

IndiaMART IPO offers investors an additional play on the Indian Internet sector, which currently has only three listed players viz. Info Edge, Just Dial (Rating: REDUCE, target price: Rs. 530) and Matrimony (Not Rated). Our preferred pick remains Info Edge (Rating: BUY, target price: Rs. 2,290), as it is a verticalized player with leadership position in all its verticals except the matrimonial segment. This verticalization brings in pricing power (7.5% CAGR in recruitment segment for Info Edge and 7% CAGR for Matrimony Ltd versus -1% CAGR for Just Dial during FY14-19) and improves the quality of revenue and earnings. Whilst IndiaMART pricing has improved 7% CAGR over the last 3 years and is greater than 2x of Just Dial's pricing thereby indicating stickiness from suppliers, based on our channel checks with over 75 suppliers across the country (slide 5), the stress in the MSME sector (slide 6 and 7) could be the single biggest risk for IndiaMART's revenue and pricing growth (deferred revenue is 85% of cash and bank balance). The recent appreciation in the stock price of Just Dial (up 56% in last 3 months) followed by the launch of IPO of IndiaMART reminds us of the 56% appreciation in the stock price of Navneet Education from December 2016 till May 2017, when IPO of SChand was launched and fully subscribed. In sectors where investible options are limited, investors tend to lean towards the best available option till the investible universe within the sector expands and the Indian Internet sector is one such sector. Thus, the appreciation in stock price of Just Dial and expected valuations of IndiaMART can pose valuation related risks for a segment, where growth headwinds in the near term are a possibility.

Just Dial is the only comparable company

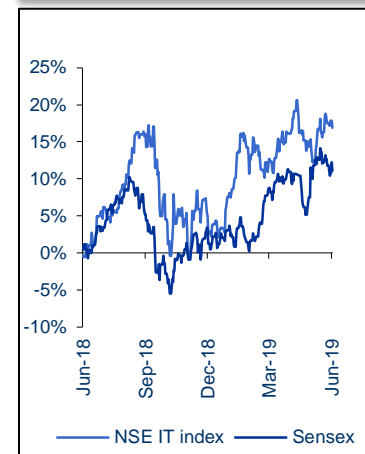
Comparable with Just Dial and provides an additional option to play Indian Internet sector – While Info Edge (recruitment, real estate and marriage classifieds) and Matrimony (marriage classifieds) are vertical players, Just Dial and IndiaMART are horizontal players and operates in the SME classified segment with just one exception - IndiaMART operates in the B2B segment while Just Dial operates in B2C segment and are hence comparable on growth profile, margins, balance sheet, return ratios and metrics. Therefore IndiaMART offers investors an additional option to play the Indian Internet sector. IndiaMART is the largest online B2B marketplace for business products and services with approximately 60% market share of the online B2B classifieds space in India (FY17 data).

IndiaMART's growth in billings is significantly higher than that of Just Dial – The companies in the Indian internet segment enjoys a negative working capital cycle, as subscriptions are collected upfront and services are delivered over the tenure of the contract, which could be one year or even more. Thus, the cash generation (pre tax OCF as % of EBITDA) is higher than 100%. The flip side of this negative working capital argument is slowdown in revenue growth, which impacts deferred revenue growth and consequently cash generation negatively. Thus, the metric to look into is growth in billings, which is the balancing figure computed using opening and closing deferred revenue and revenue accounted in the quarter/year. IndiaMART's growth in billings has been 36% over the last two years, which is higher than Just Dial's 8% in FY18 and 15% in FY19. However, roughly, 40% of the billings is from services to be rendered beyond 12 months and hence consistent growth in economy and MSME segment is vital.

Channel checks with suppliers – Our channel checks with 75 vendors across the 4 regions of country indicates, stress in the MSME segment as the single biggest risk, which can impact FY21 growth expectations of IndiaMART. Amongst various parameters surveyed, ~46% of vendors have seen an improvement in their sales post listing on IndiaMART while ~54% have not seen any impact on their sales post listing.

Brief contours of the IPO and valuations – IndiaMART IPO opens on 24th June 2019 and closes on 26th June 2019 with entire 4.9mn shares being an offer for sale translating to an amount of Rs. 4.76bn at Rs. 973 per share. At market cap of Rs. 28bn, this translates to FY19 valuation of 5.6x on revenue and is comparable to Just Dial's FY19 valuation on revenue. However, on EV basis, IndiaMART is 6% premium to revenues, 60% on EBITDA and 27% discount on OCF. As IndiaMART's 85% of the cash balance is in the form of deferred revenues (cash collected upfront but services to be delivered over next 1 year or multiple years), investors should remove the deferred revenues from cash to make valuations comparable, as in event of any mid term cancellation of subscription, cash balance would come down and future revenue would get impacted. On a deferred revenue adjusted basis, IndiaMART is 21% and 80% premium on revenues and EBITDA to Just Dial and only 16% discount to Pre Tax OCF.

INTERNET SECTOR UPDATE 24 June 2019



Stock performance (%)

	1m	3m	12m
Sensex	0.6%	3.2%	11.4%
CNXIT	2.2%	4.6%	18.1%

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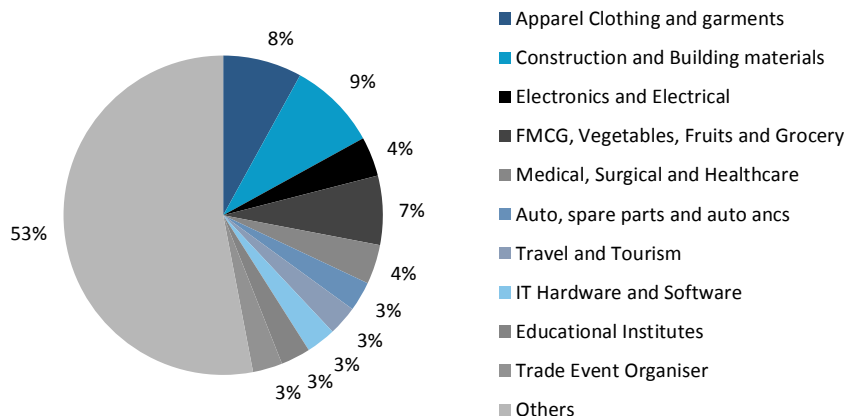
Company Factsheet

Corporate Factsheet

Company Background	IndiaMART is the leading online marketplace for business goods and services, with ~60% market share in the online B2B classifieds space in India (FY17 data). IndiaMART had ~4.7mn suppliers and ~60mn registered buyers as of Mar 31, 2018 and had an aggregate of 553mn visits in FY18, of which, 72% has emanated from mobile traffic. Major portion of revenue is led by subscription based model, while IndiaMART also derives revenue from other avenues like advertising and providing access to leads. The paying subscription suppliers by end of FY18 stood at 108k. Of these paying suppliers, 50% subscribe to monthly packages, 15% subscribe to annual packages and the balance subscribe for other packages.
Operational Footprint	<p>By Mar 31, 2018, IndiaMART's online market place had a total of ~50mn listed products across 97k categories and 52 industries, of which, 75% are products and 25% are services</p> <ul style="list-style-type: none"> ▪ The products and services are spread across India. Although 39% and 50% of the buyers and suppliers are respectively derived from the top 8 metro cities in India, the market place offerings also generate traffic from Tier-II/III cities representing more than 1000 cities in total
Revenue model	<p>IndiaMART offers basic and premium subscription models, which include a set number of RFQ credits that may be used by the suppliers. Revenue is also driven by providing access to lead management system, integrated access to third party online payment and advertising by suppliers. Major portion of revenue is driven by subscription revenue</p> <ul style="list-style-type: none"> ▪ IndiaMART offers monthly, annual and multi-year subscription packages ▪ Advertising on IndiaMART desktop and mobile optimized platforms
Top Management & Board of Directors	<p>Board of Directors</p> <ul style="list-style-type: none"> ▪ Mr. Dinesh Chandra Agarwal – Promoter & Managing Director ▪ Mr. Brijesh Agarwal – Promoter & Whole-time Director ▪ Mr. Druv Prakash – Non-executive Director ▪ Mr. Rajesh Sawhney – Independent Director ▪ Ms. Elizabeth Lucy Chapman – Independent Director ▪ Mr. Vivek Narayan Gour – Independent Director <p>Key Managerial Personnel</p> <ul style="list-style-type: none"> ▪ Mr. Prateek Chandra – Chief Financial Officer ▪ Mr. Dinesh Gulati – Chief Operating Officer
Credit Rating	NA
Bankers	<p>Book running lead managers : ICICI Securities Limited / Jefferies India Private Limited / Edelweiss Financial Services Limited</p> <p>Bankers to IndiaMART: HDFC Bank Limited / ICICI Bank Limited</p>
Auditors	S.R. Batliboi & Associates LLP

IndiaMart – A brief overview

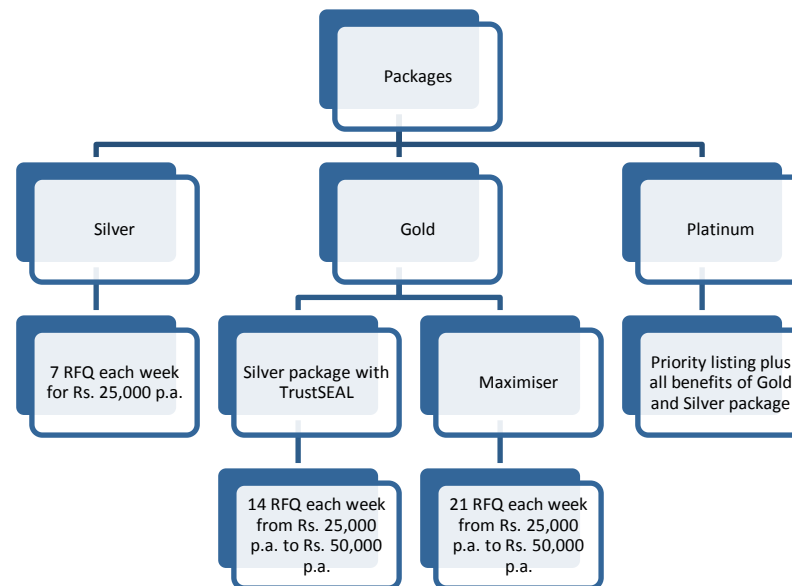
IndiaMart product distribution across industries



Source: Company data, Spark Capital

- IndiaMART provides a robust two-way discovery marketplace connecting buyers and suppliers.
- Buyers locate suppliers on the marketplace, including both Indian SMEs, and large corporates, by viewing a webpage containing the supplier’s product and service listings, or a “supplier storefront”, or by posting requests for quotes called “RFQs” or “BuyLeads”.
- IndiaMART’s marketplace offerings from which buyers can search for and view product and service listings cover a widespread range of industries spread across India, rather than relying on a single target industry or type of geography.
- As of March 31, 2019, IndiaMART has organized listings across 54 industries.
- IndiaMART premium number service, operated by Third Party Service Provider, allotted unique phone numbers to approximately 470,053 suppliers as of March 31, 2019, and connects calls directly to suppliers while also providing them with software-based missed call alerts.

