98.6
Correction from 52WH (%)		12.3
Beta		0.77
1 year Average Volume (mn)		0.08
	3M-	1.0
Stock Return (%)	6M-	5.3
	1Y-	2.5
Market Cap (₹bn)		59.60
Book Value (₹)		55.73

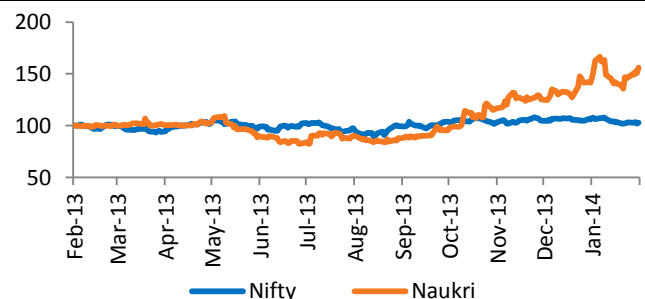
Shareholding Pattern

	Dec'13	Sep'13	Chg
Promoters (%)	51.1	52.21	(1.11)
FII (%)	27.84	26.59	1.25
DII (%)	11.3	11.35	(0.05)
Public & Others (%)	9.76	9.85	(0.09)

Quarterly Performance (Standalone)

(₹Mn)	Q3 FY'14	Q3 FY'13	Q2 FY'14	YoY Change(%)	QoQ Change (%)
Sales	1,233.6	1,064.1	1,230.1	15.9	0.3
Op. exp	810.6	707.0	793.8	14.7	2.1
EBITDA	423.0	357.1	441.8	18.5	(4.3)
OPM (%)	34.3	33.6	35.8	73bps	(147bps)
Net profit	322.2	308.3	332.7	4.5	(3.2)
NPM (%)	24.3	26.3	25.1	(204bps)	(81bps)
EPS (₹)	3.0	2.8	3.1	4.6	-3.3

One Year Price Chart





Indbank Merchant Banking Services Ltd.
I Floor, Khiviraj Complex I,
No.480, Anna Salai, Nandanam, Chennai 600035
Telephone No: 044 – 24313094 - 97
Fax No: 044 – 24313093
www.indbankonline.com

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