

Info Edge India

Healthy revenue growth in a seasonally strong quarter; long-term growth story intact; stay OW

- **Info Edge reported relatively strong Q/Q revenue growth of 10% in a seasonally strong 4QFY13, driving 16% Y/Y growth in FY13. The company registered almost flat revenues in the previous 3 quarters due to the weak macro environment.** Recruitment services, the most important segment of the company, reported Q/Q revenue growth of 7.7%, 4.4%Y/Y. Recruitment services registered muted growth of 11% Y/Y in FY13. Management suggested that hiring activity is likely to remain subdued in the coming quarters due to a tough economic environment. Notably, Recruitment Services revenue is highly correlated to domestic GDP growth, and continued economic weakness could continue to hurt Info Edge's growth prospects.
- **Info Edge wrote off its investments of about INR 293 mn in 99labels.com, an investee company of Info Edge.** Management suggested that due to the constrained funding environment, 99labels.com was finding it difficult to get incremental funding, while Info Edge was reluctant to make further investments. We acknowledge that it is a one-time charge, but it disrupts the progression of earnings for Info Edge. Certain investors may not like such disruptions. We think further such write-offs might be perceived negatively by investors. Disclosing investee companies' financials is a positive, in our view.
- **Info Edge reported EBITDA margin expansion of 40 bps Q/Q (from 33.5% in 3QFY13 to 33.9% in 4QFY13), primarily driven by an increase in gross margins, which expanded 270 bps Q/Q. FY13 EBITDA margins came in at 34.1%, declining meaningfully from 37.5% last year, primarily due to weak revenue growth.** Management reiterated that margins are likely to remain under pressure if revenue growth remains below 20% Y/Y. Notably, Recruitment Services EBITDA margins declined from 51% in FY12 to 49% in FY13.
- **99acres (Info Edge's online real estate classifieds) reported strong revenue growth of ~48% in FY13 (after 52% Y/Y growth in FY12).** The business has grown impressively despite macro weakness as the market continues to be underpenetrated. Management plans to continue investing in advertising/brand and product development to maintain leadership in this business.
- **We maintain our view that Info Edge is best placed to benefit from the increasing internet penetration and demographic profile of the country due to its leadership position in two major verticals – recruitment services and real estate.** However, we believe it is a relatively long-term play, and the macro environment could cause disappointments in the short term.
- **Investment view: Retain OW with our Mar-14 PT of INR 420.** Recruitment Services accounts for most of the value, and 99acres the remainder.

Bloomberg INFOE IN, Reuters INED.BO

(Year-end Mar, INR mn)	FY12	FY13	FY14E	FY15E	FY12	FY13	FY14E	FY15E			
Revenue	3,756	4,359	5,013	5,892	ROE(%)	23.7	21.2	18.3	18.2	52-Week range	405.20-274.50
Operating Profit	1,332	1,390	1,545	1,934	CORE ROIC(%)	-	-	-	-	Share Out. (Com)	109MN
EBITDA	1,409	1,485	1,702	2,095	Quarterly EPS (Rs)	1Q	2Q	3Q	4Q	Market Cap	39BN
Net profit (Reported)	1,226	1,022	1,451	1,842	EPS (14) E	2.81	3.19	3.49	3.80	Market Cap(US)	US\$724MN
EPS	11.23	9.36	13.29	16.87	EPS (15) E	3.74	3.99	4.31	4.83	Free float	35.0%
P/E (x)	31.8	38.1	26.9	21.2	Local	1M	3M	12M		Avg daily val (Rs)	23.90MN
EV/EBITDA (x)	25.6	24.2	19.4	14.7	Abs. Perf.(%)	(1.6%)	3.0%	(5.8%)		Dividend Yield	-
Cash	2,985	3,076	5,981	8,111	Rel. Perf.(%)	(6.4%)	3.9%	(20.3%)		Index	5944.00
Equity	5,744	6,654	9,209	11,051	Target Price (31-Mar-14)				Rs 420.00	Exchange rate	53.81

Source: Company data, Bloomberg, J.P. Morgan estimates.

Overweight

INED.BO, INFOE IN

Price: Rs357.00

Price Target: Rs420.00

India

Technology, Software & IT services

Viju K George ^{AC}

(91-22) 6157-3597

viju.k.george@jpmorgan.com

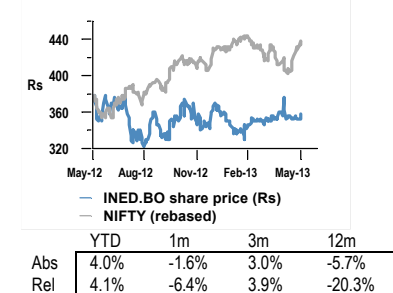
Amit Sharma

(91-22) 6157 3598

amit.d.sharma@jpmorgan.com

J.P. Morgan India Private Limited

Price Performance



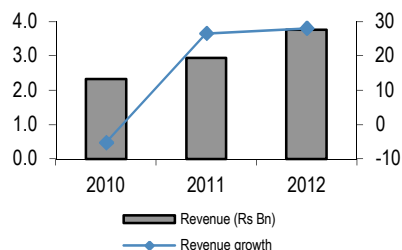
See page 13 for analyst certification and important disclosures, including non-US analyst disclosures.

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Company Description

Info Edge operates India's leading online recruitment and classifieds portal (Naukri.com) launched in 1997, which forms the backbone of Info Edge's business. It also generates revenue through a matrimony portal (Jeevansathi.com) and a property portal (99acres.com), which are still in the development phase. The company has also invested in an education portal, Shiksha.com.

