Info Edge | HOLD

JM FINANCIAL

Pre-results billings update: Sharp miss in recruitment segment

Swapnil Potdukhe
swapnil.potdukhe@jmfl.com | Tel: (91 22) 62241876
Sachin Dixit
sachin.dixit@jmfl.com | Tel: (91 22) 66303078
Eksha Modi
eksha.modi@jmfl.com | Tel: (91 22) 66303054
Atul Borse
atul.borse@jmfl.com | Tel: (91 22) 66303134

INFOE in its pre-results business update mentioned that standalone billings grew 11.2% YoY in 1QFY26, well below JMFe of 18% YoY, mainly due to sharp miss in billings in the flagship recruitment segment. Recruitment billings grew just 9.0% YoY, the slowest in the last 4 quarters, despite a relatively favourable base. We believe the growth slowdown was broad-based across IT as well as non-IT as macros remain muted, which in turn would have led to recruiters pushing out their subscription renewals. 99acres reported decent growth with billings growing 16.5% YoY, albeit behind JMFe of 18% YoY. Lastly, the others segment, which includes Jeevansathi and Shiksha, saw healthy 18.8% YoY billings growth, slightly ahead of JMFe. We, moderate our billings growth forecast for the recruitment segment in FY26 to 12.5% from 14.5% earlier, on account of continued uncertainty over the macro environment. Despite the sharp recent run-up in the stock price of investee companies (Eternal and PB Fintech), valued at unchanged holdco discount of 25% to CMP, and roll-forward of SOTP to Jun'26, our TP is revised down to INR 1,470, on the back of a) 4-5% earnings cuts in our recruitment segment estimates and b) cuts in target multiple for the recruitment business (50x to 45x).

- **Recruitment segment leads to a sharp miss on standalone billings:** Recruitment segment (Naukri business) billings in 1QFY26 grew just 9.0% YoY (-36.5% QoQ due to unfavourable seasonality) to INR 4,703mn, a sharp miss on JMFe of 18.0% YoY. 99acres' billings was up 16.5% YoY (-40.9% QoQ) to INR 944mn, albeit behind JMFe of 18.0% YoY. Others (includes Jeevansathi and Shiksha) billings grew 18.8% YoY (-5.0% QoQ) to INR 795mn, slightly ahead of JMFe. Overall, standalone business billings grew 11.2% YoY (-34.5% QoQ) to INR 6,442mn, a miss on JMFe by c.6%. While we maintain our FY26/27/28 billings estimates for 99acres/Others post the latest update, we lower our forecasts for the recruitment segment on account of growing uncertainty over the macro environment. Consequently, standalone revenue is reduced by 1-2% over FY26-28E.

- **Limited scope for margin expansion in the near term:** We lower our PBT margin for the recruitment segment by c.150bps over FY26-28E due to a mix of cuts in near-term billings growth (as highlighted earlier) as well as expectations of continuance of brand and tech investments. On the other hand, our PBT margin estimates are unchanged for 99acres and Jeevansathi. Overall, we lower our standalone FY26-28 EBITDA margin forecasts by 130-140bps with EBITDA cuts of 4-5%.

- **Maintain 'HOLD', TP revised down to INR 1,470:** We cut our standalone FY26-28 EPS estimates by c.4-5% over FY26-28E, primarily due to lower billings growth and profitability in the recruitment segment. We continue to use SOTP valuation method to derive a Jun'26 TP of INR 1,470 (vs. INR 1,500 earlier), in which the target multiple for the recruitment segment is lowered from 50x to 45x. Our TP implies FY27 PER valuation of 49x for the standalone business. We, however, expect to turn buyers at lower levels, once the market prices near-term growth as well profitability concerns in recruitment, as INFOE is fundamentally a very strong company.

