

Info Edge

Rs512
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IT Services

Emerging Star Conference Note

Mkt Cap: Rs28bn; US\$614m

We hosted the management of Info Edge at IDFC Emerging Star Conference 2011. Incorporated in 1995, Info Edge is the country's leading online classifieds company in recruitment, matrimony, real estate, education and related services. The company enjoys a strong market position in its online recruitment portal, Naukri.com, and has successfully leveraged its expertise in the same to seek opportunities in other online classifieds areas. Spurred by improving economic conditions, increasing internet penetration, and changing demographics, the company expects to witness growth in all its segments.

□ Key takeaways from the meetings

Business segments: The company's business broadly encompasses four online classifieds divisions: recruitment – Naukri.com; matrimonial – Jeevansathi.com; real estate – 99acres.com; education – Shiksha.com. It employs ~1,400 sales staff and has a nationwide coverage with ~48 branch offices across ~31 cities.

Recruitment business: Info Edge derives ~85% of its revenues from online recruitment classifieds offerings – Naukri.com, Firstnaukri.com, NaukriGulf.com and related services offerings Quadrangle and Brijj.com. Naukri.com enjoys a dominant position in the Indian online recruitment space with ~60% traffic share. This business segment derives most of its revenues from job listing and resume database access facilities. It also earns revenues from jobseeker services, Google adsense, resume short-listing and screening. The company clocked ~Rs2bn revenue from this division in FY10. On the back of a strengthening recruitment environment led by an improving economic environment and strong hiring in various industries (especially IT services), the management expects this division to grow by ~30% in FY12. In the coming few quarters, the company expects to incur addition product development costs to counter competition from LinkedIn.com. Margins should, however, remain steady (at 40%+) as the increased cost would be offset by a decrease in advertisement-related spend.

Non-recruitment segment: The company derives ~15% of its revenues largely from its offering in matrimony, real estate and education through Jeevansathi.com, 99acres.com, Allcheckdeals.com and Shiksha.com. Most of these non-recruitment businesses are still in the investment phase but have growth potential comparable to the recruitment business. Also, with lesser correlation to the economic environment, these business segments provide a hedge to the inherent cyclicity of the recruitment segment. 99acres.com is the market leader in real estate classifieds, while Jeevansathi.com is the third-largest behind Shaadi.com and Bharatmatrimony.com.

Capex plans: Info Edge plans to incur a capital expenditure of Rs800m-850m over FY12-13. It is also looking to diversify into ecommerce-related platforms either directly or through an investee company as seen in Policybazaar.com, Meritnation.com and Zomato.com.

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Key Financials

(Rs m)	FY07	FY08	FY09	FY10
Revenue	1,396	2,189	2,458	2,371
Growth (%)	69	57	12	(4)
EBITDA	372	645	662	625
EBITDA margin (%)	27	29	27	26
EBIT	326	590	591	560
EBIT margin (%)	23	27	24	24
Net profit	271	554	570	521
Growth (%)	104	105	3	(9)
Fully diluted shares	23.9	27.3	27.3	27.3
EPS - fully diluted (Rs)	11.31	20.31	20.89	19.08
Growth (%)	86	80	3	(9)
Valuations				
PE (Price Rs512)	45.3	25.2	24.5	26.8

Source: Company

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