

30 November 2023

India | Equity Research | Re-initiating Coverage

Info Edge India

Internet

Worst seems to be behind us in IT hiring; time for a resurgence?

Info Edge's stock has corrected ~35% from all-time highs over the last two years on growing concerns around IT hiring and the worsening global macro outlook amidst rising geopolitical risks. Now that the global macro outlook is improving and Naukri's 'JobSpeak' data seems to indicate sequential improvement in IT hiring trends, we believe the stock is likely to re-rate. In addition, the real estate vertical is showing signs of profitability improvement; in our view, this vertical could start contributing materially to valuations from FY25. Also, the current stock price doesn't reflect the sharp improvement in stock price of the publicly listed investee companies such as Zomato and PB Fintech. At CMP we also think that risk-reward is heavily skewed (2.8:1) to the upside, which gives us valuation comfort. We therefore re-initiate with a **BUY** rating and a TP of INR 6,050, based on a SOTP valuation framework.

Naukri: Is the worst really behind us?

Trailing 12 months had muted revenue growth in the recruitment solutions vertical ([See chart](#)). This was attributable to muted hiring sentiment in the IT hiring category. During this time, hiring in other segments stepped up, which compensated for the decline in IT revenues ([See chart](#)). 'JobSpeak' data shows a marked sequential improvement in IT-related businesses in Oct'23. In fact for the first time in FY24, all three sub heads have shown simultaneous MoM improvement ([See chart](#)), while non-IT segments continue to grow faster. These data points make us think that the weakness in IT hiring may have troughed. In addition, we believe easing US inflation and increasing confidence on interest rates having already peaked out could further boost IT hiring.

Naukri: Is a sharp rebound imminent?

Historically, there has been a strong rebound in Info-Edge's recruitment vertical revenue growth post slowdowns ([See chart](#)). Given, this time around the slowdown in revenues in recruitment vertical was not as pronounced, we think the rebound though imminent may not be as sharp as has been historically. However, robust non-IT hiring led by BFSI, real estate and insurance should aid overall revenue growth. We think this will be achieved by continued expansion in small towns. We have built in revenue growth of 23.7%/21.1% and EBITDA growth of 24.5%/22.1% in the recruitment solutions vertical over FY25E/FY26E.

Financial Summary

Y/E March (INR mn)	FY23A	FY24E	FY25E	FY26E
Net Revenue	21,584	24,781	30,412	36,710
EBITDA	7,033	10,082	12,928	16,206
EBITDA Margin (%)	36.3	40.7	42.5	44.1
Net Profit	4,111	8,593	10,737	13,182
EPS (Rs)	31.8	66.6	83.2	102.1
EPS % Chg YoY	56.8	22.8	24.2	22.8
P/E (x)	84.1	68.5	55.1	44.9
EV/EBITDA (x)	78.9	55.0	42.9	34.2
RoCE (%)	3.7	6.1	7.5	8.8
RoE (%)	5.0	7.7	9.0	10.3

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Market Data

Market Cap (INR)	593bn
Market Cap (USD)	7,120mn
Bloomberg Code	INFOE IN
Reuters Code	INED.BO
52-week Range (INR)	4,985 /3,308
Free Float (%)	60.0
ADTV-3M (mn) (USD)	14.9

Price Performance (%)	3m	6m	12m
Absolute	7.8	9.4	16.2
Relative to Sensex	2.6	7.0	7.7

ESG Disclosure	2021	2022	Change
ESG score	38.1	48.3	10.2
Environment	1.6	31.8	30.3
Social	28.9	29.3	0.5
Governance	83.6	83.6	-

Note - Score ranges from 0 - 100 with a higher score indicating higher ESG disclosures.

Source: Bloomberg, I-sec research

Recruitment – long term value drivers

Info Edge has operationally integrated 'Zwayam' (talent management automation platform) with Naukri and is at present working to fully integrate 'Coding Ninja' (skill development/ upgrading platform). Management remains committed to sustain investments of ~INR1bn annually in pre-revenue companies such as 'Job Hai' (blue collared job portal) where it sees strong growth potential. Info Edge is likely to continue investing in AI and ML capabilities, to ensure relevance as automation becomes more important in HR.

Real estate vertical is optimising

We note that 99acres.com grew >20% YoY for the fourth quarter in a row ([See chart](#)) led by buoyancy in the real estate sector. This was complimented by a meaningful reduction in losses sequentially. On the Q2FY24 conference call, management stated that this was due to a robust growth in top line and rationalisation of costs.

While we understand that management is likely to prioritise growth over profitability in this segment, we believe that 99acres business should break even at the operating level by Q2FY25. The underlying assumption here is that there is no sudden spike in competitive intensity in the segment. We believe that given the buoyancy in the real estate space overall, companies in the space should act rationally. Therefore, we think, the real estate vertical could start contributing materially (~2%) to valuations from FY25.

Matchmaking and other businesses continue to grow

The matchmaking business is recovering from a low base in FY23, ([See chart](#)) where management was trying out different business models. According to management, the 'Freemium' model for Jeevansathi has led to higher acquisition of new users and its engagement has been healthy and it is looking for new ways to monetise the platform. This is leading to robust growth from the vertical for Info Edge, though growth in the overall matchmaking market continues to be muted.

Shiksha's counselling vertical for foreign education has shown robust growth and its target is to send 2000 kids overseas in FY24.

Risk-reward skew

While our base case price target is INR6,050, we believe the stock could re-rate (bull case) to INR7,500 in case there is a sharp recovery in IT hiring and overall recruitment revenues similar to historical rebounds. In the bear case the stock could de-rate to INR3,500 in case the signs of recovery in IT hiring turn out to be transient in nature. This implies that risk reward is heavily skewed to the upside (2.8:1), which gives us valuation comfort at CMP.

Valuation

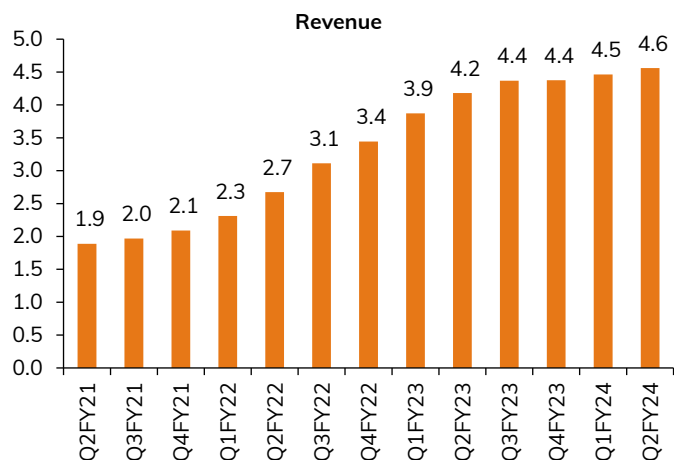
Re-initiate with BUY rating, TP of INR 6,050

We value the company using an SOTP framework. We value the recruitment business at 35x one-year forward EV/EBITDA multiple (USD 6.70bn; 71.6% contribution to TP) and the real estate business at 60x one-year forward EV/EBITDA multiple, given a much higher growth trajectory (USD 198mn; 2.1% contribution to TP). We value the investments in listed entities at our target market caps and then attribute a 35% holding company discount (USD 2.02bn; 21.6% contribution to TP), while investments in unlisted entities are valued at cost.

Risks: Sustained slowdown in IT hiring, increased competitive intensity in recruitment business or real estate business and mark-down in valuation of investments.

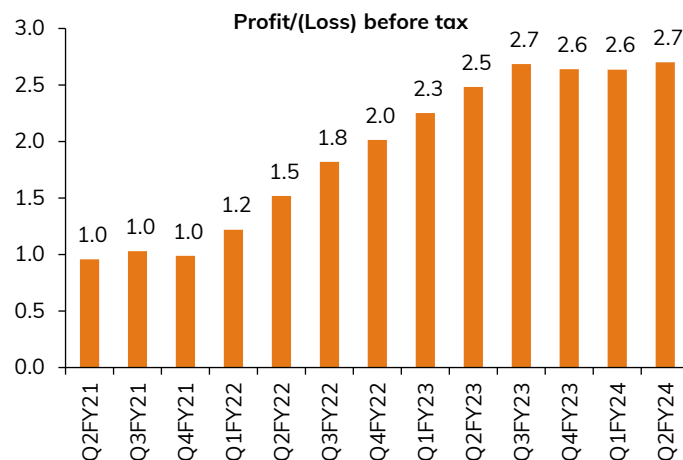
Recruitment solutions - What's happening?

