

3R MATRIX

	+	=	-
Right Sector (RS)	✓	✗	✗
Right Quality (RQ)	✓	✗	✗
Right Valuation (RV)	✗	✓	✗
+ Positive	= Neutral	- Negative	

What has changed in 3R MATRIX

	Old		New
RS	✗	↔	✓
RQ	✗	↔	✓
RV	✗	↔	✗

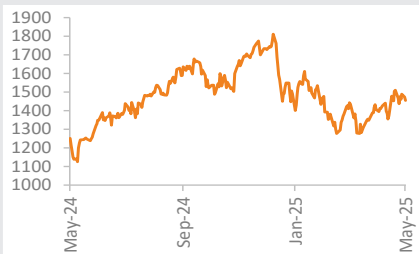
Company details

Market cap:	Rs. 94,250 cr
52-week high/low:	Rs. 1,839 / 1,052
NSE volume: (No of shares)	4.3 lakh
BSE code:	532777
NSE code:	NAUKRI
Free float: (No of shares)	8.1 cr

Shareholding (%)

Promoters	37.6
FII	33.3
DII	18.2
Others	10.9

Price chart



Source: NSE India, Mirae Asset Sharekhan Research

Price performance

(%)	1m	3m	6m	12m
Absolute	3.4	-1.5	-12.9	16.2
Relative to Sensex	0.4	-10.8	-14.5	8.1

Source: Mirae Asset Sharekhan Research, Bloomberg

Info Edge (India) Ltd

Mixed Quarter, strong Billings momentum continues

Internet & New media

Sharekhan code: NAUKRI

Reco/View: Buy



CMP: Rs. 1,455

Price Target: Rs. 1,680



Upgrade



Maintain



Downgrade

Summary

- Standalone revenue stood at Rs. 687 crore, up 13% y-o-y, in-line with our estimate of Rs. 692 crore.
- EBITDA margin 540 bps q-o-q/290 bps y-o-y to 37.7% missing our estimates of 42.6%.
- Management expects sustained growth if hiring environment remains modest and is focusing on market share gains, AI-driven innovation, and expansion in Tier 2/3 cities and non-IT sectors.
- We maintain BUY on Info Edge with SOTP-based revised PT of Rs. 1,680. At CMP, the stock trades at 70.3x FY27E EPS and 59.4x FY27E EV/EBITDA.

Standalone revenues stood at Rs. 687 crore, up 2.3% q-o-q/13% y-o-y in line with our estimates of Rs 692 crore. Recruitment business continued to grow, whereas non-recruitment businesses also continued to grow with cash profitability. Standalone billings grew 19% y-o-y and stood at Rs 984 crore. Billing growth in the recruitment business was 18.4% y-o-y and for non-recruitment business verticals namely 99acres.com, Jeevansathi.com and Shiksha.com, it was up 21.9%, 23.9%, and 15.9% y-o-y respectively. EBITDA margin contracted by 540 bps q-o-q/290 bps y-o-y to 37.7% missing our estimates of 42.6% owing to higher employee benefit expense, advertising & promotion cost and other expenses. Adjusted PAT stood at Rs 247 crore, down 4.6% q-o-q/ up 10.9% y-o-y. The management expects sustained growth if hiring remains modest and is focusing on market share gains, AI-driven innovation, and expansion in Tier 2/3 cities and non-IT sectors. We expect sustained momentum in billings, supported by non-tech sectors and regional expansion. Investments in AI and technology are enhancing platform capabilities, positioning the company for long-term market share gains. We maintain BUY on Info Edge with SOTP-based revised price target (PT) of Rs. 1,680. At CMP, the stock trades at 70.3x its FY27E EPS and 59.4x its FY27E EV/EBITDA.

Key positives

- Standalone billings rose to Rs. 984 crore, up 19% y-o-y.
- Billing in recruitment business grew 18.4% y-o-y.
- Number of paid listings for 99acres.com stood at 929,000, up 12% y-o-y.

Key negatives

- Recruitment business's operating margin declined 250-bps y-o-y to 54.5%.
- 99acres.com operating loss expanded to Rs. 14.9 crore for Q4FY25 flat y-o-y.

Management Commentary

- Company has increased its focus on adding more GCCs, acquiring new customers in the SME segment, expanding its presence in Tier 2 and Tier 3 cities, and also on penetrating deeper into non-IT and other sectors.
- GCCs contributes 16-17% of recruitment India B2B billings in FY25.
- Q4 margin dip due to higher marketing spend in 99acres and Naukri. 99acres' strategy shift yielded positive ROI, justifying continued investment.
- The Jobspeak index showed a muted movement in Q4FY25, reflecting a moderate hiring environment.
- The company has gained market share in the past few quarters, particularly in Jeevansathi and 99acres.
- Management believes the market will continue to be reasonable if the economy continues to grow at 6%, 6.5% per annum.
- Company has increased its marketing spend in response to competition and its own business goals.