Revenue model for IndiaMART



City categorization definition	No.	Buyers (%)	Suppliers (%)
Delhi NCR, Mumbai, Kolkata, Chennai, Bangalore, Pune, Hyderabad, Ahmedabad	8	39%	50%
Population >5 lacs (excluding top 8)	69	27%	27%
Population >1 lacs <5 lacs (excluding top 77)	394	19%	13%
Remaining Cities		15%	10%

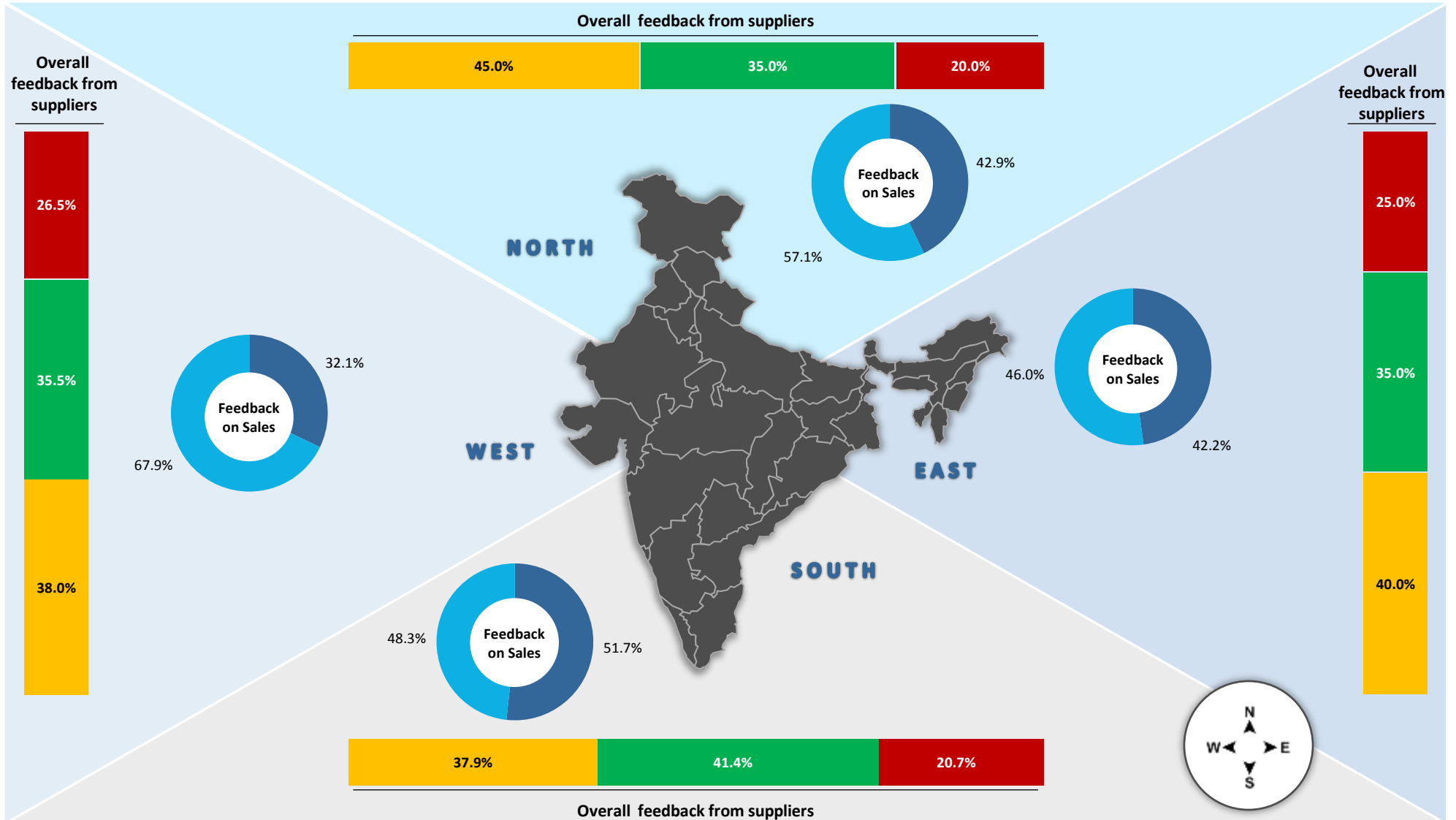
IndiaMART

Particulars	FY16	FY17	FY18	FY19
Aggregate visits (in mn)	262	326	553	724
<i>Growth</i>		24.3%	69.6%	30.9%
Aggregate visits from Mobile (in mn)	155	205	397	550
<i>Growth</i>		32.4%	93.8%	38.6%
<i>% of visits from Mobile</i>	59.0%	62.9%	71.8%	76.1%
Business enquiries delivered to IndiaMART (in mn)	115	157	290	449
<i>Growth</i>		36.3%	84.9%	54.8%
Daily unique buyer request (in mn)	NA	NA	52.6	72.5
Repeat buyers calculated on the basis of the past 90 days	NA	NA	52%	55%
Types of industries listed in IndiaMART	NA	NA	52	54
Supplier Storefronts (in mn)	2.3	3.2	4.7	5.6
<i>Growth</i>		36.2%	49.4%	17.6%
Paying subscription suppliers	72,335	96,025	1,08,347	1,29,589
<i>Growth</i>		32.8%	12.8%	19.6%
Registered Buyers (in mn)	27	39	60	83
<i>Growth</i>		45.5%	51.9%	38.3%
Revenue per paid supplier (Average)	33,974	37,748	40,173	41,801
<i>Growth</i>		11%	6%	4%
India Mart Premium members	NA	NA	4,72,855	4,70,053
Revenues	2,458	3,178	4,105	4,973
<i>Growth</i>	39.6%	29.3%	29.2%	21.1%
Employee Costs	1,819	2,097	1,949	2,223
<i>Growth</i>	52.9%	15.3%	-7.1%	14.1%
Other Expenses	1,894	1,625	1,690	1,890
<i>Growth</i>	94.5%	-14.2%	4.0%	11.8%
EBITDA	-1,256	-544	466	860
<i>Growth</i>	-211.7%	143.3%	185.7%	84.4%
EBITDA (%)	-51.1%	-17.1%	11.4%	17.3%
OCF	-537	6	1,800	2,603
OCF as % of EBITDA	42.7%	-1.1%	386.1%	302.7%
Deferred Revenue (Rs Mn.)	2,361	2,932	3,920	5,860
<i>Growth</i>		24.2%	33.7%	49.5%
<i>Deferred Revenue as proportion of LTM Revenues</i>	96.1%	92.3%	95.5%	117.8%
<i>Deferred Revenue as proportion of Cash and Bank</i>	148.7%	165.7%	101.0%	85.5%

Source: Company data, Spark Capital

Channel Check takeaways from suppliers on IndiaMART

■ Sales Improved
 ■ Sales flattish
 ■ Neutral
 ■ Positive
 ■ Negative

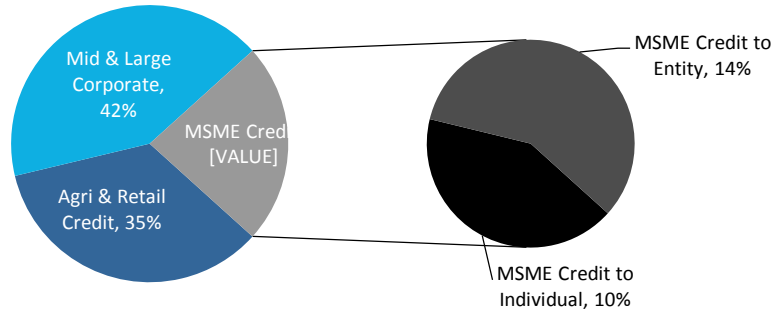


Source: Spark Capital

MSME Sector

MSME credit constitutes ~23% of systemic credit, of which 10% is commercial credit to individuals and the remaining 14% is commercial credit to entities; large & mid corporate form the bulk of the systemic credit at 42%

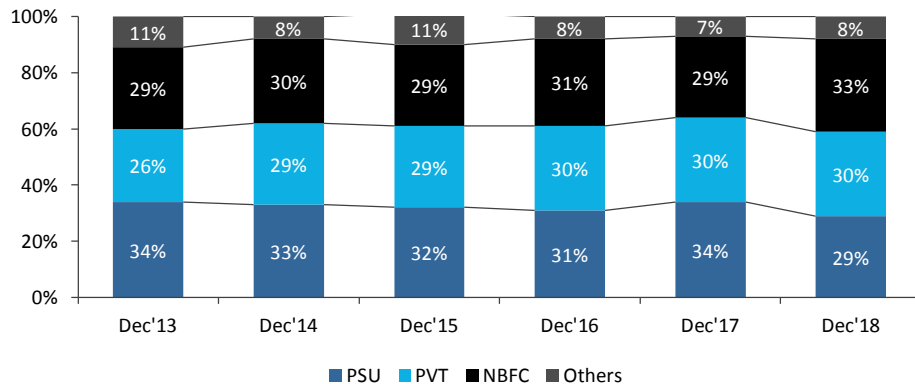
Systemic Credit breakup (%)



Source: CIBIL, Spark Capital

In MSME loans to individuals, PSU banks have largely maintained their market share at ~30% levels over 2013-2018...