Exhibit 1: Revenue (INR bn)



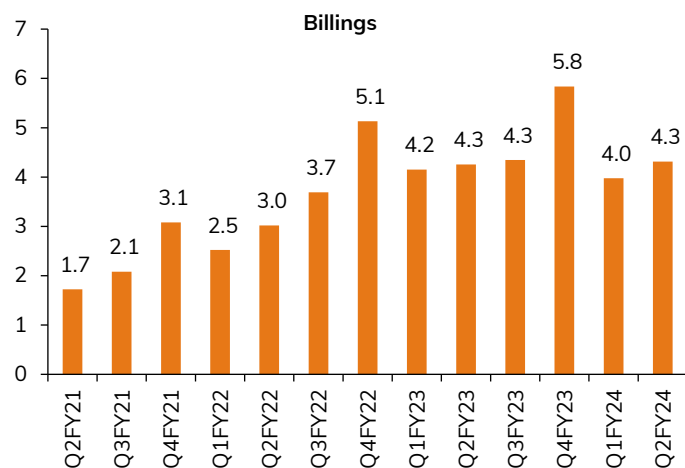
Source: I-Sec research, Company data

Exhibit 2: Profit/(Loss) before tax (INR bn)



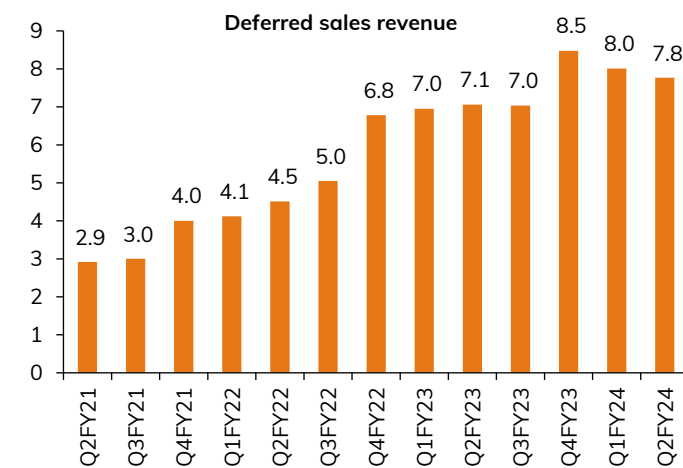
Source: I-Sec research, Company data

Exhibit 3: Billings (INR bn)



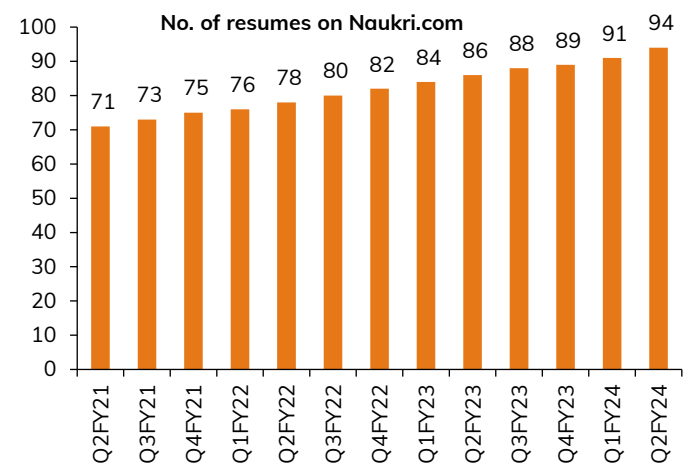
Source: I-Sec research, Company data

Exhibit 4: Deferred sales revenue (INR bn)



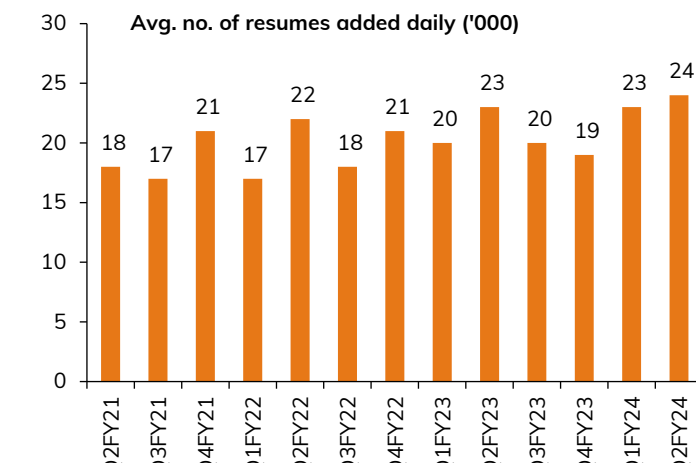
Source: I-Sec research, Company data

Exhibit 5: Number of resumes on Naukri.com (mn)



Source: I-Sec research, Company data

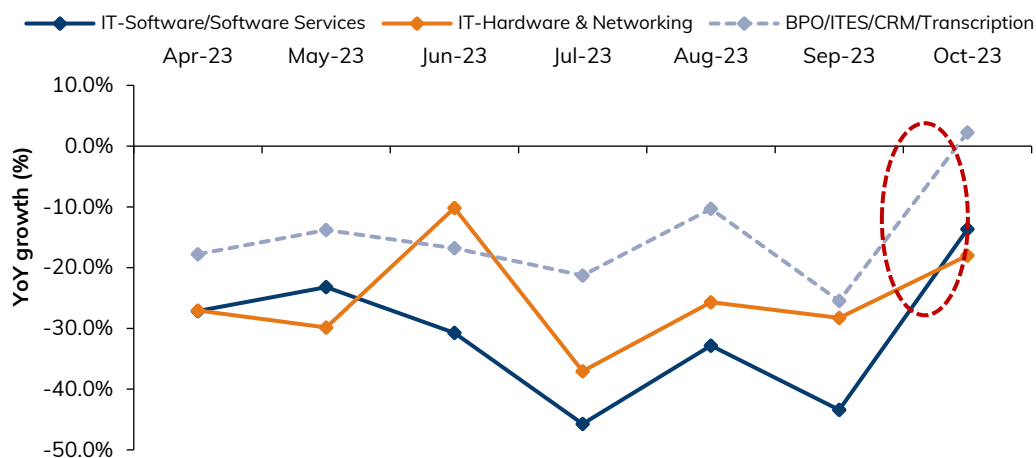
Exhibit 6: Avg. no. of resumes added daily ('000)



Source: I-Sec research, Company data

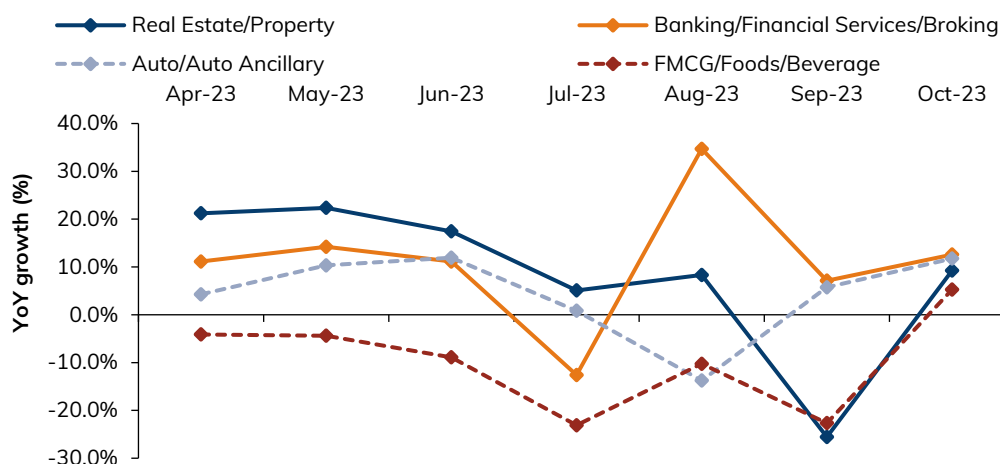
Recruitment solutions – Interesting underlying recovery trends