Revision in earnings estimates – We have revised our earnings estimates to factor in Q4FY25 performance.

Our Call

Valuation – Maintain Buy with a revised PT of Rs. 1,680: Standalone billings were strong, rising 19%, driven by an 18% y-o-y billings growth in the recruitment segment and robust contributions from other verticals. The company anticipates steady growth in its recruitment business, driven by a strong focus on GCCs and non-IT sectors, which are showing robust hiring demand. We expect sustained momentum in billings, supported by non-tech sectors and regional expansion. Investments in AI and technology are enhancing platform capabilities, positioning the company for long-term market share gains. We maintain a Buy rating with SOTP-based revised price target (PT) of Rs. 1,680. At CMP, the stock trades at 70.3x its FY27E EPS and 59.4x its FY27E EV/EBITDA.

Key Risks

Intense competition from international and domestic players in the recruitment business could affect the growth trajectory and margins of the recruitment business. Further, high competitive intensity in the real estate segment could enhance losses.

Valuation (Standalone)

Particulars	FY24	FY25	FY26E	FY27E
Revenue	2,381.0	2,653.6	3,071.4	3,585.1
OPM (%)	40.1	40.4	42.4	43.0
Adjusted PAT	850.2	717.0	1,167.3	1,341.5
YoY growth (%)	20.4	-15.7	62.8	14.9
Adjusted EPS (Rs.)	13.1	11.1	18.0	20.7
PER (x)	110.9	131.4	80.7	70.3
P/BV (x)	3.7	3.4	3.3	3.2
EV/EBITDA (x)	96.5	86.6	70.9	59.4
ROE (%)	4.7	2.7	4.1	4.6
ROCE (%)	3.4	1.9	2.9	3.3

Source: Company; Mirae Asset Sharekhan estimates

Key Highlights

- ♦ **Billings:** Total billings stood at Rs. 984 crore, up 19% y-o-y. Billing growth in the recruitment business was 18.4% y-o-y and for non-recruitment business verticals namely *99acres.com*, *Jeevansathi.com* and *Shiksha.com*, it was up 21.9%, 23.9%, and 15.9% y-o-y respectively.
- ♦ **Recruitment solutions:** Revenues stood at Rs. 511 crore, up 13% y-o-y. Overall billing grew 18.4% y-o-y, Growth was widespread with tech, IT Services, BPM, etc, combined growing by 17%, GCCs by 19%, Other Sectors by 19%, and the Recruitment consultant segment by 15%. IIMJobs, Naukri Gulf and Naukri Fast Forward, also witnessed healthy billings growth of 43%, 26% and 18% y-o-y respectively. The recruitment business's operating margin declined by 250 bps y-o-y, to 54.5%.
- ♦ **Activities on recruitment platforms:** Naukri's database comprises 106 million resumes. The average number of resumes added daily stood at 22,000.
- ♦ **99acres.com:** 99acres.com billings growth stood at Rs. 160 crore, up 21.9% y-o-y. Billing growth in Q4FY25 was driven by improvement in both the number of billed customers and average billing per customer. 99acres.com's revenue grew 14.3% y-o-y to Rs. 106 crore. Operating loss expanded to Rs. 14.9 crore for Q4FY25 flat y-o-y.
- ♦ **Jeevansathi.com:** *Jeevansathi.com*'s billings rose by 24% y-o-y to Rs. 32 crore, while revenue grew by 25% y-o-y to Rs. 30 crore. Operating losses narrowed to Rs. 2 crore in Q4FY25 as against a loss of Rs. 9 crore in Q4FY24. Marketing investments drove better efficiencies. Continued innovation in launching new features, improvements in platform experience using AI/ ML and Billings growth led to reduced operating losses.
- ♦ **Shiksha.com:** Billings grew 16% y-o-y to Rs. 52 crore, while revenue grew 1.6% y-o-y to Rs. 40 crore. Operating loss stood at Rs. 1 crore in Q4FY25, compared to profit of Rs. 6 crore in Q4FY24
- ♦ **Cash flow from operations:** Cash flow from operations for Q4FY25 stood at Rs. 536 crore with cash balance of Rs. 4,786 crore at the end of Q4FY25.