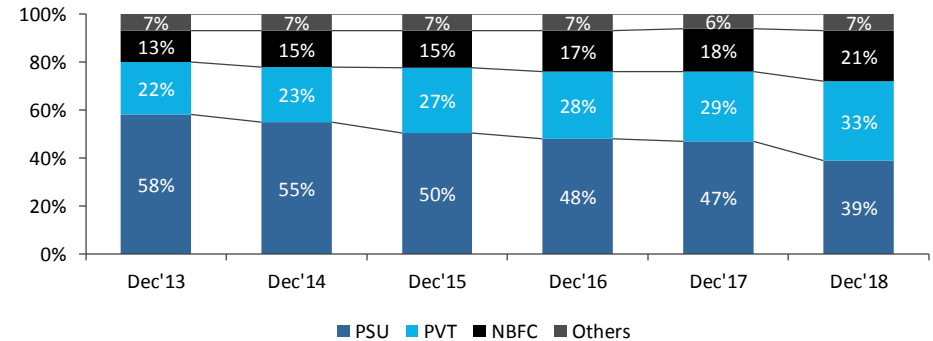
Share of Lenders in Individual Segment (%)



Source: CIBIL, Spark Capital

Market share of PSU banks in the overall lending to MSMEs have been steadily coming off, from 58% in Dec'13 to 39% in Dec'18 (decline of 19% market share), with the market share losses getting distributed between Private banks & NBFCs

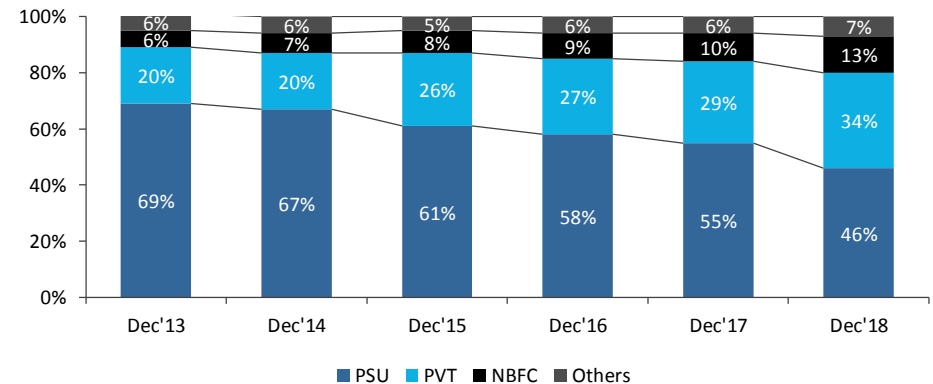
Share of Lenders in MSME Segment (%)



Source: CIBIL, Spark Capital

... implying that market share losses of PSU banks have come entirely from the MSME lending to entities (69% in 2013 to 46% in 2018)

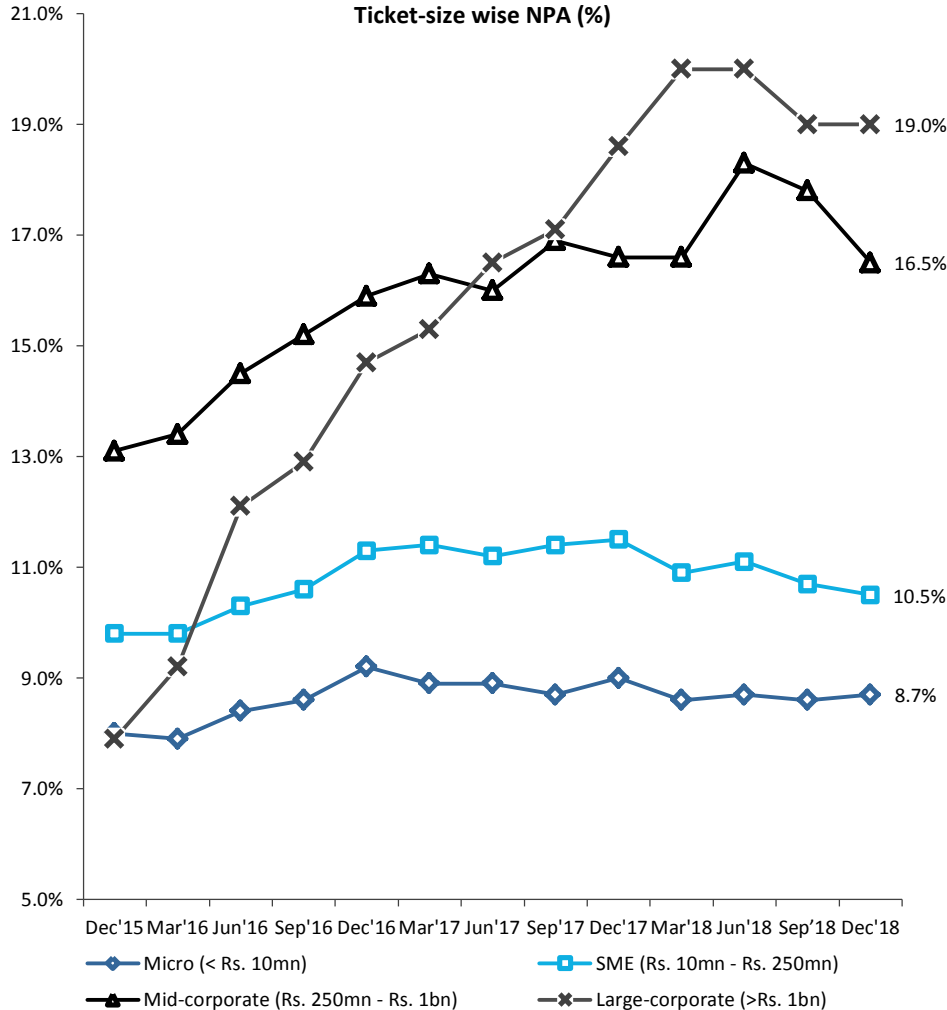
Share of Lenders in Entity Segment (%)



Source: CIBIL, Spark Capital

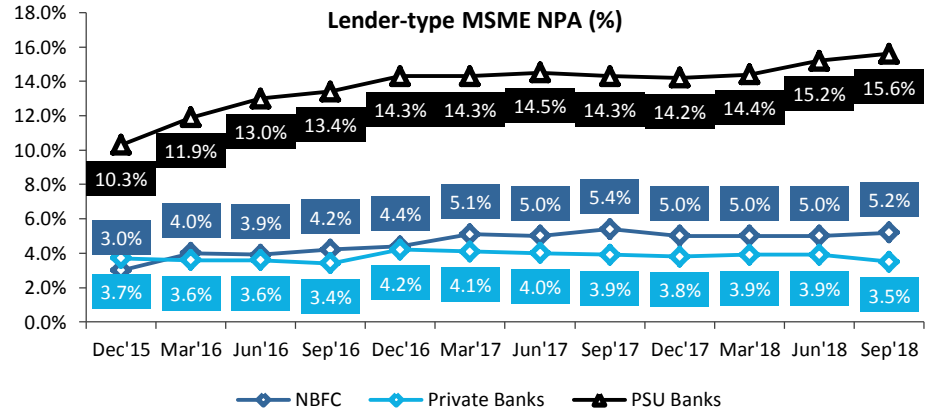
MSME Sector

Contrary to popular belief, it is the lower ticket size lending that has the least delinquencies, with micro loans (<Rs. 10mn) having GNPA of 8.7%, while the larger ticket size Corporate (>Rs.1bn) exhibiting GNPA of 19.0%



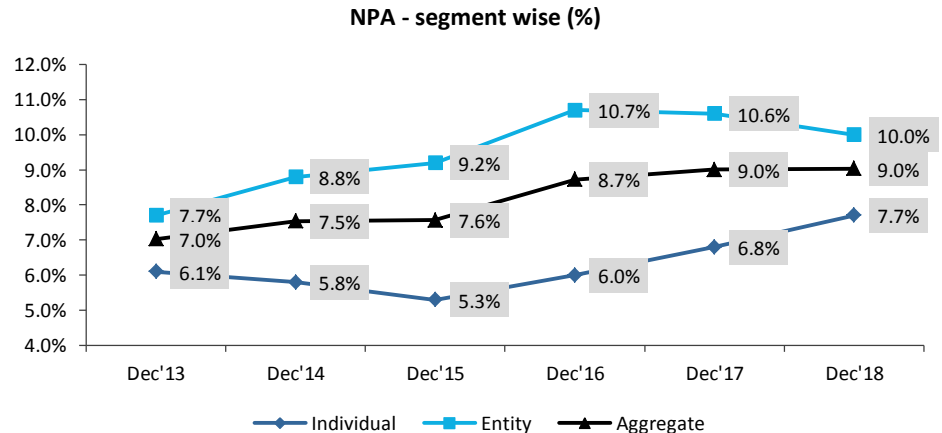
Source: CIBIL, Spark Capital

Private banks have the best set of customers among the MSMEs, with private bank GNPA being the lowest at 3.5%, compared to NBFCs at 5.2% & PSU banks at 15.6%



Source: CIBIL, Spark Capital

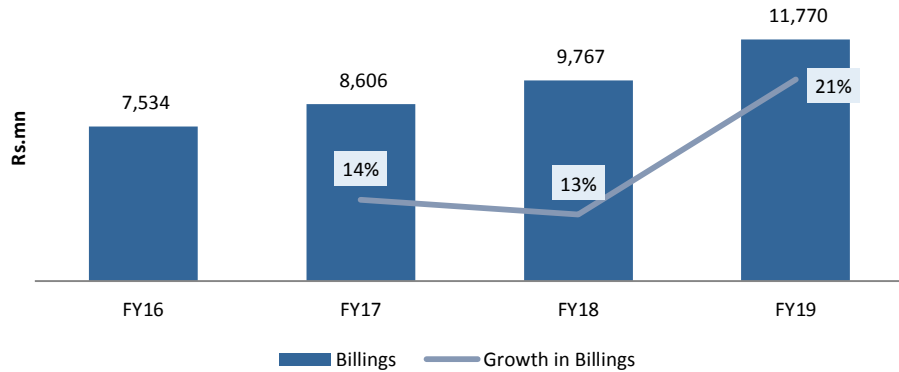
While, MSME lending to individuals have lower delinquencies than MSME lending to entities, the GNPA in the individuals segment has been steadily increasing over 2015-18