Exhibit 7: IT sector showing improvement



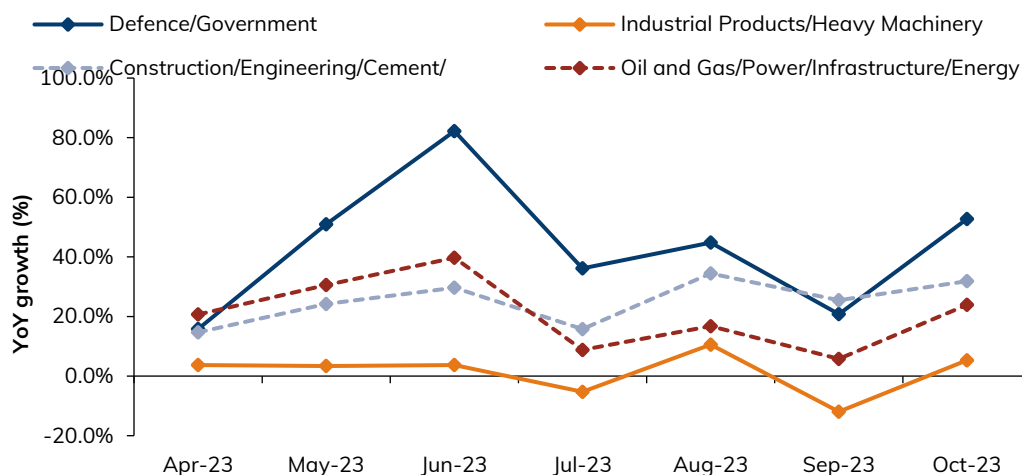
Source: I-Sec research, Company data

Exhibit 8: Major non-IT sectors showcase robust hiring...



Source: I-Sec research, Company data

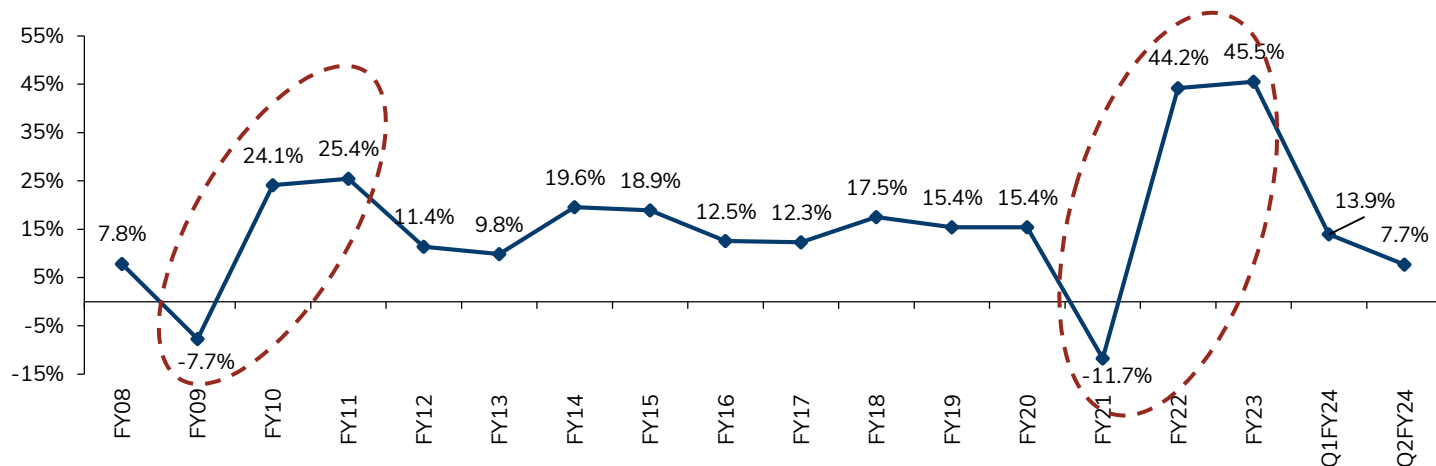
Exhibit 9: Old sector hiring remains strong...



Source: I-Sec research, Company data

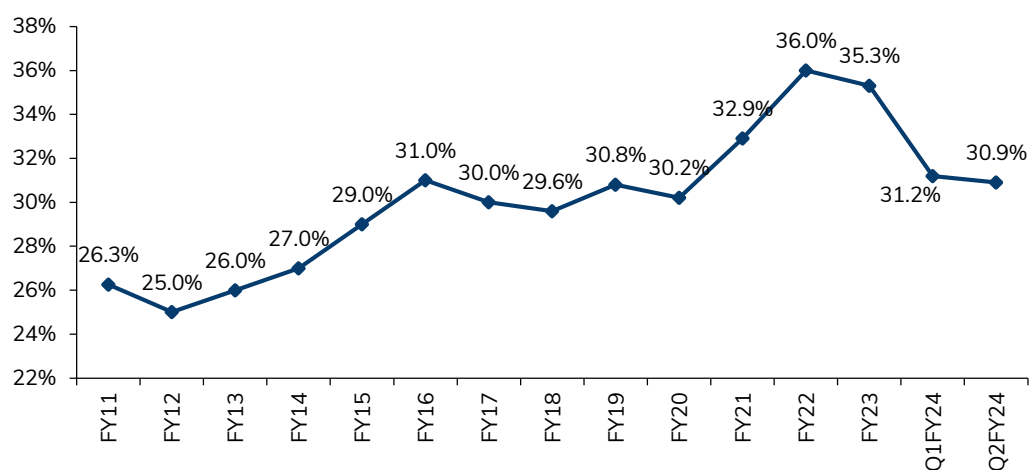
Recruitment solutions – Long term bounce back trend

Exhibit 10: Recruitment YoY growth(%)



Source: I-Sec research, Company data

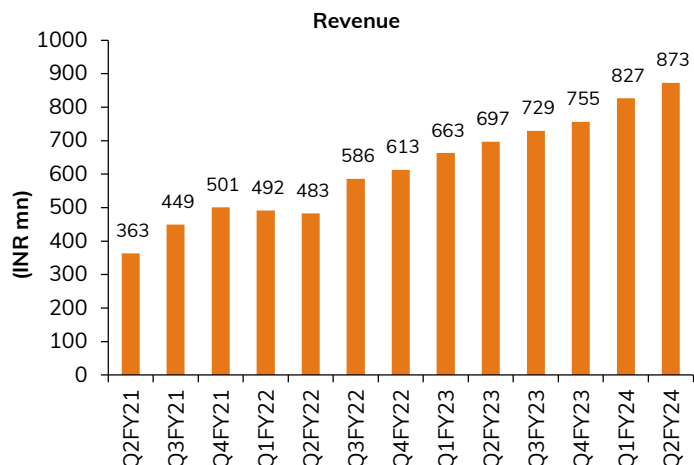
Exhibit 11: % contribution of IT/ITES



Source: I-Sec research, Company data

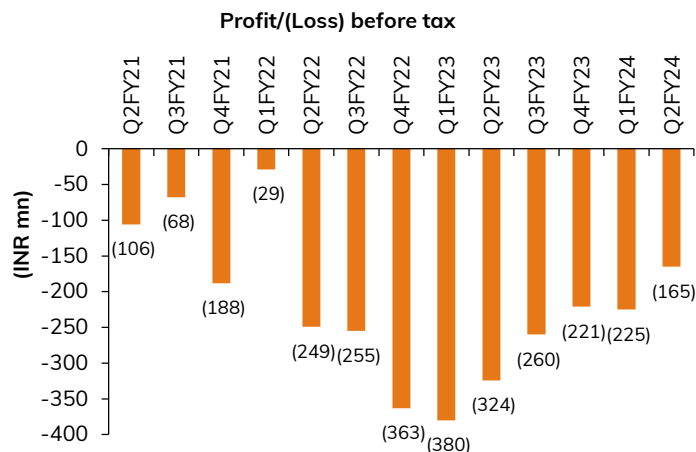
99acres.com – What's happening?