Revenue chart



Source: Company data, J.P. Morgan calculations.

EPS: J.P. Morgan vs. consensus

Rs	J. P. Morgan	Consensus
FY13A	9.4	9.4
FY14E	13.3	13.6
FY15E	16.9	16.8

Source: Bloomberg, J. P. Morgan estimates;
 Note: Pricing as of 3 May 2013

P&L sensitivity metrics

	EBITDA impact (%)	EPS impact (%)
Sales volume growth assumption (FY14E): 15%		
Impact of each 5%	7.6%	6.1%
Gross margin assumption (FY14E): 59%		
Impact of each 1%	2.9%	2.2%
Capacity utilization assumption (FY14E): NM		
Impact of each 5%	NM	NM
Debt/equity assumption (FY14E): 0%		
Impact of each 10%	0%	-5.2%

Source: J. P. Morgan estimates.

Price target and valuation analysis

We maintain our Mar-14 price target of INR 420, based on a one-year forward P/E multiple of 25x. We note that the stock has historically traded at a 38x forward P/E, and we have kept a meaningful margin of safety in our 25x multiple. Partially, this margin is to adjust for a weaker growth profile and the possibility of any further write-offs.

The recruitment services business makes up most of the value, while 99acres contributes the remainder. We have not included any option value for the currently loss-making but development-phase non-recruitment businesses (outside of 99acres.com).

Risk-free rate:	6.50%
Market risk premium:	8.00%
Beta:	0.75
Debt/equity:	0.00%
Cost of debt:	10.08%
Terminal "g":	4%

Source: J. P. Morgan estimates.

The key risks to our PT and rating are a drop in market share due to increased competition across sites, higher advertising expenses in response to competitor activity (e.g. Monster.com) which puts the assumption of operating leverage at naukri.com at risk, and weakness in the property business due to an increase in interest rates and inflation.

Healthy revenue growth in a seasonally strong 4QFY13; macro weakness likely to continue to cause growth headwinds

Info Edge reported relatively strong 4QFY13 with sequential revenue growth of 10% as Recruitment Services' revenues increased 8%, while revenues from other verticals were up 8% Q/Q. Notably, revenues remained broadly flat in the previous three quarters (1QFY13 to 3QFY13). We expect growth rates to remain subdued in future quarters due to weak economic environment and continued moderation in hiring activity. FY13 revenue growth of 16% Y/Y was weak as Recruitment Services business, which contributed 75%+ of company revenues, reported merely 11% Y/Y revenue growth. **Encouragingly, deferred revenues increased meaningfully from INR 1 billion to INR 1.21 billion primarily due to seasonality.**

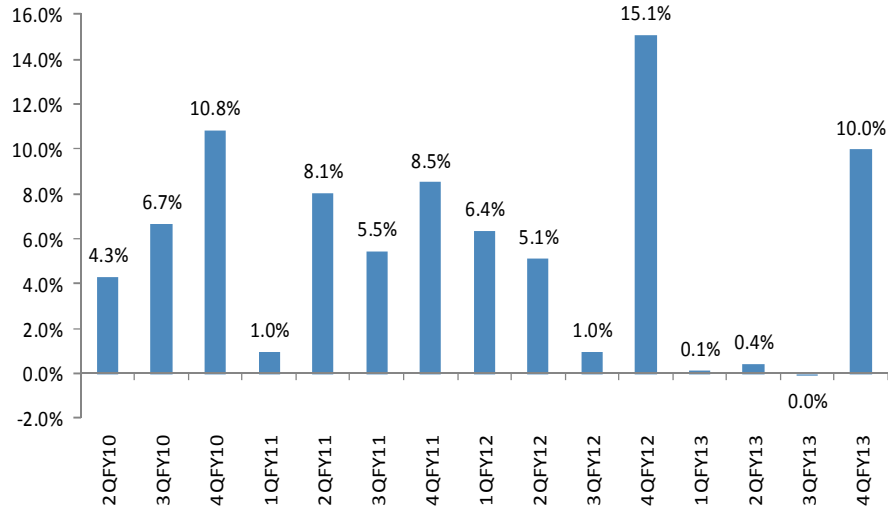
Importantly, economic growth is an important determinant for recruitment services business and continued weakness in domestic GDP growth impacts Info Edge's revenue growth potential. We believe Info Edge's weak revenue growth in FY13 is due to cyclical reasons as the macro environment is weak, corporates' business confidence is low, and India's GDP growth rate has been moderate. Weak growth has prompted companies (clients) not to hire in the near term. However, Info Edge retains its leadership position in both online recruitment services and online real estate portal. The company expects to retain its market share in the tough market environment as the company continues to invest for brand building and product development.

When economic growth picks up, we believe Info Edge will likely see a meaningful increase in demand and revenue growth. We have consistently highlighted that Info Edge is a relatively long-term play on increasing internet penetration in India given its leadership position in online recruitment services and real estate business.

Importantly, 99acres reported 48% Y/Y revenues growth in FY13, in line with our expectation that this business has potential to deliver meaningful growth/value. See our note "[*It's not just naukri.com; 99acres.com could well be the next big thing; this is available today for free*](#)" dated April 6, 2011, for more details.

We stay positive on Info Edge's growth story given its leadership position in online recruitment services business and high growth potential of the relatively smaller businesses primarily 99acres.com.