Source: CIBIL, Spark Capital

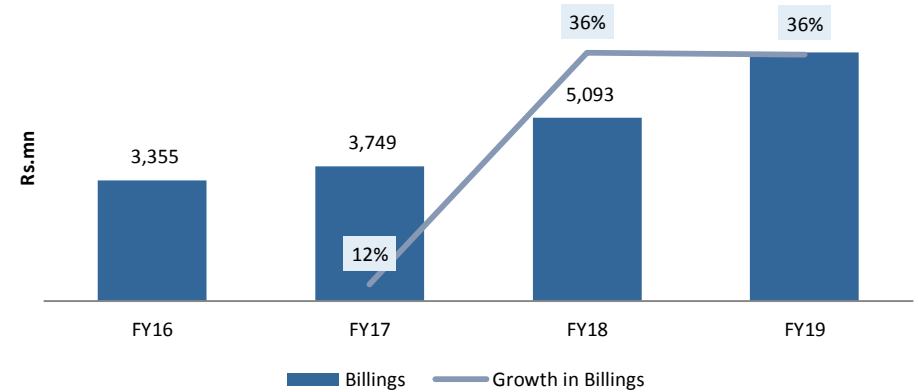
Billings growth trends across Internet companies

Info Edge (Billings in Rs. million and growth in billings)



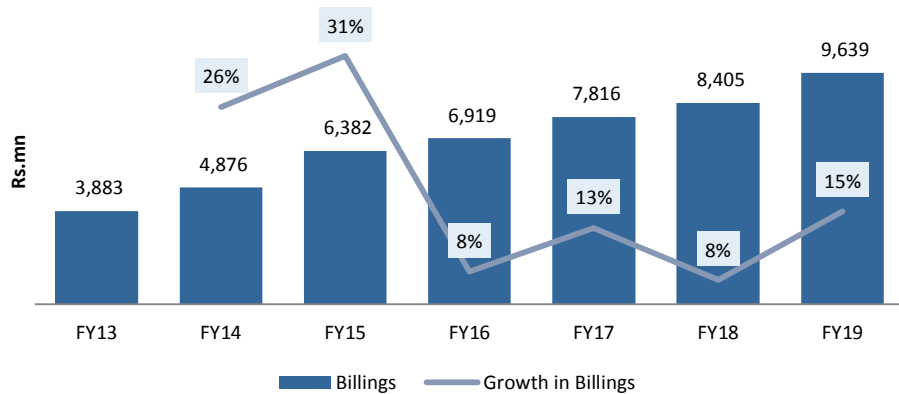
Source: Company, Spark Capital

IndiaMART (Billings in Rs. million and growth in billings)



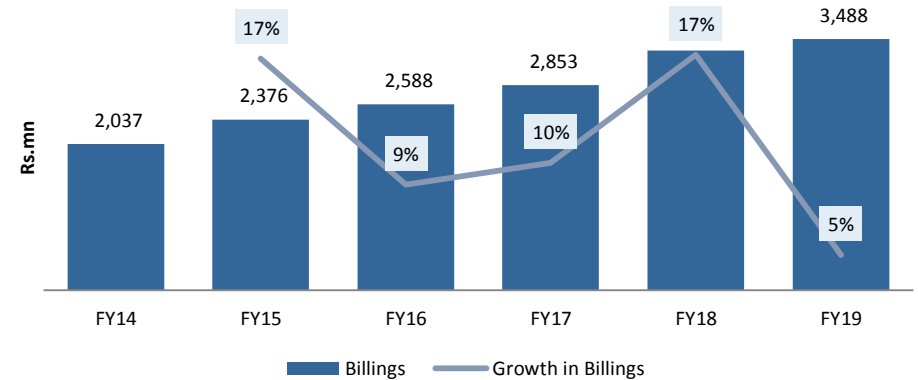
Source: Company, Spark Capital

Just Dial (Billings in Rs. million and growth in billings)



Source: Company, Spark Capital

Matrimony (Billings in Rs. million and growth in billings)

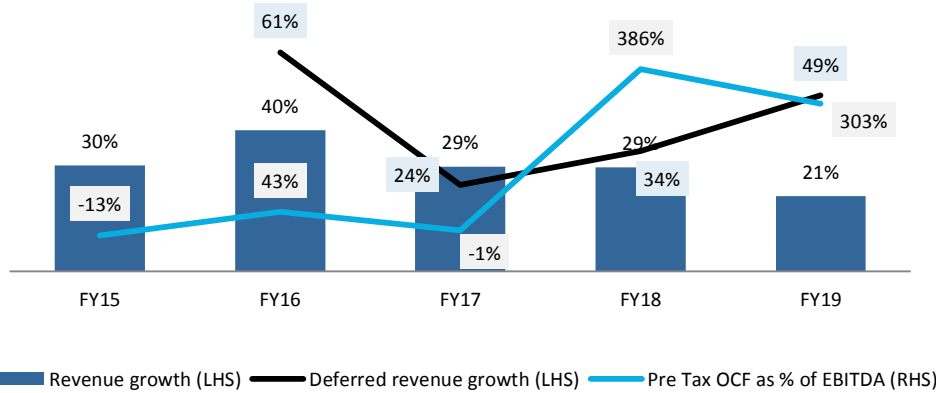


Source: Company, Spark Capital

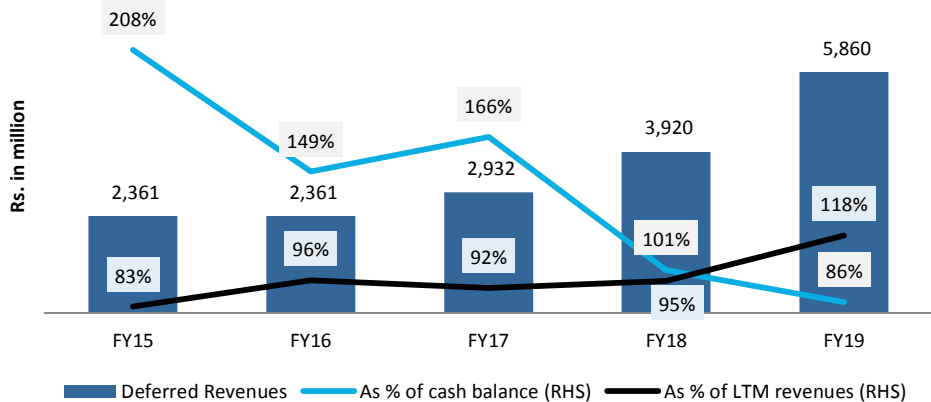
IndiaMART vs. Just Dial



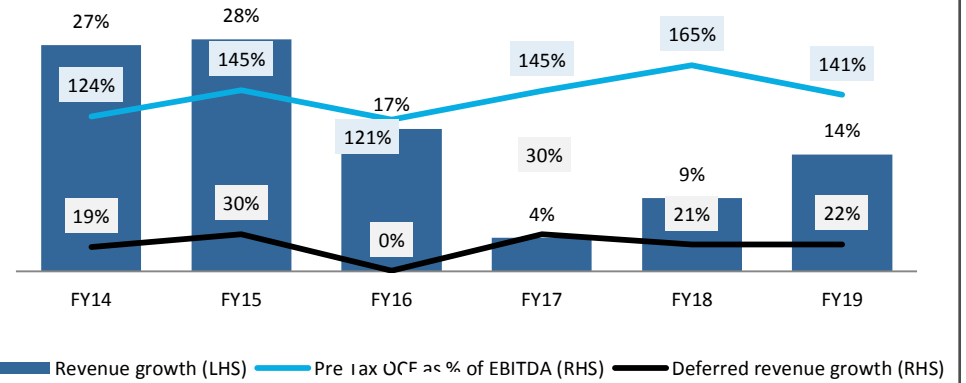
Growth in actual revenue vs. deferred revenue



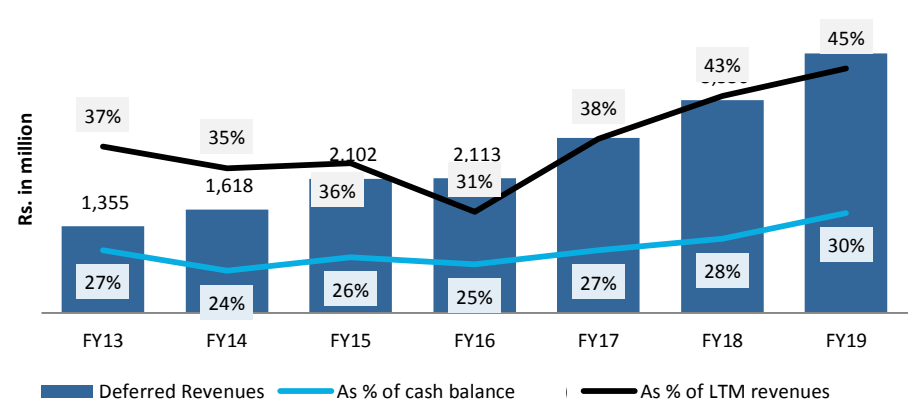
Deferred revenue as % of cash balance and LTM revenue