Exhibit 12: Revenue (INR mn)



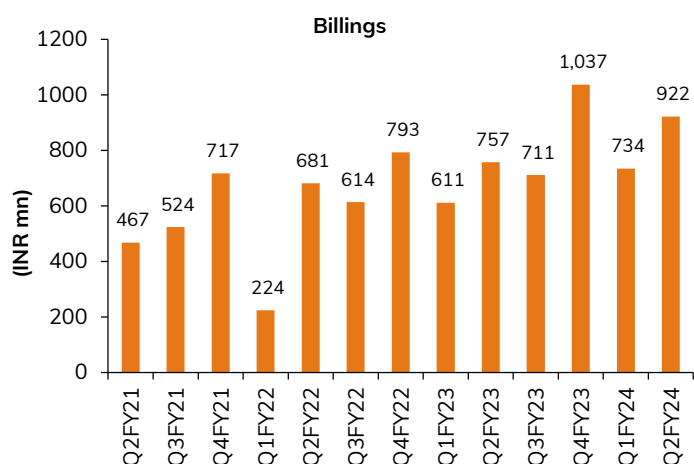
Source: I-Sec research, Company data

Exhibit 13: Profit/(Loss) before tax (INR mn)



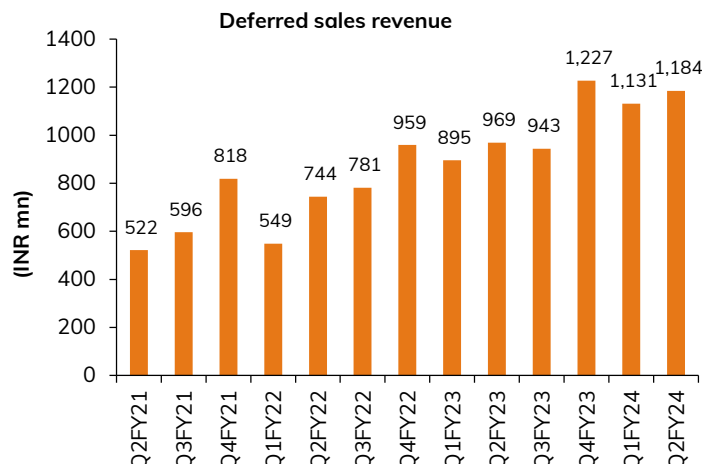
Source: I-Sec research, Company data

Exhibit 14: Billings (INR mn)



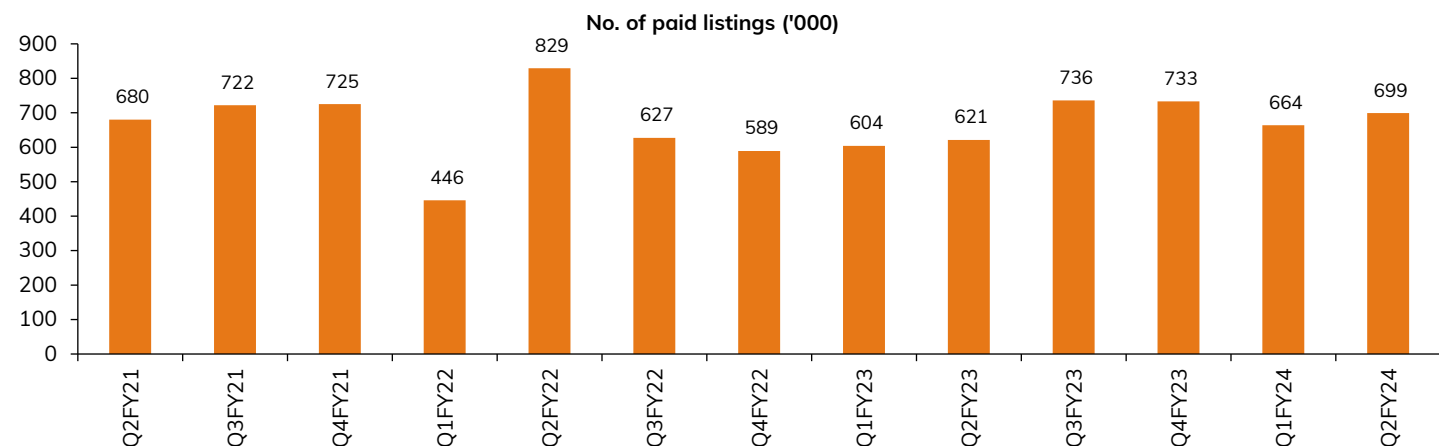
Source: I-Sec research, Company data

Exhibit 15: Deferred sales revenue (INR mn)



Source: I-Sec research, Company data

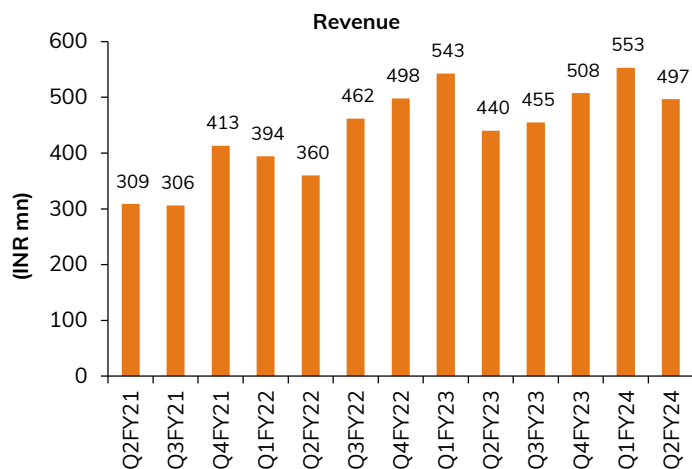
Exhibit 16: No. of paid listings ('000)



Source: I-Sec research, Company data

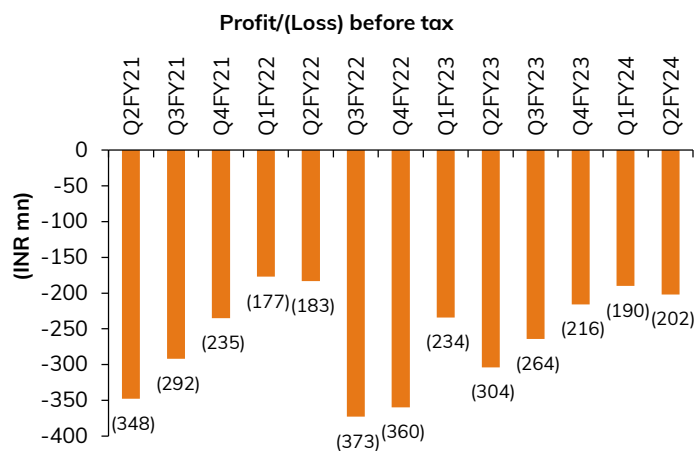
Jeevansathi.com and Shiksha – What's happening?

Exhibit 17: Revenue (INR mn)



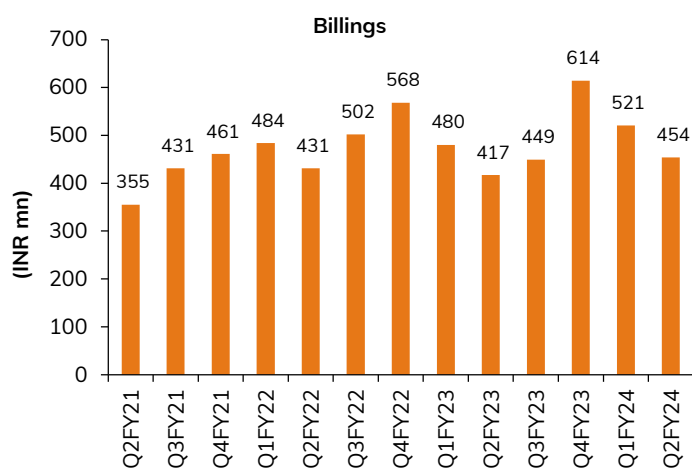
Source: I-Sec research, Company data

Exhibit 18: Profit/(Loss) before tax (INR mn)



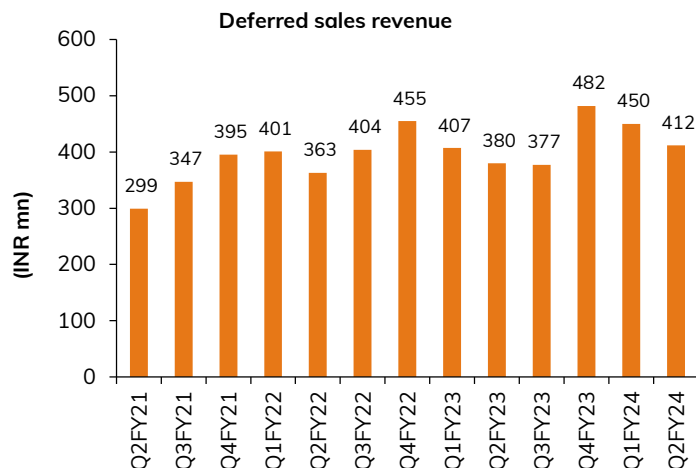
Source: I-Sec research, Company data

Exhibit 19: Billings (INR mn)