Figure 1: Info Edge's reported strong revenue growth in 4QFY13 partially due to seasonality; however growth rates might remain subdued in the future quarters



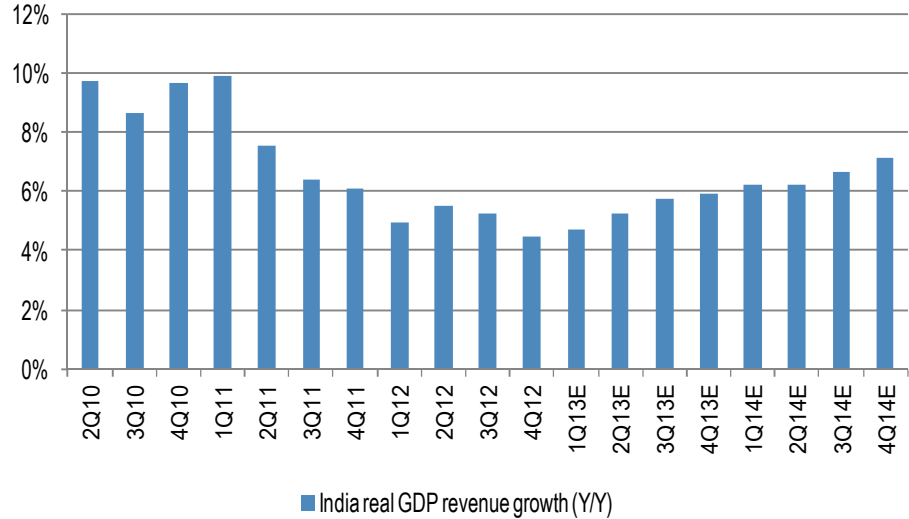
Source: Company reports, J.P. Morgan.

Info Edge retained its leadership position in online recruitment service business; however, revenue growth remained muted in FY13

Recruitment Services, the primary component of Info Edge's revenue base (contributing 75%+ of total revenues), reported modest revenue growth of merely 11% Y/Y (vs. 25%+ in FY12). We acknowledge that revenue growth was weak in the first three quarters (1QFY13 to 3QFY13), but we believe this is primarily due to macro issues and not company-specific factors. We see Info Edge's recruitment business as a structural growth story. Indian job portal business is likely to grow significantly, in our view, driven by increases in internet penetration and the demographic composition of the country. Importantly, Naukri.com continues to consolidate its leadership position in the online job classified market with 50%+ traffic share (according to comScore).

Growth in the Recruitment Services business is highly correlated to economic growth in the country; the weak revenue growth is driven by moderation in GDP growth. Management reiterated that the market environment remains weak and the sizable dip in GDP growth might cause Recruitment Services revenues to remain under pressure in the coming quarters as well. However, as the macro environment improves and GDP growth increases, recruitment services business is likely to gain growth momentum particularly given the investments Info Edge is making to gain market share. J.P. Morgan GDP growth estimates suggest that GDP growth is likely to bottom in Dec-12 quarter, so the worst is possibly behind us.

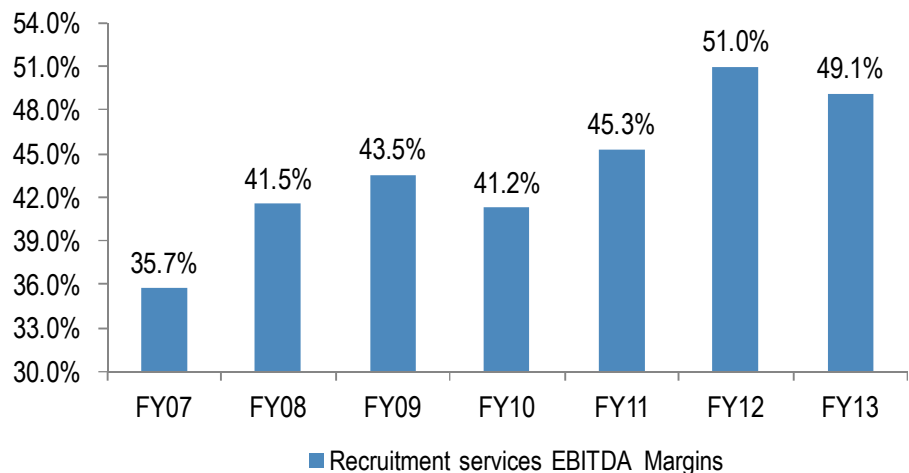
Figure 2: India real GDP growth rate was weak for a few quarters and likely bottomed out in the Dec-12 quarter; we expect GDP growth to start accelerating in Mar-13 quarter



Source: Company reports, J.P. Morgan.

Management suggested that collections in Recruitment Services business were broadly flat in FY13, which we believe needs watching, but collections have not started declining yet. This is unlike the post-Lehman crisis, when collections declined 30-40% for two sequential quarters. We admit it is worrisome but we believe the reasons are cyclical and the structural growth story remains intact.

Figure 3: Recruitment services' EBITDA margins contracted modestly in FY13 due to weak revenue growth (but still around 50%); because of significant leverage in business model, margin can potentially increase meaningfully as revenue growth comes back



Source: Company reports, J.P. Morgan.

