

## Week Gone by

- ⇒ ONGC rose 1.89%. The company's net profit dropped 31.62% to Rs 4044.60 crore on 4.71% rise in total income to Rs 29008.74 crore in Q4 March 2019 over Q4 March 2018.
- ⇒ As per the allocation of portfolios of the Union Council of Ministers, Nirmala Sitharaman is appointed as the Minister of Finance; and Minister of Corporate Affairs. Raj Nath Singh becomes Minister of Defence. Amit Shah is appointed Minister of Home Affairs. Nitin Jairam Gadkari is Minister of Road Transport and Highways; and Minister of Micro, Small and Medium Enterprises.
- ⇒ China's official manufacturing Purchasing Managers' Index (PMI) for May came in at 49.4. PMI readings above 50 indicate expansion, while those below that signal contraction.
- ⇒ US stocks ended higher on Thursday, but gains were capped as worries over the global economy and trade lingered. In economic news, the second read on first-quarter US GDP showed the economy expanded by 3.1% on an annualized basis.

## Week ahead

- ⇒ The Reserve Bank of India (RBI's) Monetary Policy Committee (MPC) meeting is scheduled from 3 to 6 June 2019. The MPC of the RBI will announce its resolution under the Second Bi-monthly Monetary Policy Statement for 2019-20 on Thursday, 6 June 2019.
- ⇒ India's GDP growth moderated to six-quarters low of 6.6% in Q3 of 2018-19 from 7% growth recorded in the previous quarter and 7.7% improvement in the corresponding quarter last year.
- ⇒ Infrastructure output in India rose 4.7% year-on-year in March 2019.
- ⇒ On the global front, China's Caixin Manufacturing PMI data for May will be announced on 3 June 2019. The Japan's Nikkei Manufacturing PMI for May will also be announced on 3 June 2019. On the same day, US Market Manufacturing PMI data for May will be announced.

## Technical Overview

Index closed with a gain of 0.66% at 11923. Index started the week on a flat note and remained volatile throughout the week on the back of monthly expiry. Index managed to close at record highs and has surpassed the key resistance zone of 11800-118700 which should now act as support. If index sustains above the mentioned zone, will open the gate for 12000-12070-12130. Also MACD had earlier given bullish crossover and now has reversed converging its moving average which is bullish signal for short term trend.

1-Nifty 50 - 31/05/19



Source: Falcon, BP Equities Research



## Weekly Wealth

## DOMESTIC INDICES

Index	31-May-19	24-May-19	Weekly % Chg
Nifty	11,923	11,844	0.7
Nifty Next 50	27,840	27,573	1.0
Nifty 100	12,028	11,945	0.7
Nifty 500	9,805	9,722	0.9
Nifty Midcap 100	17,959	17,700	1.5
Sensex	39,714	39,435	0.7
BSE 100 Index	12,044	11,957	0.7
BSE 200 Index	4,987	4,948	0.8
BSE 500 Index	15,518	15,392	0.8
BSE Mid-Cap	15,096	14,945	1.0
BSE Small Cap	14,867	14,700	1.1

## WORLD INDICES

Index	31-May-19	24-May-19	Weekly % Chg
Nikkei Index	20,601	21,117	-2.4
Hang Sang Index	26,901	27,354	-1.7
Kospi Index	2,042	2,045	-0.2
Shanghai SE Composite	2,899	2,853	1.6
Strait Times Index	3,118	3,170	-1.6
Dow Jones	24,929	25,490	-2.2
NASDAQ	7,497	7,628	-1.7
FTSE	7,159	7,294	-1.8

## FOREX

Currency	31-May-19	24-May-19	Weekly % Chg
US\$ (Rs.)	69.6	69.5	0.2
GBP (Rs.)	87.9	88.0	-0.2
Euro (Rs.)	77.7	77.8	-0.1
Yen (Rs.) 100 Units	64.1	63.4	1.0

## NIFTY TOP GAINERS (WEEKLY)

Scrip	31-May-19	24-May-19	Weekly % Chg
Hind. Petrol	324.25	302.25	7.28
Tata Consultancy	2,96.55	2048.00	7.25
GAIL (India) Ltd.	361	341.65	5.66
Indian Oil Corp	165.55	156.8	5.58
YES Bank Ltd.	147.8	141.2	4.67

## NIFTY TOP LOSERS (WEEKLY)

Scrip	31-May-19	24-May-19	Weekly % Chg
JSW Steel	271.7	288	-5.66
Tata Motors Ltd.	172.6	182.3	-5.32
Hero MotoCorp	2680.25	2828.45	-5.24
Zee Entertainment	357.45	376.85	-5.15
Bajaj Auto Ltd.	2925.90	3077.90	-4.94

## FII - ACTIVITY

(Rs. Cr.)