Source: Company data, I-Sec research

Exhibit 20: Deferred sales revenue (INR mn)



Source: Company data, I-Sec research

Investments

Exhibit 21: Investee company portfolio - listed companies

Investee Company	Industry	Revenue (FY23-INR mn)	Year of Investment	Total amount invested (INR mn)	Shareholding	Market value of Investments (INR mn)
Zomato	Food services	70,794	2011	1,465	14.02%	1,42,399
PB Fintech	Financial services	25,578	2010	5,758	12.77%	46,751

Source: I-Sec research, Company data, Market value of investments as of the closing price of Zomato and PB Fintech on 29th Nov'23

Exhibit 22: Investee company portfolio - unlisted companies

Investee Company	Industry	Year of Investment	Total amount invested as of FY23 (INR mn)	Shareholding
Metis Eduventures	Ed-tech	2019	1441	25.88%
Shop Kirana E Trading	B2B commerce	2018	1271	26.41%
Llama Logisol	Logistics	2019	683	22.58%
Agstack Technologies	E-commerce (agri-tech)	2017	624	34.40%
Printo Document Services	Retail (print merchandise)	2018	399	33.63%
Happily Unmarried	Male grooming	2012	398	30.48%
WSO2 Inc	SaaS	2022	231	0.55%
String Bio	Agri-tech	2021	165	0.93%
Unbox Robotix Labs	Logistics / Warehousing	2020	105	6.12%
Medcords Healthcare	Healthcare	2018	96	14.24%
Sploot Private Limited	Pet care	2022	89	27.65%
Psila Tech Pte	Crypto	2021	57	13.38%
Ubifly Tech Pvt. Ltd.	Drone solutions	2021	44	2.86%
LQ Global Services	SaaS (Legal)	2019	40	23.07%
Attentive AI Solutions	SaaS / Real estate	2021	37	4.43%
Crisp Analytics	SaaS / PaaS	2020	26	2.50%
Vyuti Systems Pvt. Ltd	Robotics	2022	22	2.06%
Aarogya AI Innovations Pvt. Ltd.	Healthtech	2022	22	4.17%
Ray IOT Solutions	Healthcare	2021	22	4.14%
Brainsight Technology	Neuroscience (deep tech)	2021	10	4%
Skylark Drones	Drone solutions	2021	6	1.20%
Attentive AI Solutions	SaaS / Real estate	2021	0	10.25%
Total			5799	

Source: I-Sec research, Company data

Exhibit 23: Strategic investment portfolio

Investee Company	Total amount invested as of FY23 (INR mn)	Shareholding
Aisle Network Limited	909	79.62%
Zwayam Digital Pvt. Ltd	764	100%
Axilly Lab Pvt. Ltd	229	100%
Greytip Software Pvt. Ltd	650	30.38%
Terralytics Analysis Pvt. Ltd	86	23.03%
Sunrise Mentors Pvt. Ltd	1,794	54.64%
NoPaperForms Solution Pvt. Ltd	336	48.10%
International Educational Gateway Pvt. Ltd.	305	53.55%
Juno Learning Pvt. Ltd.	112	25%
Total	5189	

Source: I-Sec research, Company data

Key investment questions and management commentary

How do you go about making strategic investments for Info Edge?

There are primarily three types of strategic investments undertaken by Info Edge. The first type is outright acquisition. The idea is to scale them up massively with the help of distribution and other capabilities available at Info Edge's disposal. Examples include Ambition Box, Zwayam and Do Select among others.

Second type of investment involves being a minority investor in companies and not being involved with the day to day operations of the companies Info Edge invests in. The internal businesses of Info Edge may or may not collaborate with these companies. If the companies continue to scale and perform better, Info Edge may look to increase their stake. Examples include Univariety and NoPaperForms among others. The final type of investment involves owning a majority stake in a business with a path to outright acquisition, while allowing the entrepreneur to run the show. Examples include Aisle (own 76% of this business)

How is Info Edge approaching investing in start-ups in the current macro environment?

Info Edge is being more careful about investing in the current environment. The bar for evaluation is set higher for companies. At this point, they aren't worried about missing out on a high potential company but they don't want to invest in the wrong company, given that there is no clarity whether a start-up will have a follow on round for another investor. They follow principles of conservatism in their investments and they fully impaired their investment in 4B Network for 276Cr given their high rate of cash burn and uncertainty regarding further funding. They are willing to impair more investments if they see financial stress in them

Any plans on monetization of Zomato and PB Fintech, given that lock-ins are not there anymore?

Info Edge has no plans to partly or fully monetize Zomato & PB Fintech, given that they have enough cash on the balance sheet and confidence in the fact that these two businesses have long runway in terms of growth and value creation.

What would be your top three priorities for Info Edge?

Info Edge's top priority is to grow their Naukri business. Their strategy will be to defend their market share and investing in high quality AI machine learning team to improve user experience for both job seekers and customers. Growth and profitability of other 3 verticals remain a priority as well. Shiksha is generating small profits but the headroom for growth remains huge. Real estate sector has come back after a lull in the last decade which improves the fortunes for 99acres.com. There has been a change of strategy at Jeevansathi.com, whereby it has adopted freemium model and hope to acquire more customers through this new model. The last priority is to attract and retain top talent at Info Edge.

Thoughts on Jeevansathi

Info Edge has moved on to a freemium model, whereby a lot of the services which were paid earlier have become free. Chat for free model has helped in accelerated growth of platform engagement metrics. This has helped in acquiring more customers with relatively less expenditure on advertising. Revenue has taken a beating, but traffic and

engagement have gone up. Over time, the strategy is to figure out other services and functionalities to charge for.

This strategy is paying off as they have gained market share in terms of traffic but lost market share in terms of revenue. For monetization purpose, a few paid products were launched in December with an increased user base. Aisle, the dating app, has been on a high growth trajectory. Vernacular apps in the space remain a strong idea of focus for Info Edge.

What is the current situation in real estate sector?

There has been a turnaround in the real estate sector. This sector is currently witnessing an active primary and secondary market with increasing prices across top cities. There is higher demand seen for commercial space from non-IT and retail users, in spite of interest rate hikes by the RBI. The price increases have stabilised in the last quarter but inventory is at the lowest level in the last decade. There is a high expectation of a series of new launches in commercial and residential space.

How has 99acres performed and what is their strategy?

99acres has seen revenue growth across all categories, resale, rentals, commercial, new homes. Engagements and traffic on the platform continue to grow year-on-year. They were able to increase inquiries for their clients both with increasing traffic growth and other multiple client delivery initiatives. 99acres.com increased their focus to improve reviews from residents in a bid to get more transaction prices on the platform to help buyers and owners get more insights about the real estate market.

They are investing a lot more in the business, both in marketing and in content creation and in user experience on the platform. Their costs had gone a little out of control over the last couple of years because of COVID but things are stabilizing on that front.

While the market is growing, comparative intensity has also increased substantially over the last seven, eight quarters. To compete with other VC funded players in this sector, higher A&P spends were undertaken which led to high cash burn.

Commercial and rental part of the business are small. It is mostly new homes and resale where they get most of their revenue and they have increased focus in these 2 categories.

How is 99acres different from their competition (Housing.com)?

99acres not strictly comparable with peers like Housing.com, as their business model is different. They don't do combo deals or barter and don't offer third party services like home loans, movers and packers among others like Housing.com.

Does 99acres have aspirations of becoming a broker in the future?

99acres.com can become a broker but they want to remain a marketplace. But it is difficult to scale the broker business. They focus on tech to scale but brokerage business is not tech intensive and requires headcount to scale. And if 99acres becomes a broker, then other brokers may not want to work with them due to conflict of interest. Their focus is on becoming a top 2 player in this sector and create a valuable business.

What is the long term vision for Naukri.com?