Growth in actual revenue vs. deferred revenue



Deferred revenue as % of cash balance and LTM revenue

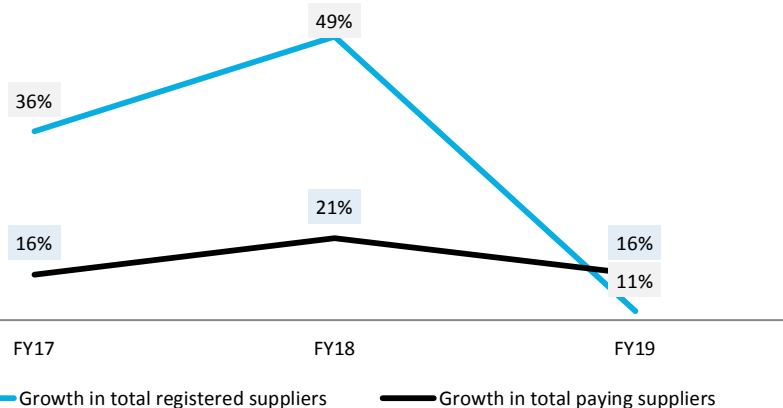


Source: Company data, Spark Capital

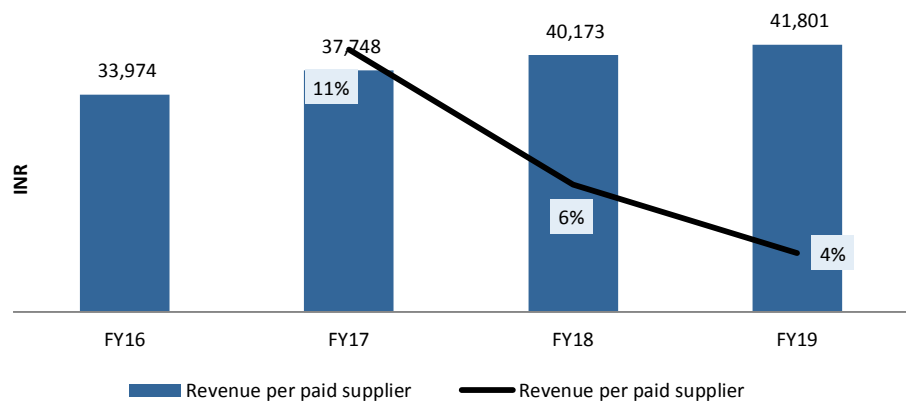
IndiaMART vs. Just Dial



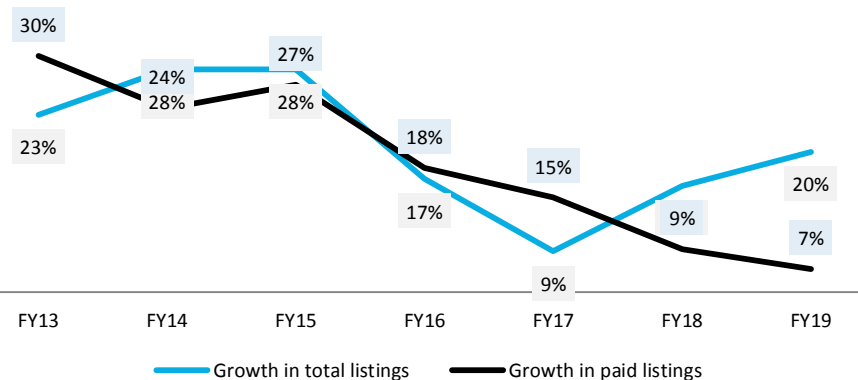
Growth in total registered suppliers vs. paying suppliers



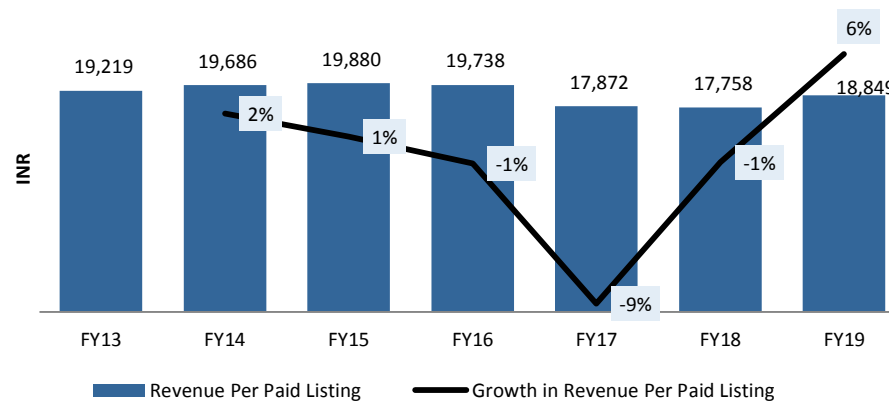
Revenue per paid supplier



Growth in total listings vs. paid listings

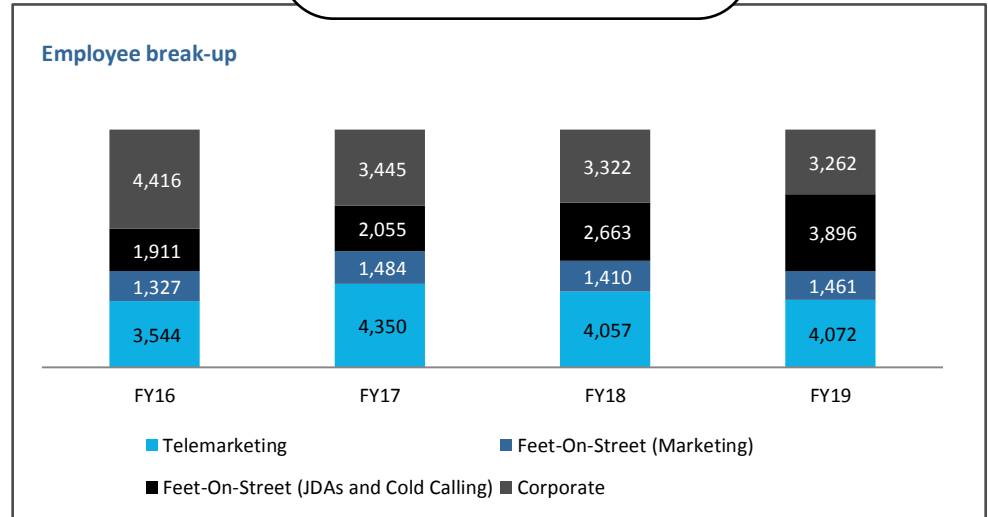
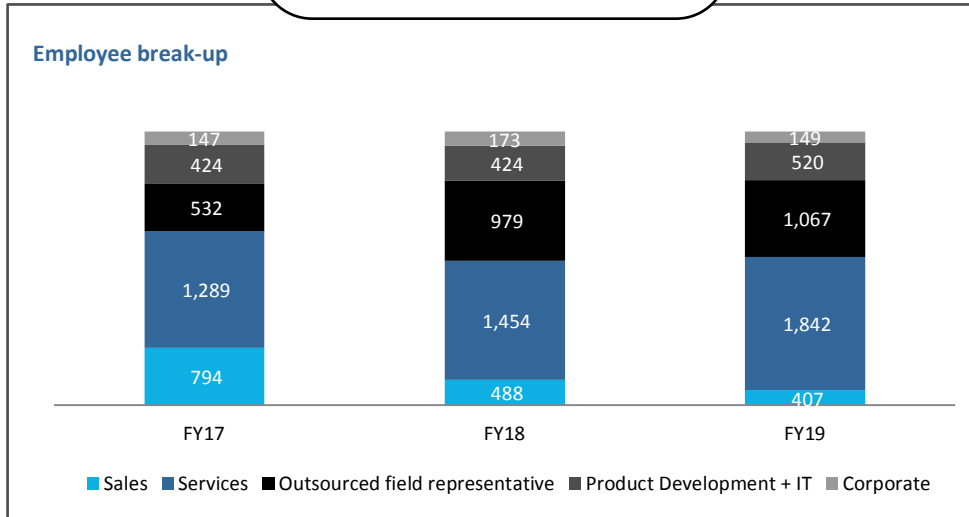


Revenue from paid listing

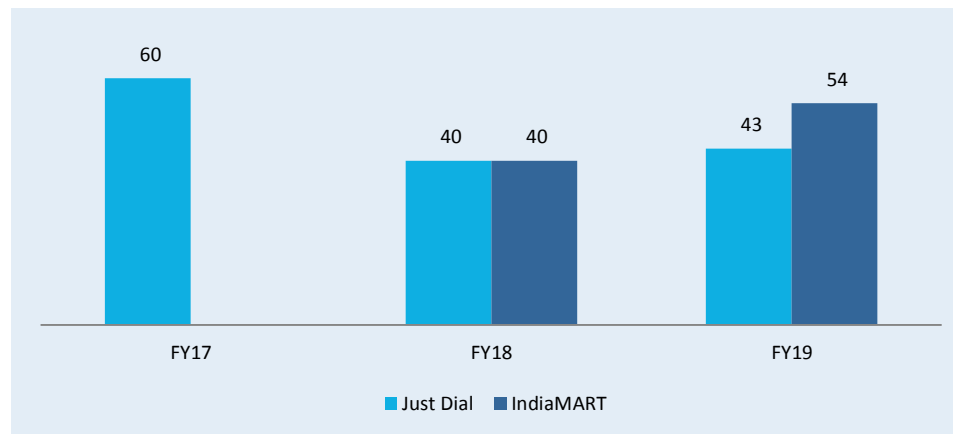


Source: Company data, Spark Capital

IndiaMART vs. Just Dial



Sales productivity : IndiaMART vs. Just Dial (calculated after removing corporate and IT headcount)



Source: Company data, Spark Capital

Comparative Valuation

All fig in Rs.mn	Info Edge	Just Dial	Matrimony	IndiaMART
Market Cap	2,58,892	49,430	13,600	28,000
Net Cash	19,052	13,414	2,123	6,852
Deferred Revenue	4,744	4,054	721	5,860
Net cash after Deferred Revenue	14,308	9,360	1,402	992
Enterprise Value	2,44,584	40,070	12,198	27,008
FY21 Revenue	15,452	10,907	4,236	NA
FY21 EBITDA	5,966	2,514	844	NA
FY21 PAT	5,339	2,008	652	NA
FY21 Pre Tax OCF	7,246	2,560	991	NA
FY21 Market Cap to PAT (x)	48.5	24.6	20.9	NA
FY21 EV to EBITDA (x)	41.0	15.9	14.5	NA
FY21 EV to OCF (x)	33.8	15.7	12.3	NA
FY21 EV to Revenue (x)	15.8	3.7	2.9	NA
Last 5 years Revenue CAGR	21.4%	14.1%	11.1%	30.2%
Last 5 years Revenue CAGR - Naukri.com	16.1%	NA	NA	NA
Last 5 years Volume CAGR	8.6%	15.1%	4.1%	18.0%
Last 5 years Pricing CAGR	7.5%	-1.0%	7.0%	7.0%
Last 5 years EBITDA CAGR	19.6%	10.0%	38.4%	45.6%
Last 5 years Employee Costs CAGR	18.4%	16.8%	10.1%	19.6%
Last 5 years Other Costs CAGR	16.0%	12.8%	7.4%	29.1%
Last 5 years PAT CAGR	24.5%	11.4%	26.7%	20.6%
ROIC	19.8%	20.4%	16.9%	95.2%