Recommendation and Price Target	
Current Reco.	HOLD
Previous Reco.	HOLD
Current Price Target (12M)	1,470
Upside/(Downside)	2.7%
Previous Price Target	1,500
Change	-2.0%

Key Data – INFOE IN	
Current Market Price	INR1,431
Market cap (bn)	INR927.2/US$10.8
Free Float	62%
Shares in issue (mn)	647.9
Diluted share (mn)	655.5
3-mon avg daily val (mn)	INR1,758.4/US$20.5
52-week range	1,839/1,151
Sensex/Nifty	83,443/25,461
INR/US$	85.9

Price Performance

%	1M	6M	12M
Absolute	-5.0	-15.2	5.1
Relative*	-6.5	-20.6	0.7

* To the BSE Sensex

Financial Summary					(INR mn)
Y/E March	FY24A	FY25A	FY26E	FY27E	FY28E
Net Sales	23,810	26,536	30,166	34,537	39,505
Sales Growth (%)	10.3	11.5	13.7	14.5	14.4
EBITDA	9,553	10,726	12,312	14,533	17,122
EBITDA Margin (%)	40.1	40.4	40.8	42.1	43.3
Adjusted Net Profit	8,331	7,734	10,909	12,795	15,016
Diluted EPS (INR)	12.9	11.9	16.6	19.5	22.9
Diluted EPS Growth (%)	102.3	-7.4	39.6	17.3	17.4
ROIC (%)	0.0	0.0	0.0	0.0	0.0
ROE (%)	4.6	2.9	3.9	4.5	5.1
P/E (x)	111.2	120.1	86.0	73.3	62.5
P/B (x)	3.6	3.4	3.3	3.2	3.2
EV/EBITDA (x)	92.9	82.1	71.0	59.6	50.1
Dividend Yield (%)	0.3	0.4	0.6	0.7	0.8

Source: Company data, JM Financial. Note: Valuations as of 07/Jul/2025

JM Financial Research is also available on: Bloomberg - JMFR <GO>, Thomson Publisher & Reuters, S&P Capital IQ, FactSet and Visible Alpha

Please see Appendix I at the end of this report for Important Disclosures and Disclaimers and Research Analyst Certification.

Exhibit 1. Quarterly billing trends

All numbers are in INR mn, unless stated otherwise	1QFY24	2QFY24	3QFY24	4QFY24	1QFY25	2QFY25	3QFY25	4QFY25	1QFY26
Billing trends									
Recruitment	3,975	4,314	4,289	6,254	4,314	4,920	4,940	7,403	4,703
Change (yoy)	-4.2%	1.4%	-1.3%	7.2%	8.5%	14.0%	15.2%	18.4%	9.0%
Change (qoq)	-31.9%	8.5%	-0.6%	45.8%	-31.0%	14.0%	0.4%	49.9%	-36.5%
99Acres	734	922	884	1,311	810	1,074	1,026	1,598	944
Change (yoy)	20.1%	21.8%	24.3%	26.4%	10.4%	16.5%	16.1%	21.9%	16.5%
Change (qoq)	-29.2%	25.6%	-4.1%	48.3%	-38.2%	32.6%	-4.5%	55.8%	-40.9%
Other verticals	521	454	596	705	669	509	717	837	795
Change (yoy)	8.5%	8.9%	32.7%	14.8%	28.4%	12.1%	20.3%	18.7%	18.8%
Change (qoq)	-15.1%	-12.9%	31.3%	18.3%	-5.1%	-23.9%	40.9%	16.7%	-5.0%
Total billings	5,230	5,690	5,769	8,270	5,793	6,503	6,683	9,838	6,442
Change (yoy)	-0.2%	4.8%	4.8%	10.5%	10.8%	14.3%	15.8%	19.0%	11.2%
Change (qoq)	-30.1%	8.8%	1.4%	43.4%	-30.0%	12.3%	2.8%	47.2%	-34.5%

Source: Company, JM Financial

Exhibit 2. Yearly billing trends

All numbers are in INR mn, unless stated otherwise	FY18	FY19	FY20	FY21	FY22	FY23	FY24	FY25
Billing trends								
Recruitment	7,080	8,476	9,155	8,320	14,365	18,587	18,832	21,577
Change (yoy)		19.7%	8.0%	-9.1%	72.7%	29.4%	1.3%	14.6%
99Acres	1,571	2,067	2,139	1,848	2,312	3,116	3,851	4,508
Change (yoy)		31.6%	3.5%	-13.6%	25.1%	34.8%	23.6%	17.1%
Other verticals	1,117	1,228	1,393	1,589	1,983	1,960	2,276	2,732
Change (yoy)		9.9%	13.4%	14.1%	24.8%	-1.2%	16.1%	20.0%
Total billings	9,768	11,771	12,687	11,757	18,660	23,663	24,959	28,817
Change (yoy)		20.5%	7.8%	-7.3%	58.7%	26.8%	5.5%	15.5%