Result (Standalone)

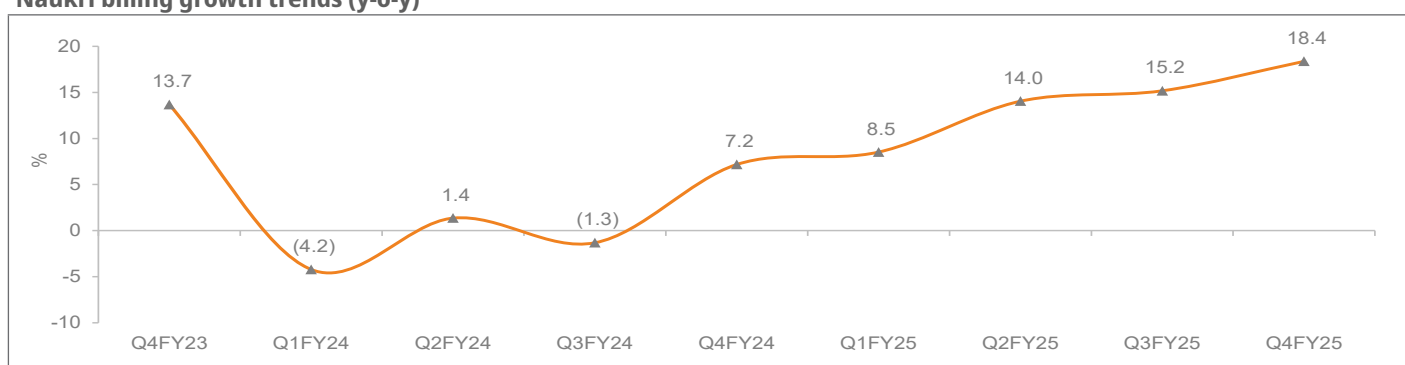
Particulars	Rs cr				
	Q4FY25	Q4FY24	Q3FY25	YoY (%)	QoQ (%)
Net Sales	687.1	608.3	671.5	13.0	2.3
Network, internet and other direct charges	14.8	12.1	13.6	22.1	8.6
Employee benefits Expense	292.3	250.0	268.1	16.9	9.0
Gross Profit	380.0	346.2	389.8	9.8	-2.5
Advertising and promotion cost	84.6	69.2	66.7	22.3	26.9
Other Expenses	36.4	30.1	33.4	21.0	9.0
Operating profit	258.9	246.9	289.7	4.9	-10.6
Depreciation and amortisation	22.4	17.4	21.7	28.4	3.1
EBIT	236.6	229.5	268.0	3.1	-11.7
Other Income	78.4	72.8	78.1	7.6	0.3
Finance Costs	5.1	4.7	4.7	9.2	9.4
PBT	309.9	297.6	341.5	4.1	-9.3
Adjusted Net Income	247.4	223.1	259.5	10.9	-4.6
Reported Net Income	255.1	210.9	200.2	20.9	27.4
Adjusted EPS (Rs)	3.8	3.7	4.3	4.2	-10.4
Margin (%)				(Bps)	(Bps)
GPM	55.3	56.9	58.1	-160	-274
OPM	37.7	40.6	43.1	-290	-546
EBIT Margin	34.4	37.7	39.9	-329	-548
NPM	36.0	36.7	38.6	-66	-263
Tax Rate	20.1	25.0	24.0	-490	-386