Date	Purchases	Sales	Net
31-May-19	9,474.1	8,797.9	676.2
30-May-19	7,162.2	5,497.4	1,664.7
29-May-19	4,520.7	4,824.9	-304.3
28-May-19	18,471.2	18,972.3	-501.1
27-May-19	4,732.4	3,517.0	1,215.4
MTD	107948.7	107986.2	-37.6

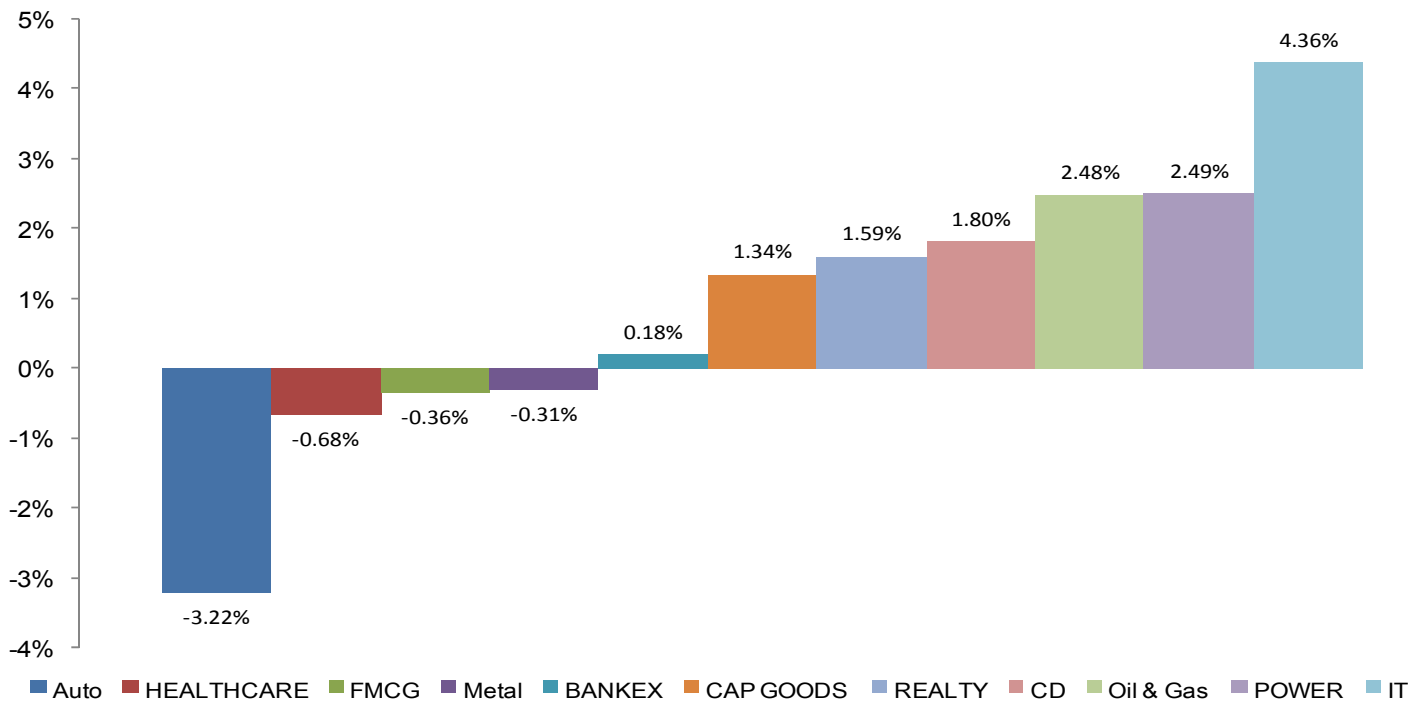
## DII - ACTIVITY

(Rs. Cr.)

Date	Purchases	Sales	Net
31-May-19	3,815.2	3,421.1	394.1
30-May-19	4,145.8	5,268.4	-1,122.6
29-May-19	2,907.6	3,097.1	-189.6
28-May-19	4,088.1	3,818.9	269.2
27-May-19	3,740.3	4,068.2	-327.9
MTD	69138.3	64229.0	4909.3

# Weekly Wealth

## BSE WEEKLY SECTORAL PERFORMANCE



(Source: BSE, BP Equities Research)