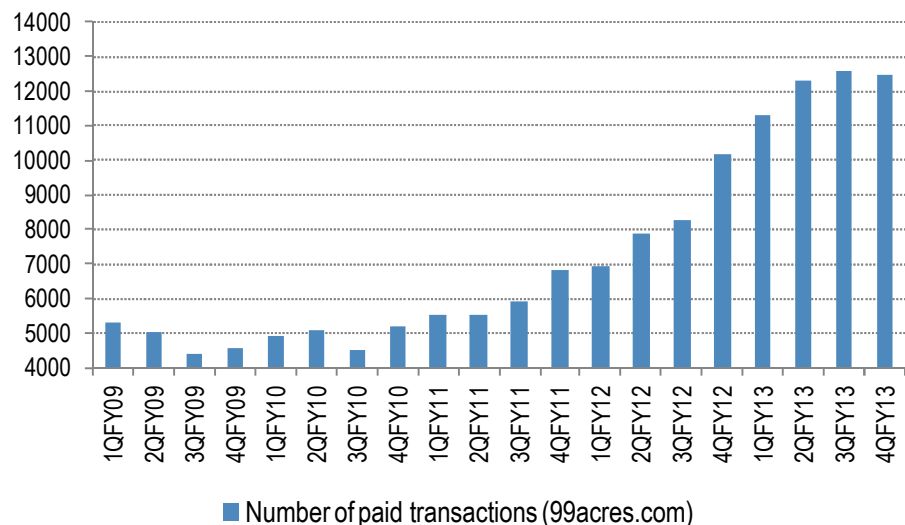
99acres continues to deliver robust revenue growth; it is likely to be significant revenue driver in the coming years

99acres (the online real estate classifieds of Info Edge) reported quarter with ~40% Y/Y (and ~13% Q/Q) growth in 4QFY13. This business delivered 48% Y/Y growth in FY13 despite the tough macro environment. Online real-estate business is highly underpenetrated and there is significant headroom for growth. Also, management suggested that there is an incremental shift from print real-estate advertisements to online portals, a trend that we expect to continue as print is a relatively expensive medium to advertise. Importantly, 99acres is more exposed to new project/house market (compared to secondary market) increasing dependence on new launches. However, the company is making efforts to penetrate the secondary market (property dealers), which is relatively non-cyclical market.

We remain confident about the long-term growth potential of this business. 99acres has a leadership position in the Indian real estate classified business with the highest traffic share of about 30%+. We believe this business will continue to deliver strong revenue growth in FY14 as well (we model 32% Y/Y growth in FY14).

We acknowledge that the revenue growth in this business is very much dependent on macro factors such as GDP growth, interest rates, inflation and the regulatory environment, but we believe that over a period of time, revenue growth tends to normalize as witnessed by similar businesses in other geographies. (Refer to our report [“It's not just naukri.com; 99acres.com could well be the next big thing; this is available today for free”](#) dated April 6, 2011).

Figure 4: The number of paid transactions has steadily grown over the last several quarters



Source: Company reports, J.P. Morgan.

All the levers are in place to drive 99acres' growth, in our view, given the market leadership position of the business. The Indian real estate portal market is still in the nascent stages, and a host of factors such as increasing internet penetration (which is at a dismal ~10%, currently), rising urbanization, huge population and secular shift toward organized real estate development provide the necessary background conditions for the growth of this business, in our view. Moreover, management is

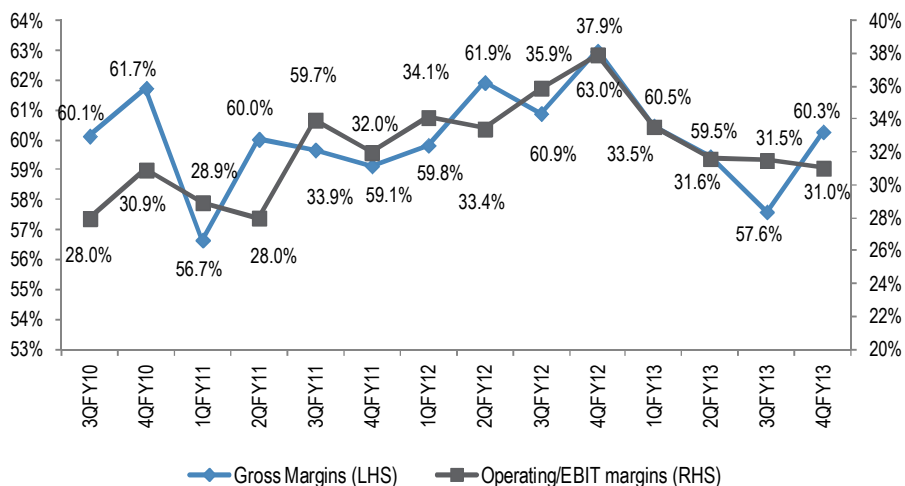
consciously making an effort to increase the proportion of business from the resale market, where the interest rate and inflation impact is lower.

Gross margins increased sequentially due to healthy Q/Q growth; operating leverage is high in online classified business

Info Edge's gross margins increased 270 bps Q/Q from 57.6% in 3QFY13 to 60.3% in 4QFY13, primarily due to healthy revenue growth in 4QFY13 (post three quarters of flat revenues) given significant operating leverage in the business model. However, gross margins decreased 270 bps on Y/Y basis. EBIT margins decreased 50 bps Q/Q as the company increased advertisement spending meaningfully in 4QFY13. Administration and other expenses also increased as a % of revenues, further impacting EBIT margins. Depreciation also increased meaningfully due to inclusion of new building.

Importantly, Recruitment Services, which contributes almost all of Info Edge's value, reported a 49% EBITDA margin in FY13, down meaningfully from 51% last year. The EBITDA margin for Naukri.com was 54% in FY13. 99acres reported EBITDA positive for 4QFY13, but reported a loss of INR 8 million for FY13. Jeevansathi.com registered an EBITDA loss of INR 75 million for FY13.