Long-term goal involves transforming Naukri from jobs portal into a careers platform, wherein they help people prepare to find suitable jobs for themselves. DoSelect (100%

acquisition) and Coding Ninja will help them in achieving this goal in the future. The idea is to integrate with Naukri and offer up-skilling courses for working professionals.

What are the current trends in job market and future expectations?

There has been a slowdown in IT hiring for the last few quarters and it is not clear yet if it has bottomed out. Info Edge is hopeful that IT hiring should pick up. Non-IT hiring has seen robust growth primarily led by BFSI, Real Estate, Hospitality, Infrastructure and Energy sector.

Non-IT hiring is indexed to the Indian economy and IT hiring is indexed to the US economy. They reiterated the observation that slowdown in IT is often followed by a sharp bounce back as more jobs are outsourced to India from overseas to cut costs.

A lot will depend on what happens to GDP growth. In the past, trends suggest that at 6% GDP growth in India, people are very difficult to get. There is high attrition and hiring costs go up. At 4% GDP growth, things start to slow down, and companies start laying off or freeze hiring.

In IT hiring, how much of your business momentum depends on attrition against the underlying growth of market?

Attrition plays a big part in maintaining business momentum for Naukri. When attrition is high and companies want to find replacements as quickly as possible, they don't mind paying a premium to Naukri for their services.

Is Naukri seeing traction from smaller cities?

Currently Naukri is available in top 45 cities, but they are seeing traction from smaller cities. They may expand to smaller cities in the future, where most jobs are non IT related.

Their blue collar platform, Job Hai, has seen significant traction. Users include delivery boys, data entry operators, salon workers making on an average about 25K a month. The growth of this platform has been due to the fact that users in smaller cities know how to use the internet and are becoming more comfortable with it.

Thoughts on Shiksha

Slowly and steadily scaling up study abroad business, which was a small business until recently. This is an end to end model, which starts from counselling and sending them abroad eventually. Shiksha domestic business is primarily a lead generation business.

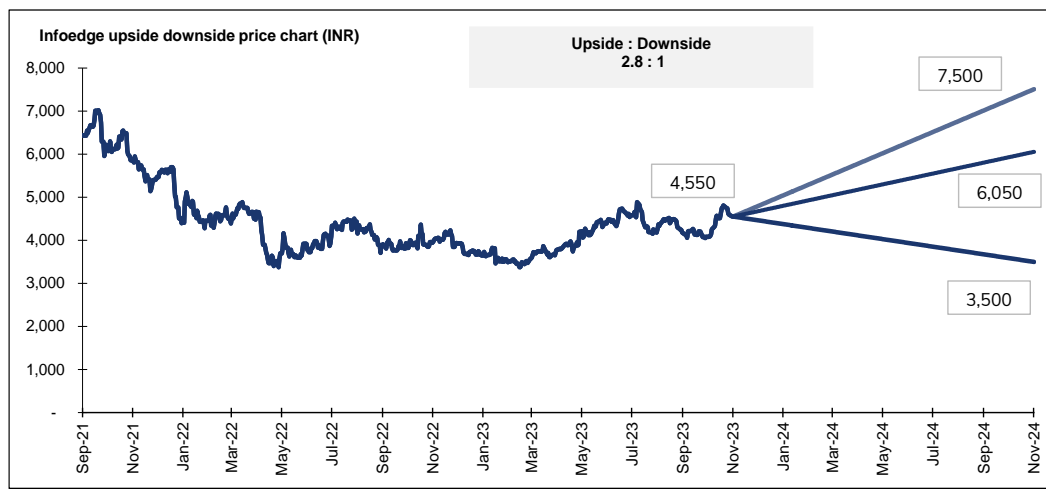
Shiksha has been growing at 20%-25% per annum and sent 1500 kids overseas for education purposes. Their target is to send 2000 kids overseas in the coming year.

Impact of 4B Networks write-off on risk management

Broker Network (4B Networks Pvt Ltd) was a Prop-Tech company that facilitated brokers and developers. Info Edge's subsidiary Allcheckdeals India had invested as well as provided frequent funding to 4B networks. The funding amounted to INR 2.8bn (INR 2.75bn as investment into shares and INR 120mn as debt financing). Info Edge has written off their entire investment in this company and initiated forensic audit. In Q1FY24 conference call, Mr Sanjiv Bikchandani admitted that investing in 4B Networks was a mistake and they are working on improving their internal channel checks to avoid bad investments.

Bull bear case analysis

Exhibit 24: Info Edge risk reward skew



Source: I-Sec research

Bull case (INR 7,500): The bull-case scenario prices-in a global macro-economic recovery aiding faster-than-expected recovery in IT hiring and resultant recruitment business revenue growth, in-line with historical rebounds (>30%YoY over FY25E/26E). This scenario also assumes robust profit delivery by the real estate vertical and strong stock performance of listed investments.

Base case (INR 6,050): The base-case scenario prices in a moderate recovery in IT hiring given a relatively better base and resultant recruitment business revenue growth at 23.7%/21.1% over FY25E/FY26E. This scenario also assumes operating profit break even by the real estate vertical in Q2FY25E and sustained stock performance of listed investments.

Bear case (INR 3,500): The bear-case scenario prices-in a global macro-economic decline leading to further slowdown in IT hiring and resultant recruitment moderating to <10% YoY over FY25E/26E. This scenario also assumes surge in competitive activity in both recruitment and real estate verticals and stock price correction of listed investments.

Valuation

Re-Initiate with BUY rating, TP of INR 6,050

We value the company using an SOTP framework. We value the recruitment business at 35x one-year forward EV/EBITDA multiple (USD 6.70bn; 71.6% contribution to TP) and the real estate business at 60x one-year forward EV/EBITDA multiple, given a much higher growth trajectory (USD 198mn; 2.1% contribution to TP). We value the investments in listed entities at our target market caps and then attribute a 35% holding company discount (USD 2.02bn; 21.6% contribution to TP), while investments in unlisted entities are valued at cost.

Risks: Sustained slowdown in IT hiring, increased competitive intensity in recruitment business or real estate business and mark down in valuation of investments.

Exhibit 25: SOTP Analysis (base case)

Segments	Methodology	Multiple (x)	Valuation (in INR mn)	in USD (mn)	Contribution to stock price	Price per share
Recuritment Services	EV/EBITDA	35	5,58,997	6,707	71.6%	4,331
99acres	EV/EBITDA	60	16,482	198	2.1%	128
Jeevansathi	EV/Sales	1.0	919	11	0.1%	7
Others	EV/Sales	0.6	919	11	0.1%	7
Invested Companies - Listed	35% hold co discount to TP		1,68,827	2,026	21.6%	1,308
Invested Companies - Unlisted	At cost		5,961	72	0.8%	46
Cash			28,700	344	3.7%	222
Market Cap.			7,80,805	9,368		
Target Price						6,050

Source: I-Sec research

How far we are from consensus?

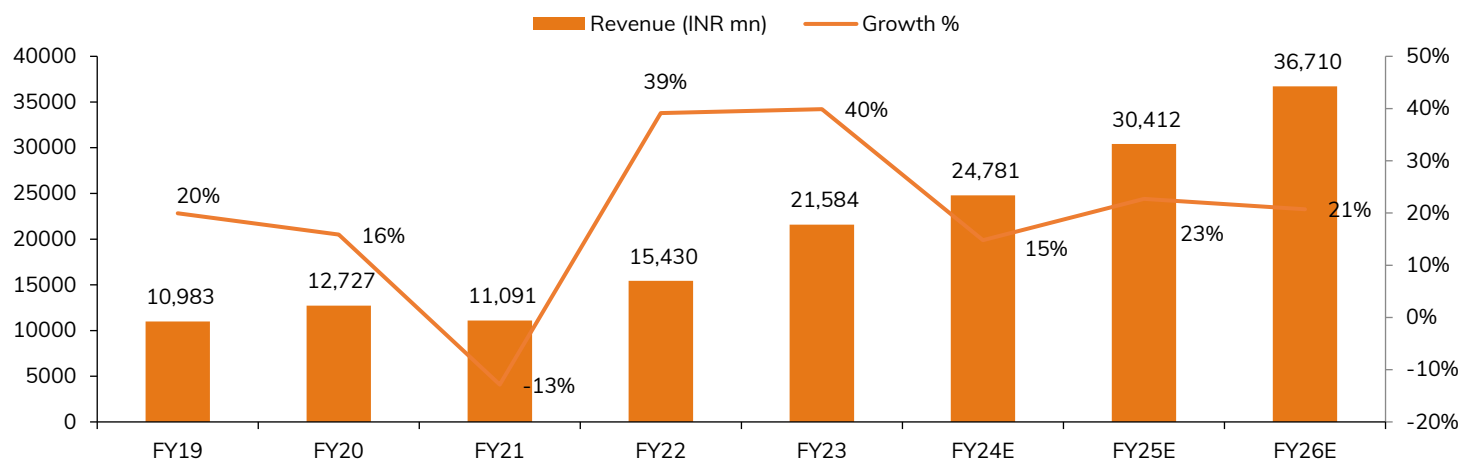
Exhibit 26: I-Sec vs Consensus

(All figures in INR mn)	FY24E			FY25E		
	I-Sec	Consensus	Difference (%)	I-Sec	Consensus	Difference (%)
Revenue	24,781	24,313	2%	30,412	27,825	9%
EBITDA	10,082	9,448	7%	12,928	10,907	19%
PAT	8,643	8,238	5%	10,737	9,485	13%