Source: Company; Mirae Asset Sharekhan Research

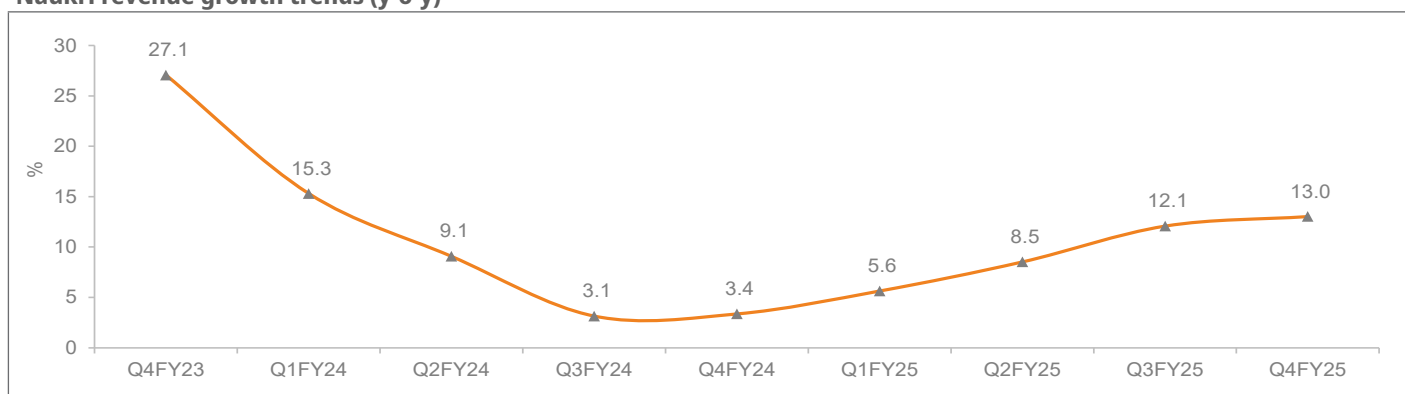
SOTP Valuation

Business segment	Stake	Valuation methodology/rational	Per Share value
Recruitment business	100%	EV/EBITDA	922
99 Acres	100%	EV/Sales	60
Jeevansathi.com	100%	EV/Sales	11
Shiksha	100%	EV/Sales	16
Standalone business (per share)			1010
Zomato Media Pvt. Ltd.	12.43%		416
PolicyBazaar	12.52%		158
Others investee company			16
Cash		Per share	74
Total per share			1,674

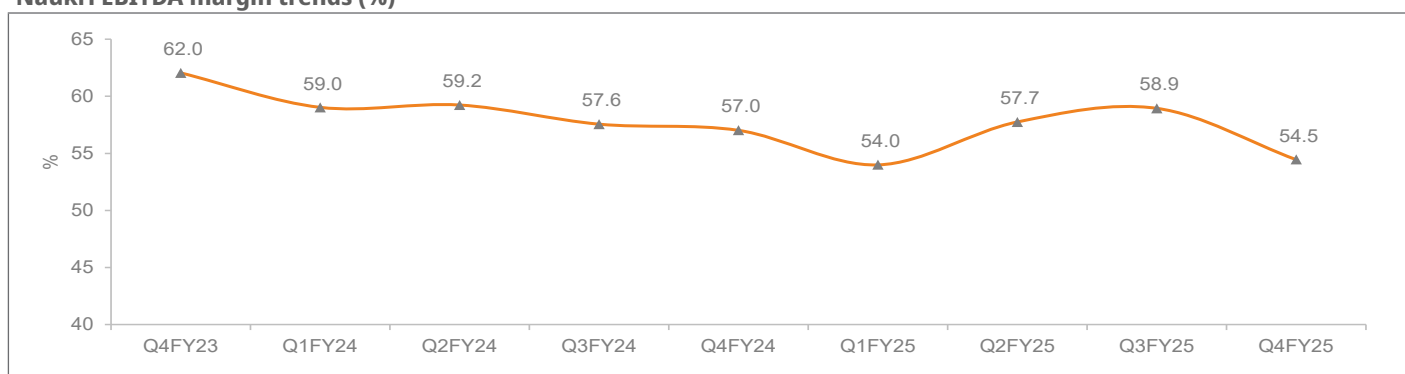
Source: Company; Mirae Asset Sharekhan Research

Naukri billing growth trends (y-o-y)


Source: Company; Mirae Asset Sharekhan Research

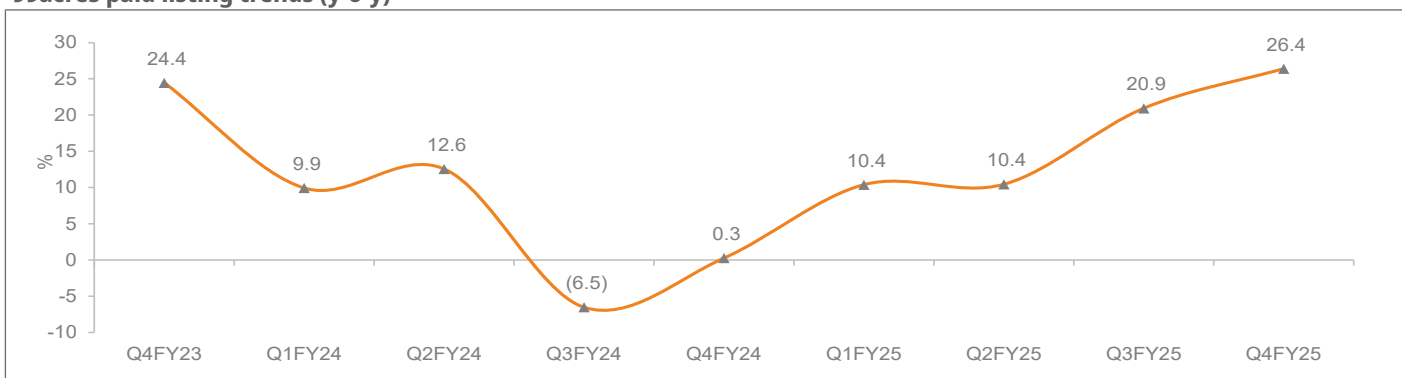
Naukri revenue growth trends (y-o-y)