Figure 5: Info Edge reported gross margins increased 270 bps Q/Q due to healthy revenue growth but decreased 270 bps Y/Y; margins should pick up meaningfully as growth comes back



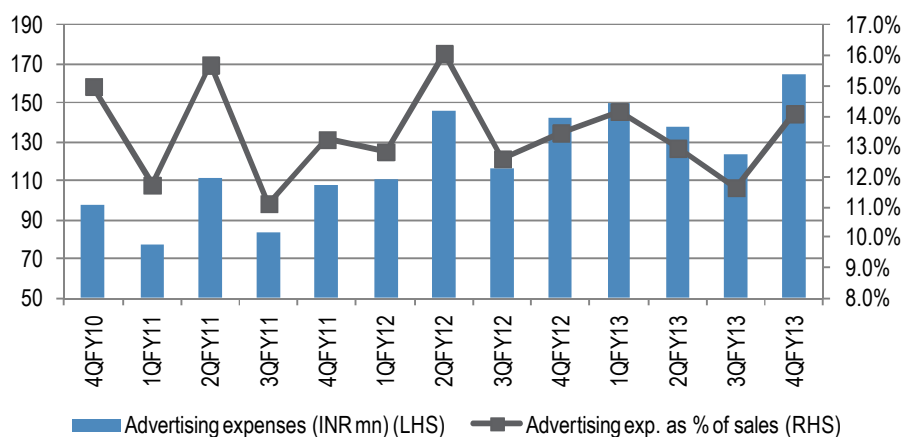
Source: Company reports, J.P. Morgan.

Info Edge increased its investment in advertising meaningfully in 4QFY13. Management suggested that competitors have increased their promotion activities meaningfully; hence it is primarily to maintain/gain market share. Advertising expenses as a proportion of revenues increased from 11.6% in 3QFY13 to 14.1% in 4QFY13. Also, increase in G&A and other expenses as a percentage of revenues caused margin headwind of another 80 bps.

We believe that managing advertising investments in a timely manner while keeping potential benefits in view is prudent. We see meaningful flexibility in Info Edge's business model to manage margins in a period of slower growth by adjusting the

level of advertising and promotion spends. Moreover, management reiterated that EBITDA might come under pressure if the revenue growth rate drops below the 20% Y/Y level.

Figure 6: Advertising investments increased meaningfully in 4QFY13 as competitors also increased advertising; timely and prudent management of advertising investments is important



Source: Company reports, J.P. Morgan.

Success of any of the early-stage ventures, where Info Edge has invested, might provide significant returns; however, further write-offs can be potential dampeners

Info Edge has made strategic investments in a number of early-stage internet ventures. Info Edge has made investments in meritnation.com, policybazaar.com, mydala.com, Zomato.com, Canvera and floost.com. Hence, the company has made investments across verticals. Management said it continues to evaluate good investment opportunities.

However, Info Edge had to write off its investments of about INR 293 mn in 99 labels.com, an investee company of Info Edge. Management suggested that due to the constrained funding environment, 99labels.com was finding it difficult to get incremental funding, while Info Edge was reluctant to make further investments. We acknowledge that it is a one-time charge, but it disrupts the progression of earnings (EPS) for Info Edge. Certain investors do not like such disruptions. We think further such write-offs might be perceived negatively by investors.

Importantly for these investments, Info Edge adopts a venture capitalist (VC) kind of approach and provides initial/growth capital to these players. All these businesses are B2C (business to consumer) businesses, where the margin profile is better than B2B (business to business) businesses, as individual customers do not have significant bargaining power. Moreover, these businesses have the potential to grow exponentially with an increase in internet penetration, changed customer behavior (higher purchases through web) and, most importantly, brand recognition. Success of any (or a few) of these ventures could provide significant returns to Info Edge, creating meaningful shareholder value.

Estimate changes

Table 1: Info Edge India: Earnings estimate changes

Rs m (year-end Mar)	New		Earlier		Change (%)	
	FY14E	FY15E	FY14E	FY15E	FY14E	FY15E
Revenue	5,013	5,892	4,945	5,935	1.4	-0.7
EBIT	1,545	1,934	1,616	2,048	-4.4	-5.6
EBITDA	1,702	2,095	1,706	2,145	-0.2	-2.3
Pre Tax Profit	2,044	2,594	2,027	2,585	0.8	0.4
Net Profit	1,451	1,842	1,439	1,835	0.8	0.4
EPS (Rs)	13.3	16.9	13.2	16.8	0.8	0.4
Margins (%)						
EBIT margin	30.8	32.8	32.7	34.5		
EBITDA margin	34.0	35.6	34.5	36.1		
Net margin	29.0	31.3	29.1	30.9		