Source: Company, JM Financial

Exhibit 3. JMFe vs Cons. - Annual

Particulars	JMFe estimates			Consensus estimates			JMFe vs. Consensus		
(INR mn)	FY26E	FY27E	FY28E	FY26E	FY27E	FY28E	FY26E	FY27E	FY28E
Revenue	**30,166**	**34,537**	**39,505**	**31,177**	**36,687**	**42,800**	**-3.2%**	**-5.9%**	**-7.7%**
EBITDA	12,312	14,533	17,122	13,024	16,036	19,518	-5.5%	-9.4%	-12.3%
EBITDA Margin	**40.8%**	**42.1%**	**43.3%**	**41.8%**	**43.7%**	**45.6%**	**-96bp**	**-163bp**	**-226bp**
PAT	10,909	12,795	15,016	11,572	14,306	17,176	-5.7%	-10.6%	-12.6%
Adj. EPS (INR)	**16.6**	**19.5**	**22.9**	**17.8**	**22.1**	**26.4**	**-6.5%**	**-11.6%**	**-13.4%**

Source: JM Financial, Bloomberg

Maintain HOLD; target price revised to INR 1,470

Exhibit 4. What has changed in our forecasting and assumptions?

	Old			New			Change		
	FY26E	FY27E	FY28E	FY26E	FY27E	FY28E	FY26E	FY27E	FY28E
Standalone revenue (INR mn)	30,561	35,100	40,276	30,166	34,537	39,505	-1.3%	-1.6%	-1.9%
Revenue growth rate (YoY)	15.2%	14.9%	14.7%	13.7%	14.5%	14.4%	-149 bps	-36 bps	-36 bps
EBITDA (INR mn)	12,879	15,241	17,999	12,312	14,533	17,122	-4.4%	-4.6%	-4.9%
EBITDA margin	42.1%	43.4%	44.7%	40.8%	42.1%	43.3%	-133 bps	-134 bps	-135 bps
Adj. PAT (INR mn)	11,323	13,342	15,718	10,909	12,795	15,016	-3.7%	-4.1%	-4.5%
Adj. EPS (Diluted)	17.3	20.4	24.0	16.6	19.5	22.9	-3.7%	-4.1%	-4.5%

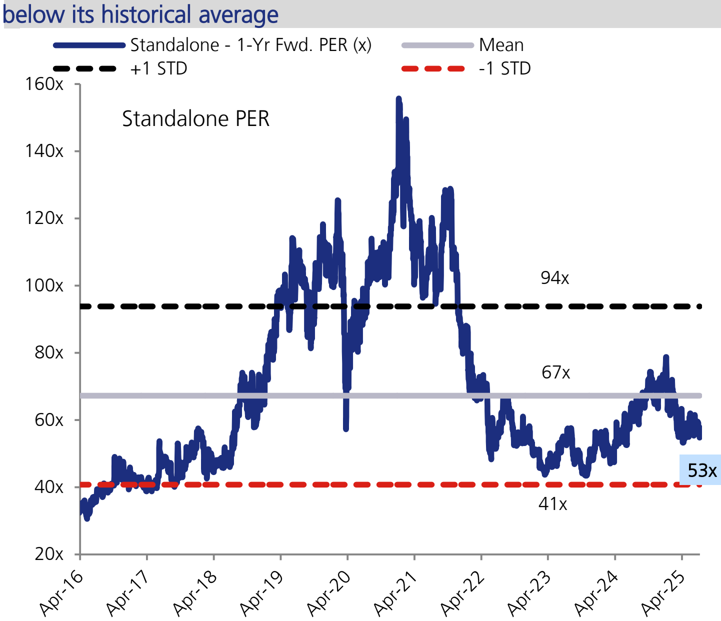
Source: Company, JM Financial

Exhibit 5. INFOE: Valuations summary

Business	Per share value	% of valuation	Comments
Recruitment (Naukri)	784	53.3%	45x June'27 EPS
99acres	63	4.3%	7x June'27 Sales
Jeevansathi and others	28	1.9%	5x June'27 Sales
Investee Companies			
Zomato	357	24.3%	Based on CMP for Zomato post 25% holdco discount
Policybazaar	118	8.1%	Based on CMP for PB Fintech post 25% holdco discount
Zwayam/DoSelect	2	0.2%	Book value
Other investee companies^	38	2.6%	Book value
Cash and cash equivalents	81	5.5%	Cash on B/S as of Mar'26
Total	1,470	100%	