### TOP OPEN INTEREST GAINERS (WEEKLY)

SCRIP NAME	31-May-19	24-May-19	Weekly Change (%)	31-May-19	24-May-19	Weekly Change (%)
	Share Price (Rs.)	Share Price (Rs.)		Open Interest	Open Interest	
KSCL	548.5	488.8	12.2	40,34,800	17,95,200	124.8
VGUARD	236.25	210.65	12.2	4,70,83,800	3,48,04,700	35.3
IDEA	14	12.9	8.5	14,49,700	11,71,800	23.7
ADANIPOWER	50.65	46.9	8.0	2,85,94,400	2,39,75,400	19.3
NESTLEIND	11551.3	10703.4	7.9	6,57,000	5,56,500	18.1

### TOP OPEN INTEREST LOSERS (WEEKLY)

SCRIP NAME	31-May-19	24-May-19	Weekly Change (%)	31-May-19	24-May-19	Weekly Change (%)
	Share Price (Rs.)	Share Price (Rs.)		Open Interest	Open Interest	
PCJEWELLER	64.15	101.6	-36.9	10,78,200	19,27,200	-44.1
NCC	97.7	114.5	-14.7	1,04,75,100	1,80,76,050	-42.0
JETAIRWAYS	117.75	137.7	-14.5	31,72,500	49,09,500	-35.4
JISLJALEQS	49.6	56.3	-11.9	26,18,944	39,18,752	-33.2
RELCAPITAL	120.85	137.05	-11.8	38,85,000	57,75,000	-32.7



## Weekly Wealth

## BULK DEALS

Date	Scrip Name	Client Name	Exchange	Deal Type	Qty	Trade Price
24.05.2019	Mindtree	LARSEN & TOUBRO LIMITED	NSE	Buy	2496898	980
24.05.2019	Gruh Finance	HOUSING DEVELOPMENT FINANCE CORP LTD	BSE	Sell	14100000	310.0
27.05.2019	Good Luck	GOGIA CAPITAL SERVICES LTD	BSE	Buy	216878	74.2
28.05.2019	ICICI Lombard	INTEGRATED CORE STRATEGIES (ASIA0 LTD	NSE	Sell	2745585	1149.1
29.05.2019	S Chand and Co	HDFC MF A/C HDFC Growth FUND	NSE	Sell	226000	118.4
29.05.2019	ADF Foods	H J THAKKAR PROPERTY INVEST- MENT LTD	BSE	Buy	101000	270.2
30.05.2019	ADF Foods	H J THAKKAR PROPERTY INVEST- MENT LTD	NSE	Buy	105000	280
30.05.2019	Ramco System	GOLDMAN SACHS INDIA FUND LTD	BSE	Sell	810357	208.2

(Source: NSE,BSE, BP Equities Research)

### Importance of side pocket in debt mutual funds

With the regulator allowing side pocket for below investment grade assets, some fund houses have incorporated the same in their schemes.

A 'side pocket' option allows a fund house to separate bad assets or risky ones from other liquid investments in a debt portfolio which could get impacted by the credit profile of underlying instruments. Using this accounting process, you can insulate small investors from being hit by sudden exits of large investors. Side-pocketing helps stabilise the net asset value (NAV) and reduces redemptions in the scheme. If the illiquidity event is sudden, side-pocketing provides a cushion to the liquid portfolio.

The process involves a fund segregating papers that are illiquid or in default category from all other instruments in the portfolio that are liquid. This creates two schemes — one that contains the illiquid paper and the other holding the good ones.

A fixed income fund with a corpus of ₹1,000 crore has a exposure of 5% or ₹50 crore to a company which has defaulted. The balance ₹950 crore is held in good paper. Due to this default by one company, many large investors tend to redeem their money from the scheme to avoid any further loss. To pay these investors, fund managers are forced to sell good paper, while the bad paper remains in the scheme due to it being illiquid and there being no buyers. In this scenario, the percentage holding of bad assets in the total portfolio rises. This often leads to sharp drop in the NAV which hits investors in the fund. To prevent such a situation, the fund may segregate the debt papers of the affected company, while the rest of the good papers remain in the original fund and thus the good paper is unaffected by the bad papers. All the investors of the original fund will also get units of the side pocketed funds. As and when the affected company pays back, the investors will get their money back.

Side-pocketing should be used with caution. Analysts point out that since valuations of the illiquid or defaulted asset is contentious, NAV of the illiquid asset will not be discoverable. Investors will often find it difficult to track two sets NAVs. Finally, the fund house should not misuse side pockets to protect managers' fees on the more liquid assets or to hide poorly performing assets or poor liquidity management by its fund managers.

(Source: Economic times)

## Internet Based Services

### Company Background

Info edge India Limited (IEL), incorporated in 1995 is a leading internet based services company. Its business portfolio includes services in recruitment solutions, Real estate broking, matrimony. Through its web portals, company is engaged in major service verticals such as Naukri.com, Jeevansathi, 99acres, matrimony, shiksha. IEL has a PAN India presence with a wide range of network with 62 offices and 4049 employees. Company has made its footfall in gulf market with its online job site (www.naukrigulf.com). It is also engaged in investment activities in IT start-up ventures which will enable to tap in emerging Indian markets.