Source: J. P. Morgan estimates

Financials

Table 2: Info Edge India: Earnings estimates

Rs MM, year-end Mar	2014E				2015E				2011	2012	2013E	2014E	2015E
	1QE	2QE	3QE	4QE	1QE	2QE	3QE	4QE					
Revenue	1,181	1,217	1,256	1,359	1,373	1,425	1,493	1,601	2,936	3,756	4,359	5,013	5,892
Gross Profits	682	708	738	832	809	851	909	1,008	1,731	2,310	2,592	2,961	3,577
EBIT	342	364	401	439	426	454	493	561	905	1,332	1,390	1,545	1,934
EBITDA	380	403	440	479	465	494	534	603	976	1,409	1,485	1,702	2,095
Net Other Income	91	127	136	145	148	160	170	181	282	408	454	499	661
Pre Tax Profit	433	491	536	584	575	614	663	742	1,187	1,740	1,844	2,044	2,594
Tax	125	142	156	169	167	178	192	215	400	511	528	593	752
Net Profit	307	348	381	415	408	436	471	527	839	1,226	1,022	1,451	1,842
EPS (Rs.)	2.8	3.2	3.5	3.8	3.7	4.0	4.3	4.8	7.7	11.2	9.4	13.3	16.9
Margins (%)													
Gross Margin	57.8	58.2	58.8	61.2	59.0	59.7	60.9	62.9	58.9	61.5	59.5	59.1	60.7
Operating Margin	29.0	29.9	31.9	32.3	31.1	31.8	33.0	35.0	30.8	35.5	31.9	30.8	32.8
EBITDA Margin	32.2	33.1	35.0	35.3	33.9	34.6	35.7	37.6	33.3	37.5	34.1	34.0	35.6
Net Margin	26.0	28.6	30.3	30.5	29.7	30.6	31.5	32.9	28.6	32.6	23.5	29.0	31.3
Sequential Growth (%)													
Revenue	0.9	3.0	3.3	8.2	1.0	3.8	4.8	7.3	26.4	27.9	16.0	15.0	17.5
EBIT	-5.8	6.4	10.1	9.6	-2.9	6.5	8.6	13.8	48.6	47.1	4.4	11.2	25.1
EBITDA	-4.3	6.0	9.3	8.9	-3.0	6.2	8.1	13.0	45.7	44.3	5.4	14.6	23.1
Net Profit	384.2	13.4	9.3	8.9	-1.7	6.9	8.0	11.9	47.4	46.1	-16.6	41.9	26.9
EPS	384.2	13.4	9.3	8.9	-1.7	6.9	8.0	11.9	47.4	46.1	-16.6	41.9	26.9
Y/Y Growth (%)													
Revenue	11.5	14.3	18.1	16.1	16.2	17.1	18.8	17.8					
EBIT	-3.8	8.2	19.5	20.8	24.6	24.7	23.0	27.8					
EBITDA	1.5	12.8	23.4	20.8	22.4	22.6	21.2	25.7					
Net Profit	-3.4	4.6	23.6	553.9	32.8	25.1	23.7	27.0					
EPS	-3.4	4.6	23.6	553.9	32.8	25.1	23.7	27.0					

Source: J.P. Morgan estimates.

Valuation and price target

Our Mar-14 price target of INR 420 is based on a one-year forward P/E multiple of 25x. We note that the stock has historically traded at a 38x forward P/E multiple and we have kept a meaningful margin of safety in our 25x multiple.

The Recruitment Services business makes up most of the value, while 99acres contributes the remainder. We have not included an option value for the currently loss-making but development-phase non-recruitment businesses (outside of 99acres.com).

Risks to our rating and price target

The primary risks to our rating and price target are:

1. Traffic share contraction due to competitive threat from LinkedIn and Monster's semantic search (Trovix) technology.
2. Increasing interest rates and inflation may hurt the real estate market, impacting 99acres.com business for a relatively long period of time.
3. Naukri.com or 99acres lose their market leadership position.
4. Advertising expenses pick-up in response to competitors' actions.

Info Edge India: Summary of Financials

Income Statement					Ratio Analysis				
Rs in millions, year end Mar	FY12	FY13	FY14E	FY15E	Rs in millions, year end Mar	FY12	FY13	FY14E	FY15E
Revenues	3,756	4,359	5,013	5,892	Gross margin	61.5%	59.5%	59.1%	60.7%
Cost of goods sold	(1,370)	(1,672)	(1,896)	(2,153)	EBITDA margin	37.5%	34.1%	34.0%	35.6%
Gross Profit	2,310	2,592	2,961	3,577	Operating margin	35.5%	31.9%	30.8%	32.8%
R&D expenses	-	-	-	-	Net margin	32.7%	30.2%	29.0%	31.3%
SG&A expenses	(885)	(1,063)	(1,247)	(1,443)	R&D/sales	-	-	-	-
Operating profit (EBIT)	1,332	1,390	1,545	1,934	SG&A/Sales	23.6%	24.4%	24.9%	24.5%
EBITDA	1,409	1,485	1,702	2,095	Sales growth	27.9%	16.0%	15.0%	17.5%
Interest income	0	0	0	0	Operating profit growth	47.1%	4.4%	11.2%	25.1%
Interest expense	(1)	(25)	(35)	(35)	Net profit growth	46.1%	(16.6%)	41.9%	26.9%
Investment income (Exp.)	(1)	(25)	(35)	(35)	EPS (reported) growth	46.1%	(16.6%)	41.9%	26.9%
Non-operating Income (expense)	0	0	0	0	Interest coverage (x)	2,056.2	59.9	48.9	60.2
Earnings before tax	1,740	1,844	2,044	2,594	Net debt to total capital	(108.0%)	(85.7%)	(184.8%)	(275.2%)
Tax	(511)	(528)	(593)	(752)	Net debt to equity	(51.9%)	(46.2%)	(64.9%)	(73.3%)
Net income (reported)	1,226	1,022	1,451	1,842	Asset turnover	0.6	0.5	0.5	0.5
Net income (adjusted)	1,230	1,315	1,451	1,842	Working capital turns (x)	1.7	3.0	1.8	1.2
EPS (reported)	11.23	9.36	13.29	16.87	ROE	23.7%	21.2%	18.3%	18.2%
EPS (adjusted)	11.26	12.05	13.29	16.87	CORE ROIC	-	-	-	-
BVPS	52.61	60.95	84.35	101.22					
DPS	-	-	-	-					
Shares outstanding	109	109	109	109					
Balance sheet					Cash flow statement				
Rs in millions, year end Mar	FY12	FY13	FY14E	FY15E	Rs in millions, year end Mar	FY12	FY13	FY14E	FY15E
Cash and cash equivalents	2,985	3,076	5,981	8,111	Net income	1,226	1,022	1,451	1,842
Accounts receivable	36	45	52	61	Depr. & amortization	77	94	157	161
Inventories	-	-	-	-	Change in working capital	455	56	210	247
Others	120	175	203	239	Other	-	-	-	-
Current assets	3,141	3,296	6,236	8,411	Cash flow from operations	1,761	1,466	1,818	2,250
LT investments	2,872	2,954	2,954	2,954	Capex	(9)	(475)	(17)	(120)
Net fixed assets	626	1,006	866	825	Disposal/(purchase)	-	-	-	-
Others	836	1,251	1,251	1,251	Cash flow from investing	(2,729)	(972)	(17)	(120)
Total Assets	7,474	8,506	11,306	13,440	Free cash flow	1,752	1,009	1,826	2,155
Liabilities					Equity raised/(repaid)	0	546	0	0
ST Loans	0	0	0	0	Debt raised/(repaid)	(4)	2	0	0
Payables	-	-	-	-	Other	(115)	(951)	1,103	0
Others	1,728	1,847	2,092	2,384	Dividends paid	0	0	0	0
Total current liabilities	1,728	1,847	2,092	2,384	Cash flow from financing	(119)	(403)	1,103	0
Long-term debt	3	5	5	5	Net change in cash	(1,087)	91	2,904	2,130
Other liabilities	0	0	0	0	Beginning cash	4,072	2,985	3,076	5,981
Total Liabilities	1,730	1,852	2,097	2,389	Ending cash	2,985	3,076	5,981	8,111
Shareholders' equity	5,744	6,654	9,209	11,051					