Source: JM Financial. ^ includes NoPaperForms, Univariety, Gramophone, Medcords, Printo, Shop Kirana, Greytip, Adda247, Teal, LQ Global, Bizcrum, Shipsy, Coding Ninja, Juno Learning, Asile Networks, Crisp Analytics, Unbox robotics, Attentive AI, Brainsight Technology, Ray IOT, Skylark Drones, String Bio, Sploot Pvt. Ltd., PSILA Tech PTE Ltd., Vyuti Systems Pvt. Ltd., Aarogyaai innovations Pvt Ltd.,Ubifly technology, WSO2 INC, VLCC, Skyserve Inc. and venture fund contribution.

Exhibit 6. INFOE standalone business 1-Yr Fwd PER is presently trading below its historical average



Source: Bloomberg, JM Financial Note: 1: Standalone business valuations are derived by excluding the implicit value of Zomato and PolicyBazaar from the stock price (using their latest known valuations). Note 2: The contribution of investee companies (ex- Zomato and PolicyBazaar) to our current SOTP-based fair value is negligible. For simplicity purposes, we therefore assume zero value for them while deriving the standalone business valuations.

Exhibit 7. Recruitment (Naukri) business 1-Yr Fwd PER is presently trading slightly above its historical average

Source: Bloomberg, JM Financial Note: 1: Naukri business valuations are derived by excluding the implicit value post 25% holding company discount for Zomato and PolicyBazaar from the stock price using their latest known valuations, balance sheet cash and 8% value accrued to 99acres/Jeevanathi/Shiksha. Note 2: The contribution of investee companies (ex- Zomato and PolicyBazaar) to our current SOTP-based fair value is negligible. For simplicity purposes, we therefore assume zero value for them while deriving the Naukri business valuations.

Key Risks

- **Key upside risks to our price target are:** (1) better-than-expected revenue growth in Naukri on the back of technology investments; (2) higher-than-expected valuations of investee companies; (3) any accretive acquisition not currently priced in.
- **Key downside risks are:** (1) guided step-up in ad-spend in different businesses affecting margins; (2) risk to naukri.com from lower hiring in some sectors, especially IT; (3) investments in start-ups not giving expected returns, leading to stake sale at a discount or outright write-offs.

Financial Tables (Standalone)

Income Statement (INR mn)

Y/E March	FY24A	FY25A	FY26E	FY27E	FY28E
Net Sales	23,810	26,536	30,166	34,537	39,505
Sales Growth	10.3%	11.5%	13.7%	14.5%	14.4%
Other Operating Income	0	0	0	0	0
Total Revenue	**23,810**	**26,536**	**30,166**	**34,537**	**39,505**
Cost of Goods Sold/Op. Exp	9,821	10,815	12,288	13,805	15,370
Personnel Cost	0	0	0	0	0
Other Expenses	4,436	4,996	5,566	6,199	7,012
EBITDA	**9,553**	**10,726**	**12,312**	**14,533**	**17,122**
EBITDA Margin	40.1%	40.4%	40.8%	42.1%	43.3%
EBITDA Growth	21.8%	12.3%	14.8%	18.0%	17.8%
Depn. & Amort.	677	801	965	1,105	1,264
EBIT	8,875	9,924	11,347	13,428	15,858
Other Income	2,257	914	3,237	3,678	4,216
Finance Cost	0	0	0	0	0
PBT before Excep. & Forex	11,132	10,838	14,584	17,106	20,074
Excep. & Forex Inc./Loss(-)	0	0	0	0	0
PBT	11,132	10,838	14,584	17,106	20,074
Taxes	2,802	3,104	3,675	4,311	5,059
Extraordinary Inc./Loss(-)	0	0	0	0	0
Assoc. Profit/Min. Int.(-)	0	0	0	0	0
Reported Net Profit	8,331	7,734	10,909	12,795	15,016
Adjusted Net Profit	**8,331**	**7,734**	**10,909**	**12,795**	**15,016**
Net Margin	35.0%	29.1%	36.2%	37.0%	38.0%
Diluted Share Cap. (mn)	647.4	648.8	655.5	655.5	655.5
Diluted EPS (INR)	**12.9**	**11.9**	**16.6**	**19.5**	**22.9**
Diluted EPS Growth	102.3%	-7.4%	39.6%	17.3%	17.4%
Total Dividend + Tax	3,429	4,686	6,311	7,889	9,467
Dividend Per Share (INR)	4.4	6.0	8.0	10.0	12.0