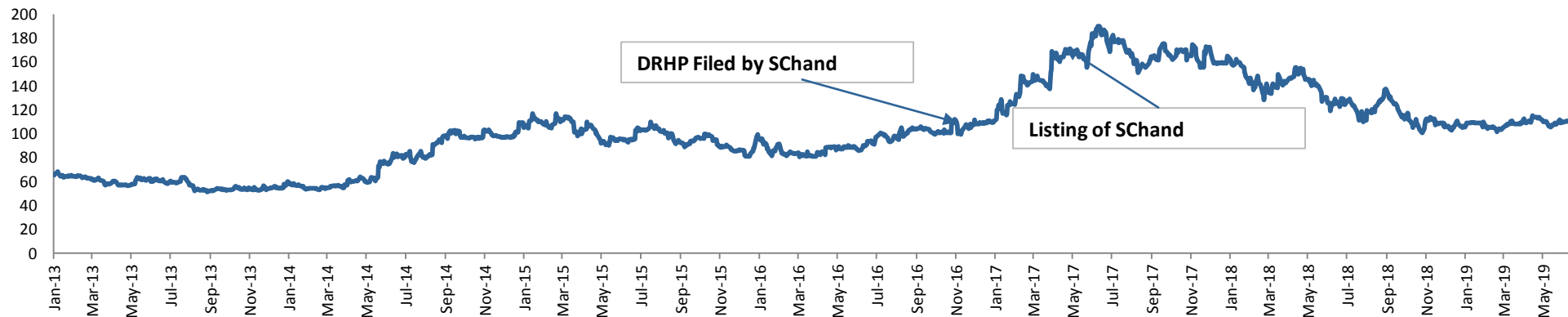
Note:

1. Volume CAGR for Info Edge is only for recruitment business
2. Pricing CAGR for Info Edge is only for recruitment business
3. Matrimony FY21 estimates is from Bloomberg Consensus and 4. Volume and Pricing CAGR for IndiaMART is for last 3 years

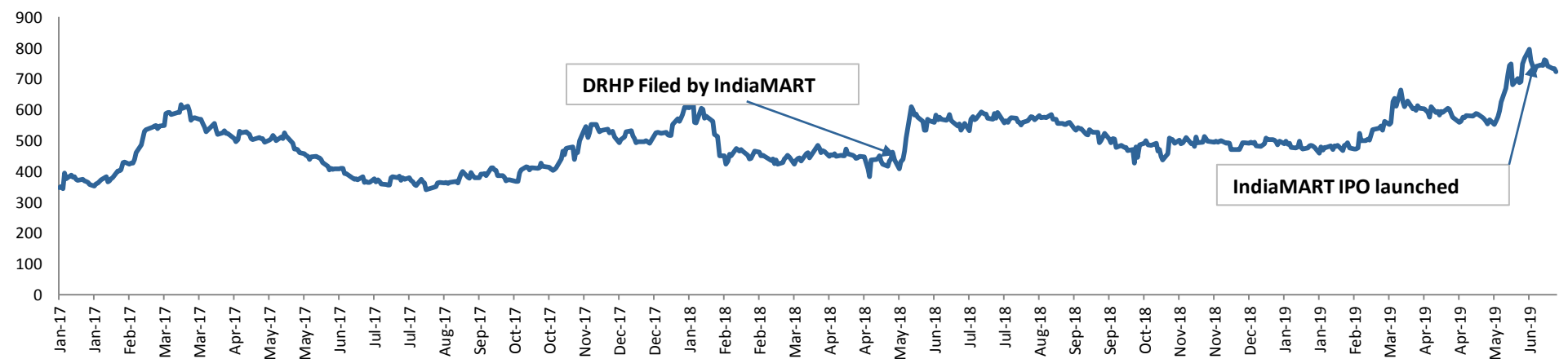
Source: Company data, Spark Capital

Share price history

Navneet Education: The scrip saw an appreciation of 56% leading to the IPO of S Chand and Company as publishing sector had only one listed play i.e. Navneet



Just Dial: The scrip has also seen an appreciation of 56% leading to the IPO of IndiaMART as the sector had only one listed play i.e. Just Dial



Source: Bloomberg, Spark Capital

IndiaMART - Financial Summary

Abridged Financial Statements						
Rs. mn	FY14	FY15	FY16	FY17	FY18	FY19
Profit & Loss						
Revenue	1,357	1,761	2,458	3,178	4,106	5,074
Gross Profit	419	571	638	1,081	2,157	2,774
EBITDA	-126	-403	-1,256	-544	467	823
Depreciation	22	30	37	46	29	41
EBIT	-148	-433	-1,293	-590	438	782
Other Income	76	120	15.39	23	29	37
Net gain / loss on Financial Assets	3	5	(34)	(74)	(1,067)	(279)
Exceptional items	-	-	-	-	-	-
PBT	-76	-319	-1,311	-641	-600	539
Reported PAT (after minority interest)	-76	-319	-1,316	-643	548	200
Adj PAT	(76)	(319)	(1,316)	(649)	538	193
EPS (Rs.)	(2.6)	(11.1)	(45.7)	(22.6)	18.7	6.7
Balance Sheet						
Net Worth	(621)	(940)	(3,271)	(3,900)	(3,212)	1,599
Deferred Revenue (Long Term and Short Term)	-	1,463	2,361	3,255	4,244	5,860
Share Buyback obligation	-	-	2,195	2,461	3,729	-
Other liabilities and provisions	1,445	502	661	394	666	749
Total Networth and liabilities	824	1,025	1,946	2,209	5,427	8,208
Gross Fixed assets	195	211	130	150	171	220
Net fixed assets	64	53	100	77	75	87
Intangible Assets	2	10	8	12	8	6
Deferred Tax Asset	-	-	-	-	1,156	858
Investments	580	600	1,286	1,363	3,111	6,074
Cash and bank balances	67	103	301	407	769	777
Loans & advances and other assets	77	109	204	298	266	361
Other Long Term Assets	34	149	47	53	43	44
Total assets	824	1,025	1,946	2,209	5,427	8,208
Capital Employed	(621)	(940)	(3,271)	(3,900)	(3,212)	1,599
Invested Capital (CE- cash-CWIP)	(688)	(1,043)	(3,572)	(4,307)	(3,982)	821
Net Debt	(647)	(703)	(1,587)	(1,769)	(3,880)	(6,852)
Cash Flows						
Cash flows from Operations (Pre-tax)	225	52	-537	6	1,800	2,603
Cash flows from Operations (post-tax)	223	71	-555	-6	1,791	2,551
Capex	-40	28	74	27	22	51
Free cashflows	263	43	-629	-33	1,769	2,500
Free cashflows (post interest costs)	263	38	-629	-33	1,769	2,500
Cash flows from Investing	-250	-10	-608	51	-1,631	-2,707
Cash flows from Financing	1	1	1,324	73	152	141
Total cash & liquid investments	647	703	1,587	1,769	3,880	6,852

IndiaMART - Financial Summary

	FY14	FY15	FY16	FY17	FY18	FY19
Key variables						
Total listings (mn)	12	15	16	18	22	26
Total paid ad campaigns (000')	262	331	369	435	445	501
Employee headcount	8,543	9,533	11,198	11,334	11,452	12,691
Growth ratios						
Revenue		29.7%	39.6%	29.3%	29.2%	23.6%
EBITDA		220.1%	211.4%	-56.7%	-185.9%	76.3%
Adj PAT		320.5%	312.6%	-51.1%	-185.1%	-63.4%
Margin ratios						
Gross	30.8%	32.4%	26.0%	34.0%	52.5%	54.7%
EBITDA	-9.3%	-22.9%	-51.1%	-17.1%	11.4%	16.2%
Adj PAT	-5.6%	-18.1%	-53.5%	-20.4%	13.1%	3.8%
Performance ratios						
Pre-tax OCF/EBITDA	-178.4%	-12.9%	42.7%	-1.1%	385.4%	316.2%
OCF/IC (%)	-32.4%	-6.8%	15.5%	0.1%	-45.0%	310.6%
RoE (%)	12.2%	40.9%	62.5%	18.1%	-15.1%	-23.9%
ROCE (%)	7.8%	22.4%	26.2%	9.8%	-9.7%	34.3%
RoCE (Pre-tax)	11.7%	40.2%	60.7%	15.8%	-13.1%	-101.5%
RoC (Pre-tax)	21.6%	41.6%	36.2%	13.7%	-11.0%	95.2%
Fixed asset turnover (x)	21.4	30.2	32.1	36.0	54.3	63.0
Total asset turnover (x)	1.6	1.9	1.7	1.5	1.1	0.7
Financial stability ratios						
Net Debt to Equity (x)	1.0	0.7	0.5	0.5	1.2	(4.3)
Net Debt to EBITDA (x)	5.1	1.7	1.3	3.3	(8.3)	(8.3)
Interest cover (x)	N.A	N.A	N.A	N.A	N.A	N.A
DSO days	N.A	N.A	N.A	N.A	N.A	N.A
Working capital days	N.A	N.A	N.A	N.A	N.A	N.A
Valuation metrics						
Fully Diluted Shares (mn)	29	29	29	29	29	29
Market cap (Rs.mn)						27,998
P/E (x)	-369.2	-87.8	-21.3	-43.1	52.0	145.0
P/OCF(x)	125.6	397.0	-50.4	-4,810.6	15.6	11.0
EV (Rs.mn)	27,351	27,295	28,771	29,483	28,362	27,006
EV/ EBITDA (x)	(217.1)	(67.7)	(22.9)	(54.2)	60.7	32.8
EV/ OCF(x)	122.7	387.0	(51.8)	(5,066)	15.8	10.6
FCF Yield	1%	0%	-2%	0%	6%	9%
Price to BV (x)	(45.1)	(29.8)	(8.6)	(7.2)	(8.7)	17.5
Dividend pay-out (%)	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Dividend yield (%)	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%