Source: Company; Mirae Asset Sharekhan Research

Naukri EBITDA margin trends (%)


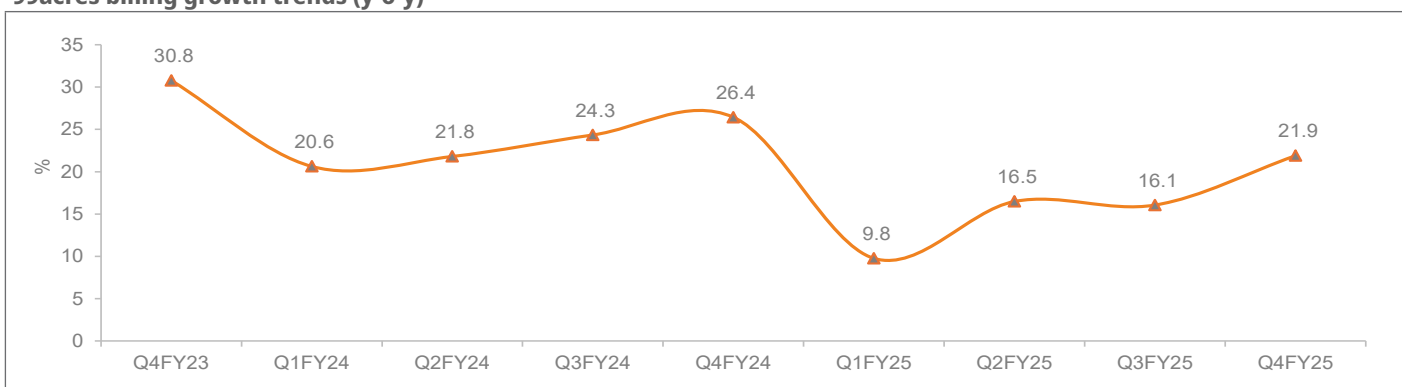
Source: Company; Mirae Asset Sharekhan Research

99acres paid listing trends (y-o-y)



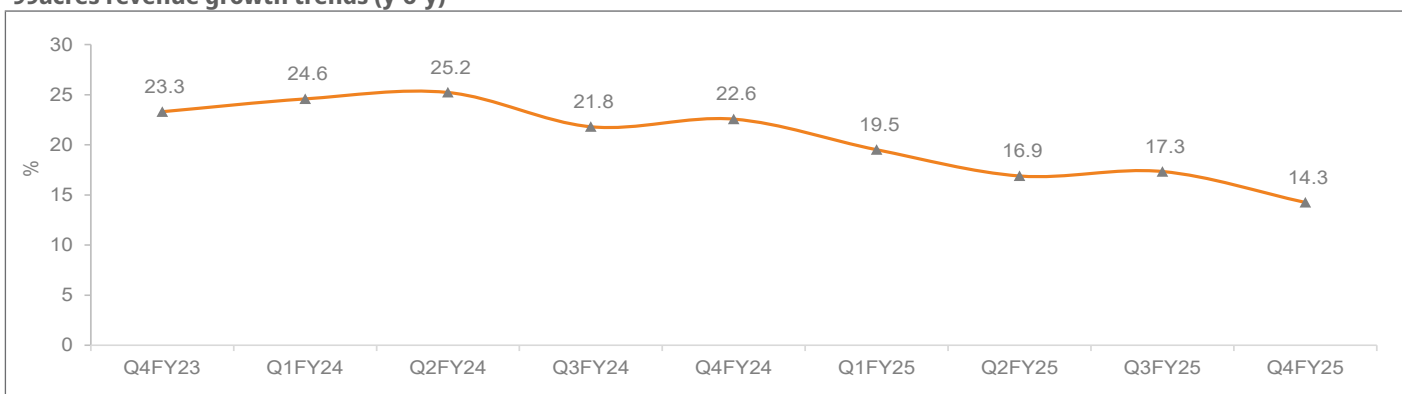
Source: Company; Mirae Asset Sharekhan Research

99acres billing growth trends (y-o-y)