Source: Company, JM Financial

Balance Sheet (INR mn)

Y/E March	FY24A	FY25A	FY26E	FY27E	FY28E
Shareholders' Fund	2,54,763	2,77,013	2,82,678	2,88,919	2,96,069
Share Capital	1,291	1,294	1,294	1,294	1,294
Reserves & Surplus	2,53,472	2,75,719	2,81,384	2,87,624	2,94,774
Preference Share Capital	0	0	0	0	0
Minority Interest	0	0	0	0	0
Total Loans	13	4	4	4	4
Def. Tax Liab. / Assets (-)	0	0	0	0	0
Total - Equity & Liab.	**2,54,776**	**2,77,017**	**2,82,683**	**2,88,923**	**2,96,073**
Net Fixed Assets	3,003	3,461	4,022	4,934	5,644
Gross Fixed Assets	5,659	6,842	8,368	10,385	12,359
Intangible Assets	0	0	0	0	0
Less: Depn. & Amort.	2,657	3,381	4,346	5,451	6,716
Capital WIP	0	0	0	0	0
Investments	2,48,917	2,76,139	2,76,139	2,76,139	2,76,139
Current Assets	17,107	14,038	20,415	28,148	37,321
Inventories	0	0	0	0	0
Sundry Debtors	71	131	149	170	195
Cash & Bank Balances	39,633	46,708	52,961	60,563	69,587
Loans & Advances	0	0	0	0	0
Other Current Assets	-22,597	-32,800	-32,695	-32,585	-32,461
Current Liab. & Prov.	14,251	16,621	17,894	20,298	23,031
Current Liabilities	0	0	0	0	0
Provisions & Others	14,251	16,621	17,894	20,298	23,031
Net Current Assets	2,856	-2,583	2,521	7,850	14,290
Total – Assets	**2,54,776**	**2,77,017**	**2,82,683**	**2,88,923**	**2,96,073**

Source: Company, JM Financial

Cash Flow Statement (INR mn)

Y/E March	FY24A	FY25A	FY26E	FY27E	FY28E
Profit before Tax	11,304	12,871	14,584	17,106	20,074
Depn. & Amort.	677	801	965	1,105	1,264
Net Interest Exp. / Inc. (-)	-1,876	-2,301	219	241	265
Inc (-) / Dec in WCap.	1,380	2,137	1,149	2,273	2,584
Others	-2,540	-3,107	-3,422	-3,880	-4,437
Taxes Paid	-3,023	-3,332	-4,410	-5,173	-6,071
Operating Cash Flow	**5,922**	**7,070**	**9,085**	**11,672**	**13,680**
Capex	-257	-804	-1,526	-2,017	-1,974
Free Cash Flow	5,665	6,266	7,559	9,655	11,706
Inc (-) / Dec in Investments	1,548	-3,614	0	0	0
Others	-6,441	-2,294	0	0	0
Investing Cash Flow	**-5,151**	**-6,712**	**-1,526**	**-2,017**	**-1,974**
Inc / Dec (-) in Capital	1	3	0	0	0
Dividend + Tax thereon	-2,452	-3,102	0	0	0
Inc / Dec (-) in Loans	4	-13	0	0	0
Others	-163	-191	0	0	0
Financing Cash Flow	**-2,610**	**-3,302**	**0**	**0**	**0**
Inc / Dec (-) in Cash	**-1,838**	**-2,945**	**7,559**	**9,655**	**11,706**
Opening Cash Balance	41,472	49,652	45,402	50,908	57,881
Closing Cash Balance	39,633	46,708	52,961	60,563	69,587

Source: Company, JM Financial

Dupont Analysis

Y/E March	FY24A	FY25A	FY26E	FY27E	FY28E
Net Margin	35.0%	29.1%	36.2%	37.0%	38.0%
Asset Turnover (x)	0.1	0.1	0.1	0.1	0.1
Leverage Factor (x)	1.0	1.0	1.0	1.0	1.0
RoE	4.6%	2.9%	3.9%	4.5%	5.1%