Source: Company reports and J.P. Morgan estimates.

JPM Q-Profile

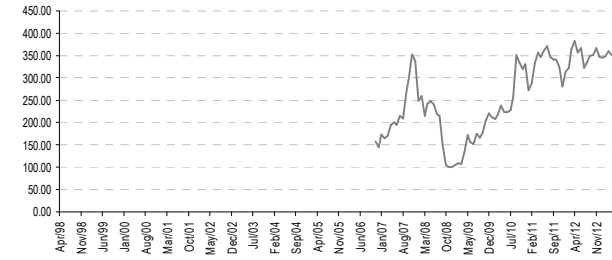
Info Edge (India) Ltd. (INDIA / Information Technology)

As Of: 02-May-2013

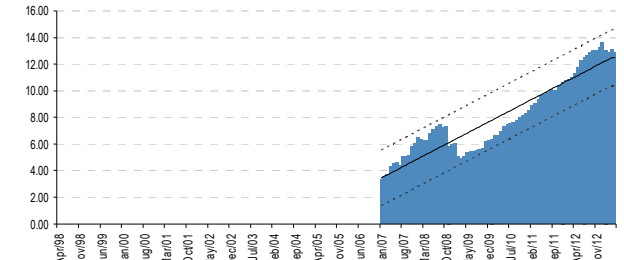
Global Equity Quantitative Analysis

Quant_Strategy@jpmorgan.com

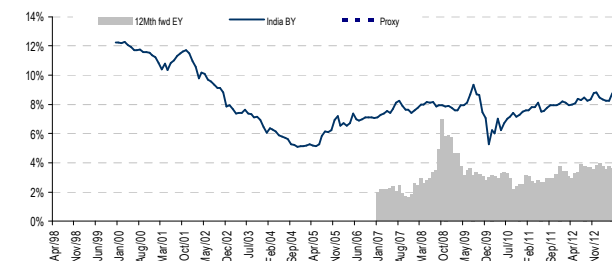
Local Share Price Current: **351.55**



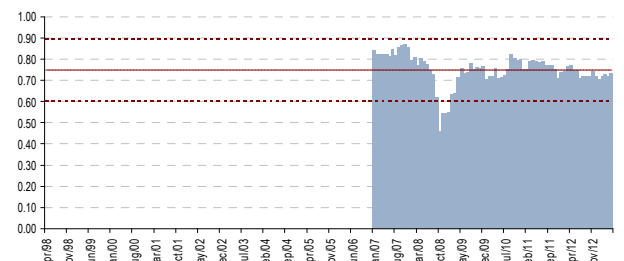
12 Mth Forward EPS Current: **12.89**



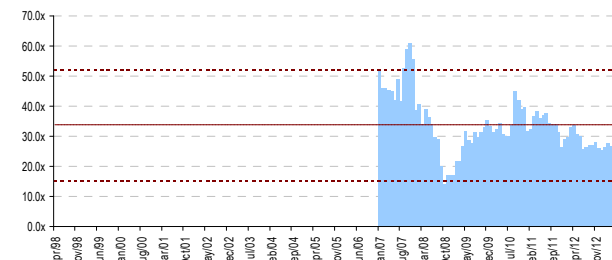
Earnings Yield (& local bond Yield) Current: **4%**