Financial Summary

Abridged Financial Statements								
Rs. mn	FY15	FY16	FY17	FY18	FY19	FY20E	FY21E	FY22E
Profit & Loss								
Revenue	5,898	6,908	7,186	7,818	8,915	9,901	10,907	11,999
Gross Profit	2,810	3,134	2,777	3,402	3,944	4,160	4,401	4,825
EBITDA	1,657	1,705	1,096	1,644	2,289	2,378	2,514	2,725
Depreciation	241	311	401	364	337	389	433	476
EBIT	1,416	1,394	695	1,280	1,953	1,989	2,081	2,249
Other Income	489	585	870	659	930	699	731	766
Interest expense	0	0	0	0	1	4	4	4
Exceptional items	0	0	0	0	0	0	0	0
PBT	1,904	1,979	1,565	1,939	2,881	2,685	2,809	3,012
Reported PAT (after minority interest)	1,388	1,418	1,213	1,432	2,068	1,920	2,008	2,153
Adj PAT	1,388	1,418	1,213	1,432	2,068	1,920	2,008	2,153
EPS (Rs.)	19.8	20.1	17.5	21.0	31.0	29.5	30.9	33.1
Balance Sheet								
Net Worth	6,734	7,395	9,053	9,792	9,986	10,800	11,417	12,101
Deferred Tax liabilities	0	0	0	0	173	173	173	173
Total debt	0	0	0	0	28	28	28	28
Other liabilities and provisions	2,775	2,894	3,468	4,096	5,003	5,003	5,003	5,003
Total Networth and liabilities	9508	10289	12521	13888	15190	16004	16621	17304
Gross Fixed assets	1576	2329	2853	3132	3316	3716	4116	4516
Net fixed assets	922	1474	1647	1489	1262	1292	1280	1223
Goodwill	0	0	0	0	0	0	0	0
Capital Work in Progress	0	0	0	0	59	59	59	59
Investments	7722	8074	9765	11431	12911	12911	12911	12911
Cash and bank balances	422	354	561	575	404	1017	1683	2454
Loans & advances and other assets	580	580	682	609	855	855	855	855
Net working capital	-136	-193	-133	-216	-301	-348	-394	-435
Total assets	9508	10289	12521	13888	15190	16004	16621	17304
Capital Employed	6,734	7,395	9,053	9,792	10,014	10,828	11,445	12,129
Invested Capital (CE- cash-CWIP)	6,312	7,041	8,492	9,217	9,550	9,752	9,702	9,615
Net Debt	-8143	-8428	-10326	-12006	-13288	-13900	-14566	-15337
Cash Flows								
Cash flows from Operations (Pre-tax)	2,404	2,067	1,585	2,714	3,236	2,425	2,560	2,766
Cash flows from Operations (post-tax)	1,844	1,496	1,363	2,262	2,423	1,660	1,760	1,908
Capex	681	948	324	212	246	420	420	420
Free cashflows	1,164	548	1,039	2,050	2,177	1,240	1,340	1,488
Free cashflows (post interest costs)	1,164	548	1,039	2,050	2,175	1,236	1,336	1,484
Cash flows from Investing	-1,585	230	-1,178	-1,370	-394	279	311	346
Cash flows from Financing	-141	-1,812	5	-842	-2,200	-1,326	-1,404	-1,482
Total cash & liquid investments	8,143	8,428	10,326	12,006	13,315	13,927	14,594	15,365

Financial Summary

	FY15	FY16	FY17	FY18	FY19	FY20E	FY21E	FY22E
Key variables								
Total listings (mn)	15	16	18	22	26	30	35	40
Total paid ad campaigns (000')	331	369	435	445	501	539	604	669
Employee headcount	9,533	11,198	11,334	11,452	12,691	13,691	14,491	15,291
Growth ratios								
Revenue	27.9%	17.1%	4.0%	8.8%	14.0%	11.1%	10.2%	10.0%
EBITDA	16.5%	2.9%	-35.7%	50.0%	39.2%	3.9%	5.7%	8.4%
Adj PAT	15.1%	2.1%	-14.4%	18.0%	44.4%	-7.2%	4.6%	7.2%
Margin ratios								
Gross	47.6%	45.4%	38.6%	43.5%	44.2%	42.0%	40.3%	40.2%
EBITDA	28.1%	24.7%	15.3%	21.0%	25.7%	24.0%	23.0%	22.7%
Adj PAT	23.5%	20.5%	16.9%	18.3%	23.2%	19.4%	18.4%	17.9%
Performance ratios								
Pre-tax OCF/EBITDA	145.1%	121.2%	144.6%	165.0%	141.4%	102.0%	101.8%	101.5%
OCF/IC (%)	29.2%	21.2%	16.0%	24.5%	25.4%	17.0%	18.1%	19.8%
RoE (%)	23.0%	20.1%	14.8%	15.2%	20.9%	18.5%	18.1%	18.3%
ROCE (%)	23.0%	20.1%	14.8%	15.2%	20.9%	18.4%	18.1%	18.3%
RoCE (Pre-tax)	31.5%	28.0%	19.0%	20.6%	29.1%	25.8%	25.3%	25.6%
RoIC (Pre-tax)	22.4%	19.8%	8.2%	13.9%	20.4%	20.4%	21.4%	23.4%
Fixed asset turnover (x)	8.1	5.8	4.6	5.0	6.5	7.8	8.5	9.6
Total asset turnover (x)	0.7	0.7	0.6	0.6	0.6	0.6	0.7	0.7
Financial stability ratios								
Net Debt to Equity (x)	-1.2	-1.1	-1.1	-1.2	-1.3	-1.3	-1.3	-1.3
Net Debt to EBITDA (x)	-4.9	-4.9	-9.4	-7.3	-5.8	-5.8	-5.8	-5.6
Interest cover (x)	N.A	N.A	N.A	N.A	N.A	N.A	N.A	N.A
DSO days	N.A	N.A	N.A	N.A	N.A	N.A	N.A	N.A
Working capital days	N.A	N.A	N.A	N.A	N.A	N.A	N.A	N.A
Valuation metrics								
Fully Diluted Shares (mn)						65	65	65
Market cap (Rs.mn)						49,467	49,467	49,467
P/E (x)	38.5	37.8	43.5	36.2	24.6	25.7	24.6	22.9
P/OCF(x)	26.8	33.1	36.3	21.9	20.4	29.8	28.1	25.9
EV (Rs.mn)	41,324	41,040	39,142	37,461	36,180	35,567	34,901	34,130
EV/ EBITDA (x)	24.9	24.1	35.7	22.8	15.8	15.0	13.9	12.5
EV/ OCF(x)	22.4	27.4	28.7	16.6	14.9	21.4	19.8	17.9
FCF Yield				4.1%	4.4%	2.5%	2.7%	3.0%
Price to BV (x)	7.3	6.7	5.5	5.1	5.0	4.6	4.3	4.1
Dividend pay-out (%)	10.1%	9.9%	0.0%	0.0%	0.0%	57.6%	58.3%	57.4%
Dividend yield (%)	0.3%	0.3%	0.0%	0.0%	0.0%	2.2%	2.4%	2.5%

SOTP valuation

Business	Metric	Mar-21 (Rs.mn)	Multiple type	Multiple	Value (Rs.mn)	Per share	% contribution
Naukri	EBITDA	6,190	EV/EBITDA	26.0	1,60,951	1,320	57.7%
99Acres	Sales	2,669	EV/Sales	7.0	18,686	153	6.7%
Jeevan Sathi	Sales	1,062	EV/Sales	2.0	2,125	17	0.8%
Others (Shiksha, Brijj& Others)	Sales	465	EV/Sales	2.0	930	8	0.3%
Cash		25,640		1.0	25,640	210	9.2%
		36,028			2,08,333		
Shares O/S					122		
Price /share					1,709		74.6%
Investment value					580		25.4%
Infoedge consolidated value					2,290		

Investment Particulars	% stake	Book value of investments (Rs.mn)	Discount %	Value (Rs.mn)	Per share	% Contribution per share	Contribution to investments
Zomato Media	26.4%	1,520	Valued at US\$3.0bn	55,447	455	19.9%	78.4%
Policy Bazaar	15.6%	4,140	Valued at US\$1.2bn	13,104	108	4.7%	18.5%
Applect Learning Systems	66.0%	1,360	25%	1,020	8	0.4%	1.4%
International Education Gateway	31.4%	130	25%	98	1	0.0%	0.1%
Shop Kirana	11.5%	100	25%	75	1	0.0%	0.1%
Happily Unmarried	45.3%	260	25%	195	2	0.1%	0.3%
Vacationlabs	26.1%	60	25%	45	0	0.0%	0.1%
NoPaperForms Solutions	48.1%	340	25%	255	2	0.1%	0.4%
Bluedolph	43.9%	110	25%	83	1	0.0%	0.1%
Unnati	31.6%	40	25%	30	0	0.0%	0.0%
Vcare	15.1%	40	25%	30	0	0.0%	0.0%
Wishbook Infoservices	25.7%	40	25%	30	0	0.0%	0.0%
Zippserv	45.3%	50	25%	38	0	0.0%	0.1%
Gramophone	27.8%	60	25%	45	0	0.0%	0.1%
Shoekconnect	28.9%	60	25%	45	0	0.0%	0.1%
Printo	26.1%	250	25%	188	2	0.1%	0.3%
Medcords	11.4%	30	25%	23	0	0.0%	0.0%
Sum of investments		8,590		70,748	580		100%

Financial Summary

Abridged Financial Statements								
Rs. mn	FY15	FY16	FY17	FY18	FY19	FY20E	FY21E	FY22E
Profit & Loss								
Revenue	6,116	7,235	8,021	9,155	10,983	13,159	15,452	18,106
Gross Profit	3,399	3,800	4,097	5,081	6,176	7,410	8,825	10,383
EBITDA	1,822	1,580	2,275	2,973	3,413	4,515	5,966	7,305
Depreciation	173	210	241	215	204	212	217	218
EBIT	1,649	1,370	2,034	2,758	3,210	4,303	5,750	7,087
Other Income	764	827	625	971	1,112	1,221	1,370	1,661
Interest expense	30	1	1	1	1	1	1	1
Exceptional items	0	0	0	0	0	0	0	0
PBT	2375	2196	2659	3728	4320	5523	7119	8747
Reported PAT (after minority interest)	1,931	1,416	2,044	1,824	2,817	4,143	5,339	6,560
Adj PAT	1,639	1,530	2,084	2,737	3,151	4,143	5,339	6,560
EPS (Rs.)	14.2	12.7	17.3	22.6	25.9	34.0	43.8	53.8
Balance Sheet								
Net Worth	16,624	17,640	19,831	21,074	23,239	25,875	29,321	33,803
Deferred Tax liabilities	0	0	0	0	0	0	0	0
Total debt	0	0	0	0	0	0	0	0
Other liabilities and provisions	520	489	468	500	543	632	737	853
Total Networth and liabilities	17144	18129	20299	21575	23782	26508	30058	34657
Gross Fixed assets	1520	1711	1044	1127	1333	1517	1702	1886
Net fixed assets	840	922	602	529	569	542	509	476
Goodwill	0	0	0	0	0	0	0	0
Capital Work in Progress	0	0	0	0	0	0	0	0
Investments	5410	5736	7409	8263	10333	11191	11191	11191
Cash and bank balances	11981	9879	14460	14494	15320	18222	22979	28916
Loans & advances and other assets	327	1827	1258	2816	2939	2939	2939	2939
Net working capital	-1414	-235	-3429	-4528	-5379	-6386	-7561	-8865
Total assets	17144	18129	20299	21575	23782	26508	30058	34657
Capital Employed	16,624	17,640	19,831	21,074	23,239	25,875	29,321	33,803
Invested Capital (CE- cash-CWIP)	10,053	13,497	13,842	14,843	16,182	15,916	14,605	13,150
Net Debt	-11981	-9879	-14460	-14494	-15320	-18222	-22979	-28916
Cash Flows								
Cash flows from Operations (Pre-tax)	1,847	1,912	3,167	4,327	4,305	5,611	7,246	8,725
Cash flows from Operations (post-tax)	1,390	1,091	2,283	3,067	3,136	4,230	5,466	6,539
Capex	123	298	89	139	207	184	184	184
Free cashflows	1,266	792	2,194	2,928	2,929	4,046	5,282	6,354
Free cashflows (post interest costs)	1,237	792	2,193	2,927	2,928	4,045	5,281	6,353
Cash flows from Investing	-8,430	-300	-1,839	-2,042	904	179	1,185	1,477
Cash flows from Financing	7,156	-701	-419	-757	-881	-1,507	-1,894	-2,079
Total cash & liquid investments	11,981	9,879	14,460	14,494	15,320	18,222	22,979	28,916