Key Ratios

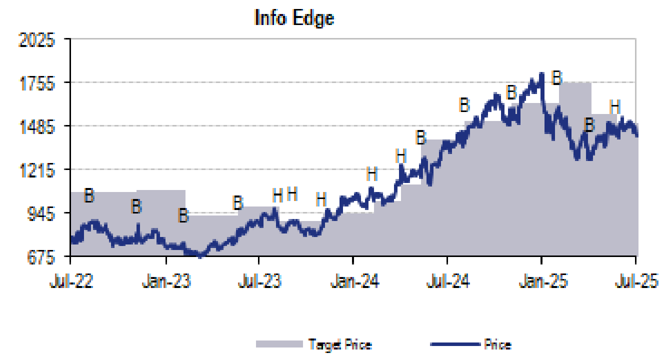
Y/E March	FY24A	FY25A	FY26E	FY27E	FY28E
BV/Share (INR)	393.5	426.9	431.3	440.8	451.7
ROIC	0.0%	0.0%	0.0%	0.0%	0.0%
ROE	4.6%	2.9%	3.9%	4.5%	5.1%
Net Debt/Equity (x)	-0.2	-0.2	-0.2	-0.2	-0.2
P/E (x)	111.2	120.1	86.0	73.3	62.5
P/B (x)	3.6	3.4	3.3	3.2	3.2
EV/EBITDA (x)	92.9	82.1	71.0	59.6	50.1
EV/Sales (x)	37.3	33.2	29.0	25.1	21.7
Debtor days	1	2	2	2	2
Inventory days	0	0	0	0	0
Creditor days	0	0	0	0	0

Source: Company, JM Financial

History of Recommendation and Target Price

Date	Recommendation	Target Price	% Chg.
16-Aug-21	Hold	1,092	
15-Nov-21	Hold	1,160	6.2
31-Jan-22	Hold	1,070	-7.8
28-Mar-22	Buy	1,036	-3.2
31-May-22	Buy	1,080	4.2
13-Aug-22	Buy	1,084	0.4
12-Nov-22	Buy	1,090	0.6
11-Feb-23	Buy	930	-14.7
28-May-23	Buy	990	6.5
13-Aug-23	Hold	900	-9.1
11-Sep-23	Hold	900	0.0
7-Nov-23	Hold	940	4.4
14-Feb-24	Hold	1,020	8.5
7-Apr-24	Hold	1,120	9.8
17-May-24	Buy	1,400	25.0
10-Aug-24	Buy	1,516	8.3
9-Nov-24	Buy	1,630	7.5
6-Feb-25	Buy	1,750	7.4
8-Apr-25	Buy	1,560	-10.9
28-May-25	Hold	1,500	-3.8

Recommendation History



APPENDIX I

JM Financial Institutional Securities Limited

Corporate Identity Number: U67100MH2017PLC296081
Member of BSE Ltd. and National Stock Exchange of India Ltd.
SEBI Registration Nos.: Stock Broker - INZ000163434, Research Analyst - INH000000610
Registered Office: 7th Floor, Cnergy, Appasaheb Marathe Marg, Prabhadevi, Mumbai 400 025, India.
Board: +91 22 6630 3030 | Fax: +91 22 6630 3488 | Email: jmfinancial.research@jmfl.com | www.jmfl.com
Compliance Officer: Mr. Sahil Salastekar | Tel: +91 22 6224 1743 | Email: sahil.salastekar@jmfl.com
Grievance officer: Mr. Sahil Salastekar | Tel: +91 22 6224 1743 | Email: instcompliance@jmfl.com

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Definition of ratings	
Rating	Meaning
Buy	Total expected returns of more than 10% for stocks with market capitalisation in excess of INR 200 billion and REITs* and more than 15% for all other stocks, over the next twelve months. Total expected return includes dividend yields.
Hold	Price expected to move in the range of 10% downside to 10% upside from the current market price for stocks with market capitalisation in excess of INR 200 billion and REITs* and in the range of 10% downside to 15% upside from the current market price for all other stocks, over the next twelve months.
Sell	Price expected to move downwards by more than 10% from the current market price over the next twelve months.

* REITs refers to Real Estate Investment Trusts.

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