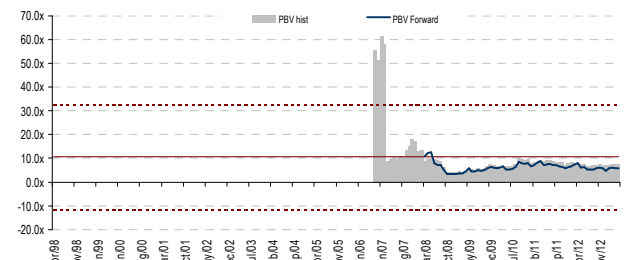
Implied Value Of Growth* Current: **73.39%**



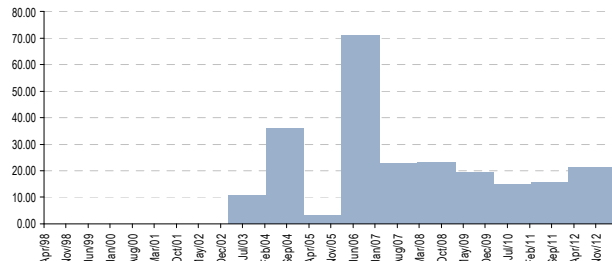
PE (1Yr Forward) Current: **27.3x**



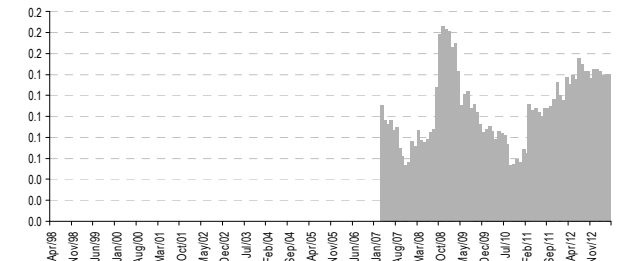
Price/Book Value Current: **7.3x**



ROE (Trailing) Current: **21.47**



Dividend Yield (Trailing) Current: **0.14**



Summary

Info Edge (India) Ltd.		SEDOL		B1685L0				As Of: 2-May-13			
INDIA								Local Price: 351.55			
Information Technology								EPS: 12.89			
	Latest	Min	Max	Median	Average	2 S.D.+	2 S.D. -	% to Min	% to Max	% to Med	% to Avg
12mth Forward PE	27.27x	14.31	60.81	32.43	33.72	52.20	15.24	-48%	123%	19%	24%
P/BV (Trailing)	7.28x	3.60	61.41	7.87	10.60	32.69	-11.49	-51%	744%	8%	46%
Dividend Yield (Trailing)	0.14	0.00	0.19	0.10	0.10	0.19	0.02	-100%	33%	-25%	-27%
ROE (Trailing)	21.47	3.02	71.28	21.47	23.77	59.17	-11.62	-86%	232%	0%	11%
Implied Value of Growth	73.4%	0.46	0.87	0.76	0.75	0.90	0.60	-37%	19%	3%	2%

Source: Bloomberg, Reuters Global Fundamentals, IBES CONSENSUS, J.P. Morgan Calcs

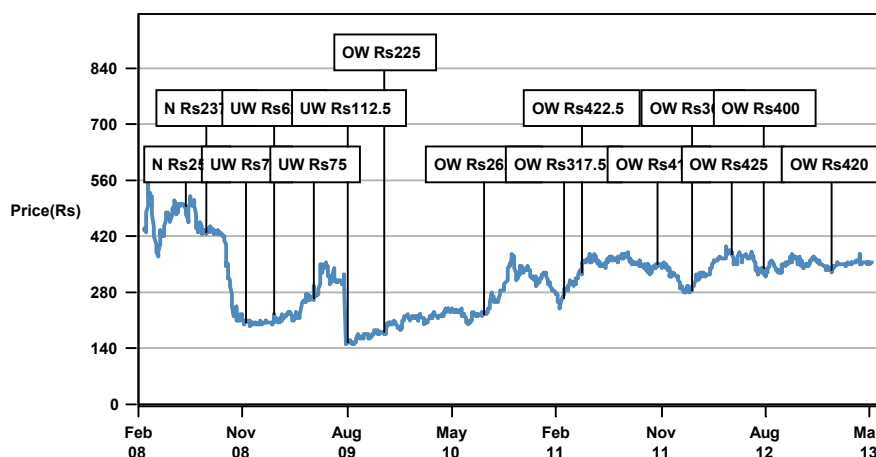
* Implied Value Of Growth = (1 - EY/Cost of equity) where cost of equity = Bond Yield + 5.0% (ERP)

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Info Edge India (INED.BO, INFOE IN) Price Chart



Date	Rating	Share Price (Rs)	Price Target (Rs)
02-Jun-08	N	492.90	250.00
29-Jul-08	N	429.08	237.50
12-Nov-08	UW	206.35	75.00
23-Jan-09	UW	223.63	62.50
05-May-09	UW	266.85	75.00
02-Aug-09	UW	154.28	112.50
04-Nov-09	OW	180.05	225.00
26-Jul-10	OW	226.91	262.50
17-Feb-11	OW	264.48	317.50
06-Apr-11	OW	327.93	422.50
21-Oct-11	OW	351.88	410.00
20-Jan-12	OW	286.77	360.00
04-May-12	OW	375.00	425.00
26-Jul-12	OW	339.75	400.00
22-Jan-13	OW	334.90	420.00

Source: Bloomberg and J.P. Morgan; price data adjusted for stock splits and dividends. Initiated coverage Jun 02, 2008.

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IB clients*	74%	64%	57%

*Percentage of investment banking clients in each rating category.

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