Source: I-Sec research

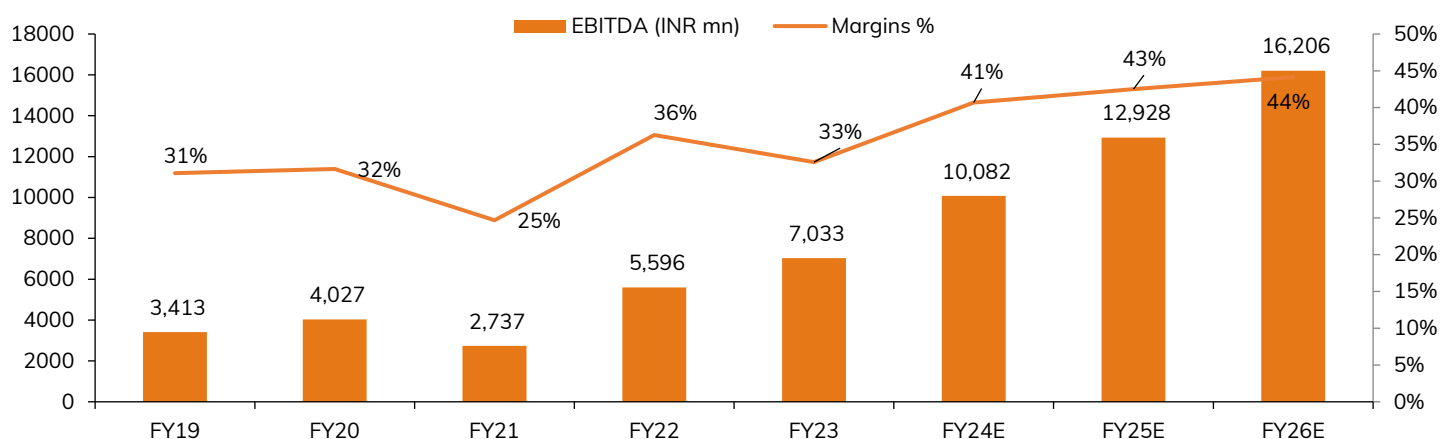
Appendix

Exhibit 27: Revenue estimates (INR mn)



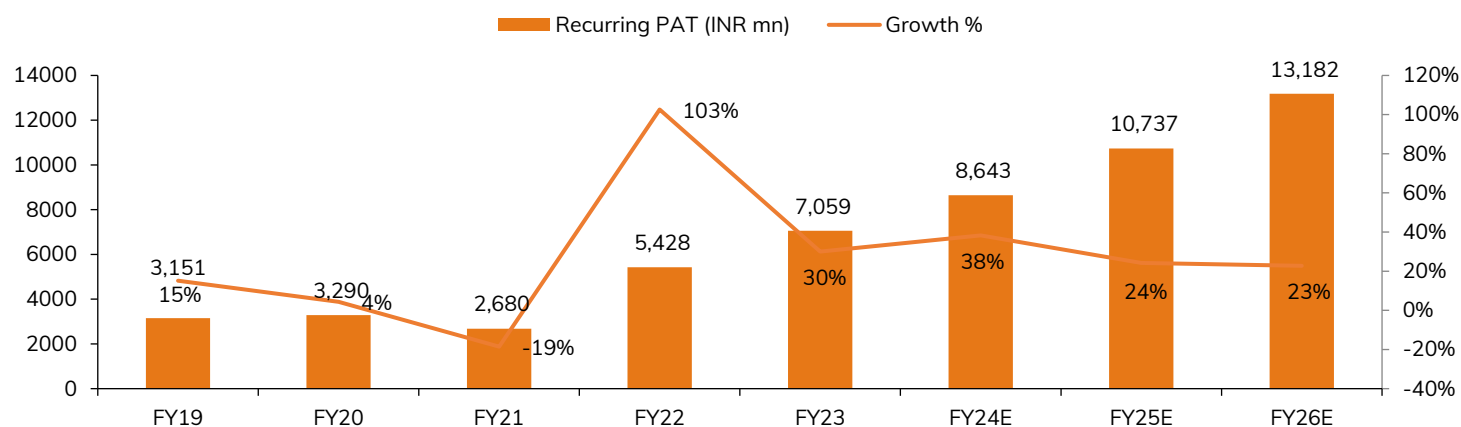
Source: Company data, I-Sec research

Exhibit 28: EBITDA estimates (INR mn)