Financial Summary

	FY15	FY16	FY17	FY18	FY19	FY20E	FY21E	FY22E
Key variables								
Number of resumes in Naukri (mn)	41	46	51	56	62	68	75	82
Number of paid listings in 99acres (000')	964	1,098	1,038	1,153	1,268	1,395	1,535	1,688
Number of profiles loaded in Jeevansathi (mn)	7	8	9	8	9	10	11	12
Growth ratios								
Revenue	20.9%	18.3%	10.9%	14.1%	20.0%	19.8%	17.4%	17.2%
EBITDA	9.2%	-13.3%	44.0%	30.7%	14.8%	32.3%	32.2%	22.4%
Adj PAT	50.2%	-26.7%	44.4%	-10.8%	54.5%	47.1%	28.9%	22.9%
Margin ratios								
Gross	55.6%	52.5%	51.1%	55.5%	56.2%	56.3%	57.1%	57.3%
EBITDA	29.8%	21.8%	28.4%	32.5%	31.1%	34.3%	38.6%	40.3%
Adj PAT	26.8%	21.2%	26.0%	29.9%	28.7%	31.5%	34.6%	36.2%
Performance ratios								
Pre-tax OCF/EBITDA	101.4%	121.0%	139.2%	145.5%	126.1%	124.3%	121.4%	119.5%
OCF/IC (%)	13.8%	8.1%	16.5%	20.7%	19.4%	26.6%	37.4%	49.7%
RoE (%)	13.5%	8.9%	11.1%	13.4%	14.2%	16.9%	19.3%	20.8%
ROCE (%)	13.7%	8.9%	11.1%	13.4%	14.2%	16.9%	19.3%	20.8%
RoCE (Pre-tax)	19.9%	12.8%	14.2%	18.2%	19.5%	22.5%	25.8%	27.7%
RoIC (Pre-tax)	16.4%	10.2%	14.7%	18.6%	19.8%	27.0%	39.4%	53.9%
Fixed asset turnover (x)	7.2	8.2	10.5	16.2	20.0	23.7	29.4	36.8
Total asset turnover (x)	0.5	0.4	0.4	0.4	0.5	0.5	0.5	0.6
Financial stability ratios								
Net Debt to Equity (x)	-0.7	-0.6	-0.7	-0.7	-0.7	-0.7	-0.8	-0.9
Net Debt to EBITDA (x)	-6.6	-6.3	-6.4	-4.9	-4.5	-4.0	-3.9	-4.0
Interest cover (x)	47	N.A	N.A	N.A	N.A	N.A	N.A	N.A
DSO days	6	6	3	2	2	2	2	2
Working capital days	-40	-23	-35	-39	-40	-40	-40	-40
Valuation metrics								
Fully Diluted Shares (mn)						122	122	122
Market cap (Rs.mn)						2,65,126	2,65,126	2,65,126
P/E (x)	153.1	171.4	126.1	96.4	84.1	64.0	49.7	40.4
P/OCF(x)	190.6	242.8	116.0	86.4	84.5	62.6	48.5	40.5
EV (Rs.mn)	2,52,906	2,55,007	2,50,427	2,50,393	2,49,567	2,46,665	2,41,908	2,35,971
EV/ EBITDA (x)	138.8	161.4	110.1	84.2	73.1	54.6	40.5	32.3
EV/ OCF(x)	182.0	233.8	109.7	81.6	79.6	58.3	44.3	36.1
FCF Yield				1.1%	1.1%	1.5%	2.0%	2.4%
Price to BV (x)	15.9	15.0	13.4	12.6	11.4	10.2	9.0	7.8
Dividend pay-out (%)	21.1%	15.8%	29.0%	29.7%	23.2%	30.2%	29.3%	26.2%
Dividend yield (%)	0.1%	0.1%	0.2%	0.3%	0.3%	0.5%	0.6%	0.6%

Financial Summary

Abridged Financial Statements								
Rs. mn	FY13	FY14	FY15	FY16	FY17	FY18E	FY19	
Profit & Loss								
Revenue	1,886	2,054	2,414	2,548	2,928	3,354	3,484	
Gross Profit	1,133	1,165	1,336	1,296	1,762	2,026	2,069	
EBITDA	160	112	164	66	591	776	551	
Depreciation	65	56	82	98	104	96	111	
EBIT	96	55	82	-31	487	680	440	
Other Income	2	19	14	6	1	1	17	
Interest expense	14	8	16	30	44	15	1	
Exceptional items	19	189	142	738	44	-128	0	
PBT	104	-	91	-	751	438	595	
Reported PAT (after minority interest)	104	-92	-29	-751	438	739	431	
Adj PAT	123	97	112	-13	482	610	431	
EPS (Rs.)	5.8	4.6	5.2	-0.6	22.4	27.6	18.9	
Balance Sheet								
Net Worth	70	-22	-9	-761	-311	1,676	2,069	
Deferred Tax liabilities	0	0	0	0	0	0	0	
Total debt	255	148	272	483	444	64	0	
Other liabilities and provisions	383	475	542	1,164	898	813	863	
Total Networth and liabilities	708	601	805	886	1,030	2,554	2,932	
Net fixed assets	179	236	240	284	242	676	758	
Goodwill	0	0	0	0	-	-	-	
Capital Work in Progress	-	-	-	-	-	-	-	
Investments	0	0	-	-	-	737	1,449	
Cash and bank balances	318	373	531	584	580	978	676	
Loans & advances and other assets	390	202	250	351	350	304	225	
Net working capital	(180)	(210)	(216)	(333)	(142)	(142)	(176)	
Total assets	708	601	805	886	1,030	2,554	2,932	
Capital Employed	325	126	263	(277)	132	1,741	2,069	
Invested Capital (CE- cash-CWIP)	6	(247)	(268)	(861)	(448)	763	1,393	
Net Debt	-63	-225	-259	-100	-136	-1651	-2043	
Cash Flows								
Cash flows from Operations (Pre-tax)	131	210	235	212	513	961	NA	
Cash flows from Operations (post-tax)	136	201	232	205	496	830	NA	
Capex	102	123	103	99	101	539	NA	
Free cashflows	34	78	130	106	395	291	NA	
Free cashflows (post interest costs)	20	70	114	76	350	275	NA	
Cash flows from Investing	61	146	148	6	7	1,500	NA	
Cash flows from Financing	-57	97	152	183	-77	844	NA	
Total cash & liquid investments	318	373	531	584	580	1,715	2,043	

Financial Summary

	FY13	FY14	FY15	FY16	FY17	FY18	FY19
Growth ratios							
Revenue		8.9%	17.5%	5.6%	14.9%	14.6%	3.9%
EBITDA		-30.3%	46.6%	-59.6%	792.4%	31.3%	-29.0%
Adj PAT		-20.6%	15.5%	-111.6%	NA	26.8%	-29.4%
Margin ratios							
Gross	60.1%	56.7%	55.3%	50.8%	60.2%	60.4%	59.4%
EBITDA	8.5%	5.4%	6.8%	2.6%	20.2%	23.1%	15.8%
Adj PAT	6.5%	4.7%	4.7%	-0.5%	16.4%	18.2%	12.4%
Performance ratios							
Pre-tax OCF/EBITDA	81.6%	187.9%	143.7%	319.5%	86.9%	123.9%	NA
OCF/IC (%)	2137.6%	-81.5%	-86.6%	-23.8%	-110.7%	108.8%	NA
RoE (%)	176.0%	407.5%	-721.1%	3.4%	-89.8%	89.4%	23.0%
ROCE (%)	30.0%	32.9%	49.5%	349.7%	-673.5%	62.6%	17.4%
RoCE (Pre-tax)	30.0%	32.9%	49.5%	349.7%	-673.5%	72.7%	24.0%
RoIC (Pre-tax)	1497.5%	-46.0%	-31.9%	5.5%	-74.4%	431.4%	40.8%
Fixed asset turnover (x)	10.5	9.9	10.1	9.7	11.1	7.3	4.9
Total asset turnover (x)	2.7	3.1	3.4	3.0	3.1	1.9	1.3
Financial stability ratios							
Net Debt to Equity (x)	-0.9	10.3	27.8	0.1	0.4	-1.0	-1.0
Net Debt to EBITDA (x)	-0.4	-2.0	-1.6	-1.5	-0.2	-2.1	-3.7
Interest cover (x)	9.7	24.5	14.8	6.9	11.2	54.2	NA
DSO days	3	3	2	3	3	4	4
Net WC days	-92	-92	-77	-100	-49	-45	-51
Valuation metrics							
Fully Diluted Shares (mn)	21	21	22	21	21	22	23
Market cap (Rs.mn)	12,580	12,580	12,895	12,791	12,813	13,202	13,627
P/E (x)			114.6	-981.7	26.6	21.6	31.6
P/OCF(x)	99.9	67.7	58.6	66.5	27.5	16.4	NA
EV (Rs.mn)	13,564	13,403	13,368	13,527	13,491	11,977	11,584
EV/ EBITDA (x)	84.7	120.0	81.6	204.3	22.8	15.4	21.0
EV/ OCF(x)	99.5	66.6	57.5	66.1	27.2	14.4	NA
FCF Yield	0.3%	0.6%	1.0%	0.8%	2.9%	2.1%	NA
Price to BV (x)	195.5	-622.3	-1,465.3	-17.9	-43.8	8.1	6.6
Dividend pay-out (%)						5.4%	7.9%
Dividend yield (%)						0.0	0.0