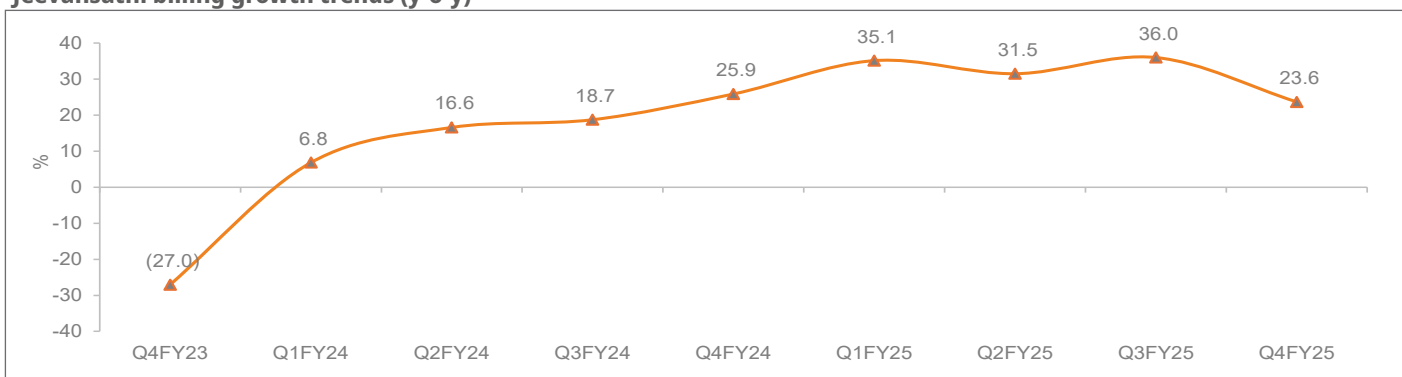
Source: Company; Mirae Asset Sharekhan Research

99acres revenue growth trends (y-o-y)



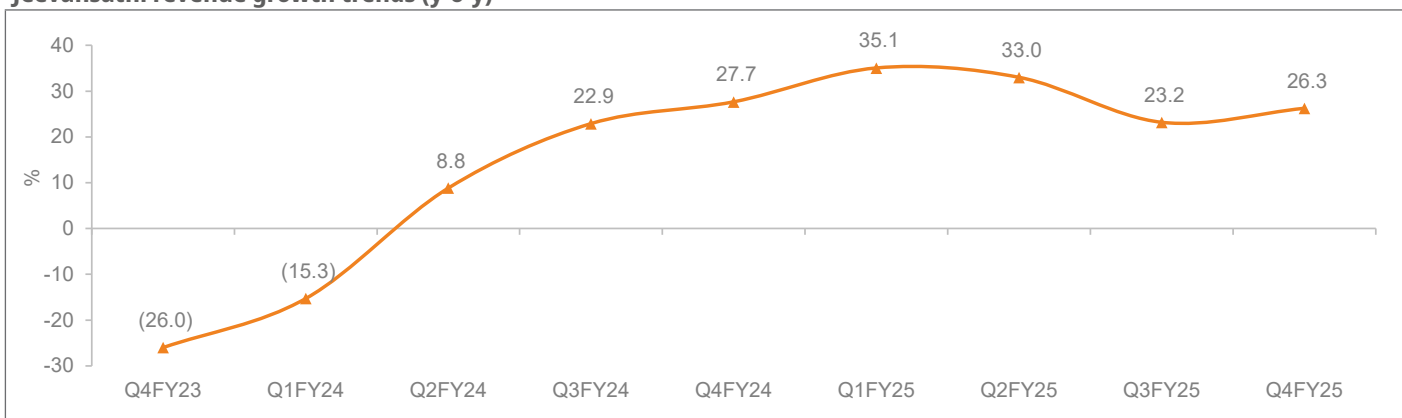
Source: Company; Mirae Asset Sharekhan Research

Jeevansathi billing growth trends (y-o-y)