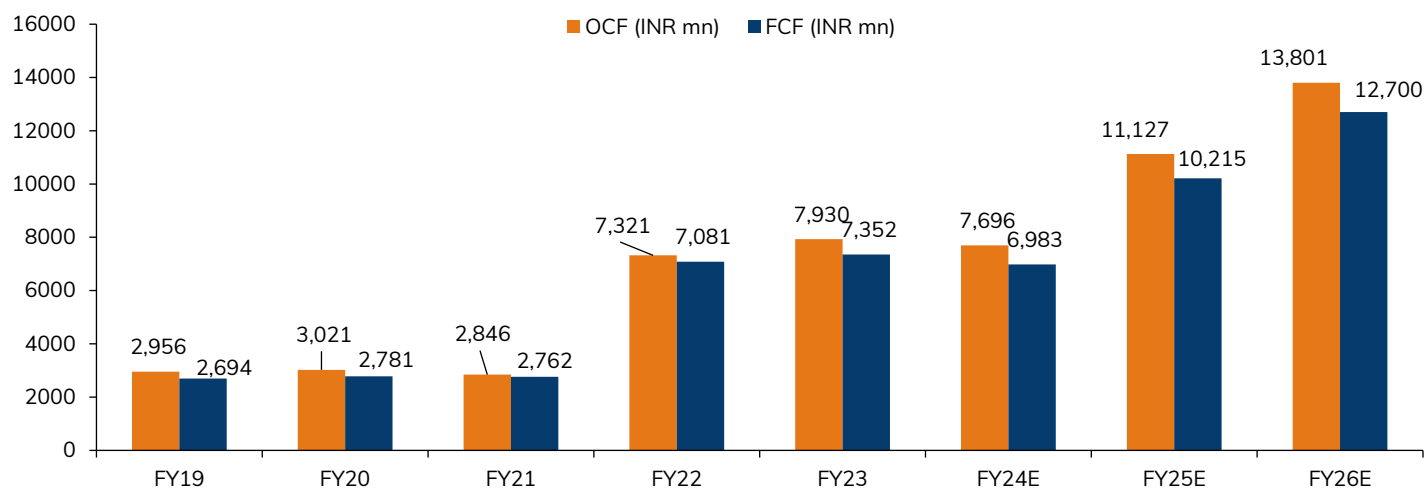


Source: I-Sec research

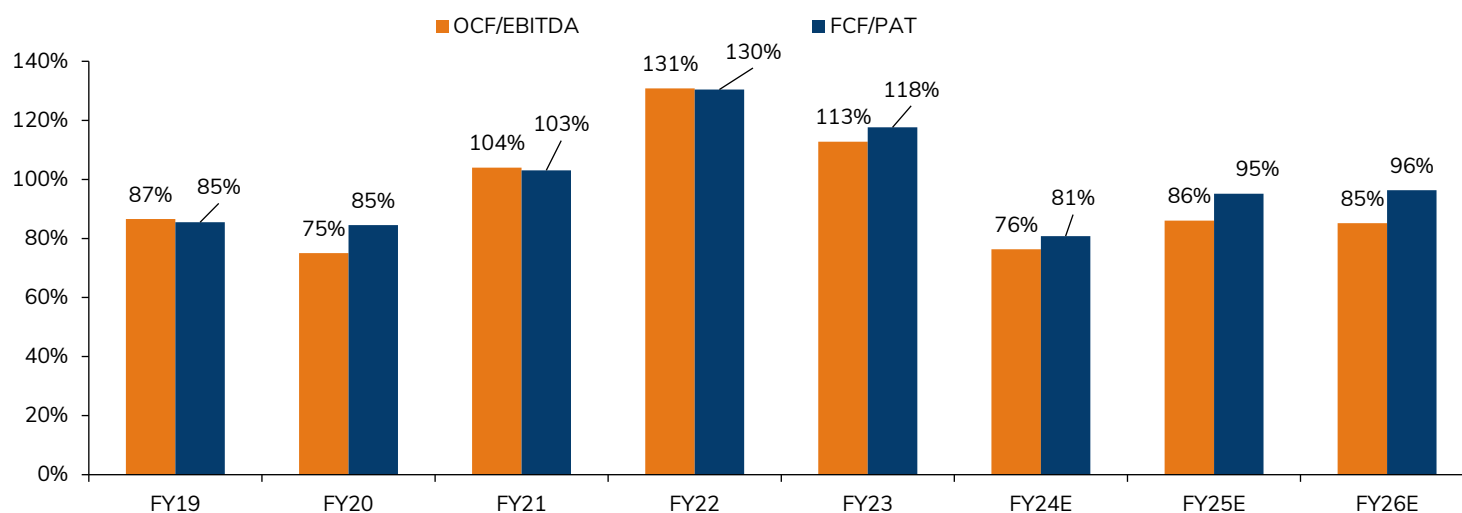
Exhibit 29: PAT estimates (INR mn)



Source: I-Sec research

Exhibit 30: OCF and FCF estimates (INR mn)

Source: I-Sec research

Exhibit 31: OCF/EBITDA and FCF/PAT

Source: I-Sec research

Exhibit 32: Shareholding pattern

%	Mar'23	Jun'23	Sep'23
Promoters	38.1	38.1	38.0
Institutional investors	48.8	49.4	49.5
MFs and others	10.5	10.3	10.9
FIs/Banks	0.4	0.4	0.4
Insurance	6.5	7.1	7.0
FIIIs	31.4	31.5	31.2
Others	13.1	12.5	12.5

Source: Bloomberg

Exhibit 33: Price chart

Source: Bloomberg

Financial Summary

Exhibit 34: Profit & Loss

(INR mn, year ending March)

	FY23A	FY24E	FY25E	FY26E
Net Sales	21,584	24,781	30,412	36,710
Operating Expenses	14,551	14,699	17,484	20,503
EBITDA	7,033	10,082	12,928	16,206
EBITDA Margin (%)	36.3	40.7	42.5	44.1
Depreciation & Amortization	447	713	912	1,101
EBIT	6,586	9,369	12,015	15,105
Interest expenditure	39	164	186	186
Other Non-operating Income	1,751	2,275	2,486	2,657
Recurring PBT	8,298	11,480	14,315	17,576
Profit / (Loss) from Associates	-	-	-	-
Less: Taxes	2,047	2,838	3,579	4,394
PAT	6,250	8,643	10,737	13,182
Less: Minority Interest	-	-	-	-
Extraordinaries (Net)	2,947	-	-	-
Net Income (Reported)	4,111	8,593	10,737	13,182
Net Income (Adjusted)	4,111	8,593	10,737	13,182

Source Company data, I-Sec research

Exhibit 35: Balance sheet

(INR mn, year ending March)

	FY23A	FY24E	FY25E	FY26E
Total Current Assets	23,740	23,552	33,135	45,013
of which cash & cash eqv.	2,242	2,170	11,706	23,533
Total Current Liabilities & Provisions	12,598	13,800	16,932	20,434
Net Current Assets	11,143	9,752	16,203	24,579
Investments	98,807	99,107	99,407	99,707
Net Fixed Assets	569	569	569	569
ROU Assets	974	974	974	974
Capital Work-in-Progress	-	-	-	-
Total Intangible Assets	167	167	167	167
Other assets	4,884	5,752	7,059	8,521
Deferred Tax assests	-	-	-	-
Total Assets	1,16,544	1,16,322	1,24,379	1,34,517
Liabilities				
Borrowings	206	206	206	206
Deferred Tax Liability	-	-	-	-
provisions	-	-	-	-
other Liabilities	6,430	-	-	-
Equity Share Capital	1,290	1,290	1,290	1,290
Reserves & Surplus	1,07,975	1,14,182	1,22,240	1,32,378
Total Net Worth	1,09,265	1,15,472	1,23,530	1,33,668
Minority Interest	-	-	-	-
Total Liabilities	1,16,544	1,16,322	1,24,379	1,34,517

Source Company data, I-Sec research

Exhibit 36: Quarterly trend

(INR mn, year ending March)

	Dec-22	Mar-23	Jun-23	Sep-23
Net Sales	5,551	5,639	5,834	5,930
% growth (YOY)	33.4	23.8	15.1	11.5
EBITDA	2,168	2,202	2,266	2,411
Margin %	39.1	39.1	38.8	40.7
Other Income	396	437	578	636
Net Profit	1,917	1,976	1,999	2,137

Source Company data, I-Sec research

Exhibit 37: Cashflow statement

(INR mn, year ending March)

	FY23A	FY24E	FY25E	FY26E
Operating Cashflow	7,930	7,696	11,127	13,801
Working Capital Changes	1,688	451	1,778	1,989
Capital Commitments	(578)	(713)	(912)	(1,101)
Free Cashflow	8,508	8,409	12,039	14,902
Other investing cashflow	(4,038)	1,975	2,186	2,357
Cashflow from Investing Activities	(4,617)	1,261	1,274	1,256
Issue of Share Capital	24	0	0	-
Interest Cost	-	-	-	-
Inc (Dec) in Borrowings	(5)	-	-	-
Dividend paid	(1,932)	(2,435)	(2,679)	(3,044)
Others	-	-	-	-
Cash flow from Financing Activities	(2,142)	(2,599)	(2,865)	(3,230)
Chg. in Cash & Bank balance	1,172	6,358	9,536	11,827
Closing cash & balance	2,495	8,600	11,706	23,533

Source Company data, I-Sec research

Exhibit 38: Key ratios

(Year ending March)

	FY23A	FY24E	FY25E	FY26E
Per Share Data (INR)				
Reported EPS	54.5	67.0	83.2	102.1
Adjusted EPS (Diluted)	31.8	66.6	83.2	102.1
Cash EPS	31.8	66.6	83.2	102.1
Dividend per share (DPS)	19.0	20.0	22.0	25.0
Book Value per share (BV)	846.9	895.0	957.5	1,036.1
Dividend Payout (%)	2.9	3.3	3.8	4.1
Growth (%)				
Net Sales	39.9	14.8	22.7	20.7
EBITDA	25.7	43.4	28.2	25.4
EPS (INR)	56.8	22.8	24.2	22.8
Valuation Ratios (x)				
P/E	84.1	68.5	55.1	44.9
P/CEPS	144.3	68.9	55.1	44.9
P/BV	5.4	5.1	4.8	4.4
EV / EBITDA	78.9	55.0	42.9	34.2
Operating Ratios				
Gross Profit Margins (%)	1.0	1.0	1.0	1.0
EBITDA Margins (%)	36.3	40.7	42.5	44.1
Effective Tax Rate (%)	24.7	24.7	25.0	25.0
Net Profit Margins (%)	29.0	34.9	35.3	35.9
Profitability Ratios				
RoCE (%)	3.7	6.1	7.5	8.8
RoE (%)	5.0	7.7	9.0	10.3
RoIC (%)	5.0	7.7	9.0	10.3
Fixed Asset Turnover (x)	16.5	14.5	17.8	21.5
Inventory Turnover Days	1.8	3.2	3.3	3.3
Receivables Days	44.2	34.2	154.8	255.9
Payables Days	215.9	177.7	183.2	181.8

Source Company data, I-Sec research

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