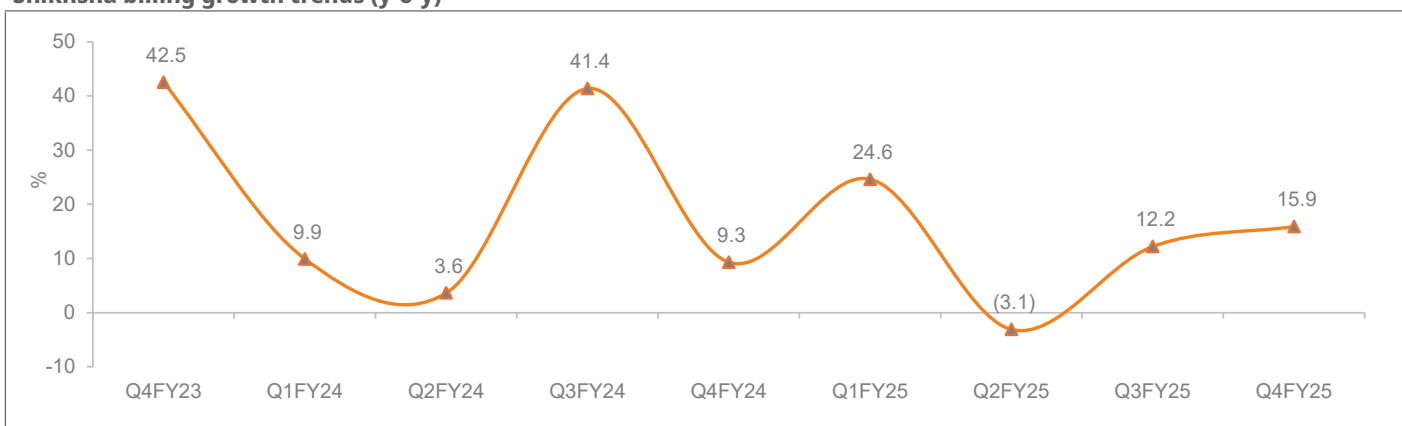
Source: Company; Mirae Asset Sharekhan Research

Jeevansathi revenue growth trends (y-o-y)



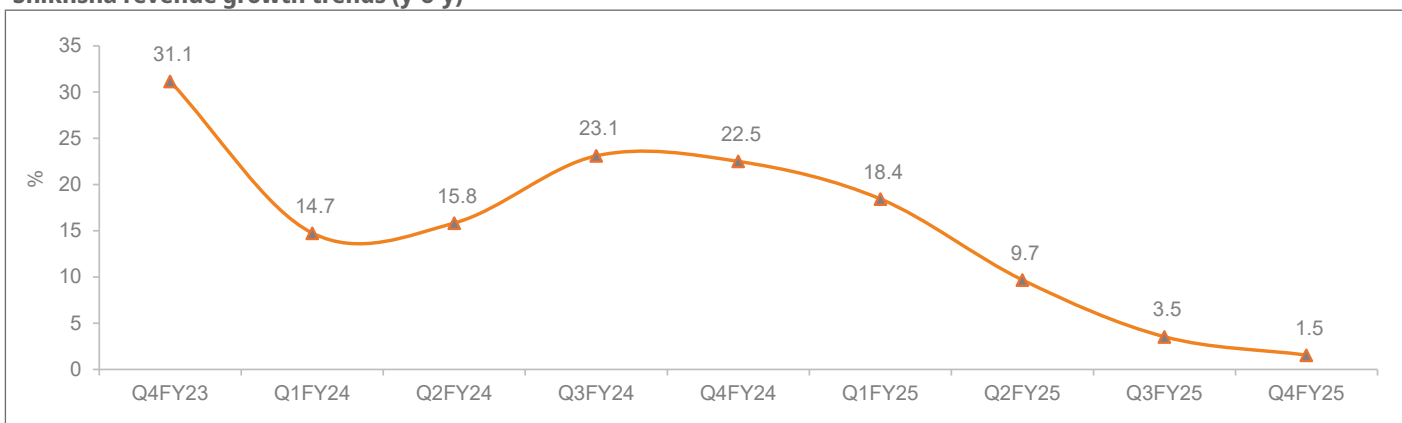
Source: Company; Mirae Asset Sharekhan Research

Shiksha billing growth trends (y-o-y)



Source: Company; Mirae Asset Sharekhan Research

Shiksha revenue growth trends (y-o-y)



Source: Company; Mirae Asset Sharekhan Research

Outlook and Valuation

■ Sector Outlook – Expect acceleration in internet businesses going forward

Info Edge's recruitment business directly and disproportionately benefits from a pick-up in GDP growth. With a strong shift from print ads to digital and lower interest rates, we expect high-growth trajectory for 99acres.com in the long term. Further, India's real estate online classifieds market is expected to be worth Rs. 6,000 crore by 2030, with a 21% CAGR over 2018-2030E.

■ Company Outlook – Poised to lead the pack

Info Edge is a leading online classifieds company with a strong position in recruitment, real estate, matrimony, and education. Info Edge sustains its strong traffic share across its core businesses over the past few quarters. Among its early investments in start-ups, *Zomato* and *PolicyBazaar.com* have emerged as big bets and have a huge potential to grow in the coming years. In the long term, we believe market-leading position across core businesses along with improving traction in certain investee companies and potential higher valuation for its financial investments would bode well for the company.

■ Valuation – Maintain Buy with revised PT of Rs. 1,680

Standalone billings were strong, rising 19%, driven by an 18% y-o-y billings growth in the recruitment segment and robust contributions from other verticals. The company anticipates steady growth in its recruitment business, driven by a strong focus on GCCs and non-IT sectors, which are showing robust hiring demand. We expect sustained momentum in billings, supported by non-tech sectors and regional expansion. Investments in AI and technology are enhancing platform capabilities, positioning the company for long-term market share gains. We maintain a Buy rating with SOTP-based revised price target (PT) of Rs. 1,680. At CMP, the stock trades at 70.3x its FY27E EPS and 59.4x its FY27E EV/EBITDA.

About company

Info Edge is India's largest listed internet technology player, operating in businesses such as online recruitment, real estate, matrimony, and others. The company operates in the online recruitment business under its flagship brand Naukri.com, which has a share of more than 80% of the recruitment market. The company's other businesses such as online real estate and matrimony divisions operate under *99acres.com* and *Jeevansathi.com*, respectively. The company also has stakes in a number of companies, including *Zomato* and *Policybazaar.com*.

Investment theme

Info Edge enjoys a leadership position in its core businesses such as online recruitment, real estate, and matrimony and stands to benefit from the rising popularity of these platforms with greater internet penetration. Naukri is the leader in the industry and its revenue growth is directly linked to GDP growth. Cash generated by Naukri.com supports other businesses (*99acres* and *Jeevansathi.com*) and investments in start-ups. 99acres is well placed to capitalise from increasing spends on the digital front by real estate developers and brokers. In addition, the company has invested in more than 20 start-ups, of which some investments (Zomato and Policybazaar) have created higher value for the company.

Key Risks

1) Entry of large internet players with aggressive expansion plans and any slower-than-expected economic recovery could affect growth trajectory and margins of the recruitment business, 2) any new technology that can provide tough competition to core businesses, 3) high competitive intensity in the real estate segment would widen losses, 4) higher competition for attracting talent in food delivery platforms would increase cash burn rates, and 5) increasing losses from companies that Info Edge has invested in.

Additional Data

Key management personnel

Name	Designation
Sanjeev Bikhchandani	Founder and Executive Vice Chairman
Hitesh Oberoi	Managing Director and CEO
Chintan Arvind Thakkar	Director and CFO
Dr. Pawan Goyal	Chief Business Officer - Naukri.com
Maneesh Upadhyaya	Chief Business Officer- 99Acres.Com

Source: Company Website

Top 10 shareholders

Sr. No.	Holder Name	Holding (%)
1	Blackrock Inc	2.54
2	Vanguard Group Inc	2.35
3	UTI Asset Management Co Ltd	2.02
4	Norges Bank	1.99
5	ICICI Prudential Asset Management	1.91
6	Axis Asset Management Co Ltd	1.68
7	First Sentier Investors ICVC	1.66
8	Nippon Life India Asset Management	1.24
9	JPMorgan Chase & Co	0.96
10	Goldman Sachs Group Inc/The	0.90

Source: Bloomberg

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Understanding the Mirae Asset Sharekhan 3R Matrix

Right Sector	
Positive	Strong industry fundamentals (favorable demand-supply scenario, consistent industry growth), increasing investments, higher entry barrier, and favorable government policies
Neutral	Stagnancy in the industry growth due to macro factors and lower incremental investments by Government/private companies
Negative	Unable to recover from low in the stable economic environment, adverse government policies affecting the business fundamentals and global challenges (currency headwinds and unfavorable policies implemented by global industrial institutions) and any significant increase in commodity prices affecting profitability.
Right Quality	
Positive	Sector leader, Strong management bandwidth, Strong financial track-record, Healthy Balance sheet/cash flows, differentiated product/service portfolio and Good corporate governance.
Neutral	Macro slowdown affecting near term growth profile, Untoward events such as natural calamities resulting in near term uncertainty, Company specific events such as factory shutdown, lack of positive triggers/events in near term, raw material price movement turning unfavourable
Negative	Weakening growth trend led by led by external/internal factors, reshuffling of key management personal, questionable corporate governance, high commodity prices/ weak realisation environment resulting in margin pressure and deteriorating balance sheet
Right Valuation	
Positive	Strong earnings growth expectation and improving return ratios but valuations are trading at discount to industry leaders/historical average multiples, Expansion in valuation multiple due to expected outperformance amongst its peers and Industry up-cycle with conducive business environment.
Neutral	Trading at par to historical valuations and having limited scope of expansion in valuation multiples.
Negative	Trading at premium valuations but earnings outlook are weak; Emergence of roadblocks such as corporate governance issue, adverse government policies and bleak global macro environment etc warranting for lower than historical valuation multiple.

Source: Mirae Asset Sharekhan Research

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