### Investment Rationale

#### Dominant player in the recruitment segment enabled by Naukri and further strengthened by IIM Jobs acquisition

Info edge India Limited (IEL) recruitment business saw a growth momentum in 18.4% YoY to 2074 million led by improvement in IT sector hiring. Meanwhile, margin's declined due to brand visibility and investments in various innovations led by venture capitals. The naukri business adds 14000 CVs everyday with 5,40,000 job listings with an 8-10 million email connects and a data base grew to 63 million CV's. Recently company acquired IIM jobs a leading recruitment platform which caters the demand by providing recruitment services to over 400 corporate customers which includes American express, Amazon, Goldman Sachs, HSBC etc. Thus IIM's robust brand position and Naukri's strong distribution network will enable to increase market share and provide better service to both recruiters as well as job seekers.

#### Food and Property technology business segments are proving value accretive despite operational losses

Infoedge carries a 26.4% stake in Zomato which has its presence over 100 cities and is expanding with a target of 500 cities to achieve in next two three year. This has led to a decline in growth. However company is quite optimistic on the profitability front after its expansion. Company's property business segment 99acres, which contributes 20% of total revenue. Despite a challenging industry competition in real estate sector. Company's registered a growth of 45.9% in Q4FY19 and 41.7% YoY with growth in billings and decline in losses. Therefore IEL's diversified segments has enabled to unfold the demands into emerging markets.

#### Improvement in Jeevansathi business to enable further investment into this space

In Q4FY19, jeevansathi recorded an increased revenue by 6.8% and 11.2% YoY while its EBITDA losses declined to Rs 58mn from Rs 152mn QoQ due low expenditure in marketing and advertisement activities. Going forward, IEL will keep investing in Jeevansathi in order to obtain market share. Going ahead, it will consolidate its position in Jeevansathi and increase market spends. Thus it will help to gain confidence to invest more in this segment.

### Outlook and valuation

Info Edge is the largest listed internet technology player in India with interests in a variety of verticals. The revenue growth is expected to remain robust mainly led by Naukri and 99 acres, with revival in the Jeevansathi business, following increased advertising and major focused efforts on it. Surplus momentum in investee companies like Zomato, PolicyBazaar and Meritnation are witnessing robust growth, with Zomato's innovative product offerings further drive revenue. We recommend **BUY** rating on the stock with a target price of INR 2422/share valuing at 56x PE to FY21E EPS

### Stock Rating

BUY	HOLD	SELL
> 15%	-5% to 15%	< -5%

### Sector Outlook

Positive

### Stock

CMP (INR)	2053
Target Price (INR)	2422
BSE code	532777
NSE Symbol	NAUKRI
Bloomberg	INFOE IN
Reuters	INED.BO

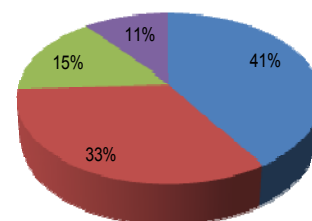
### Key Data

Nifty	11844
52WeekH/L(INR)	2284/1125
O/s Shares (Mn)	122.12
Market Cap (INR bn)	26.3
Face Value (INR)	10

### Average volume

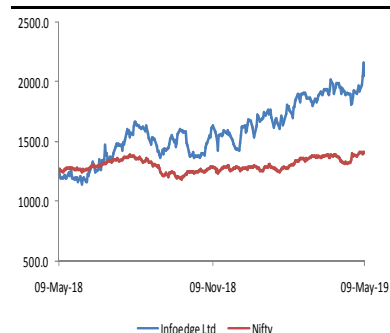
3 months	14764130
6 months	29779800
1 year	50257260

### Share Holding Pattern (%)



■ Promoters ■ FII ■ DII ■ Others

### Relative Price Chart





## Weekly Wealth

## Key Financials

YE March (Rs. millions)	FY16	FY17	FY18	FY19	FY20E
<b>Revenue</b>	<b>7,123</b>	<b>8,021</b>	<b>9,155</b>	<b>11,078</b>	<b>13,293</b>
<i>Revenue Growth (Y-o-Y)</i>	16.5%	12.6%	14.1%	21.0%	20.0%
<b>EBIDTA</b>	<b>1,421</b>	<b>2,275</b>	<b>2,973</b>	<b>3,545</b>	<b>4,387</b>
<i>EBIDTA Growth (Y-o-Y)</i>	(22.0%)	60.1%	30.7%	19.2%	23.8%
<b>Net Profit</b>	<b>1,393</b>	<b>2,084</b>	<b>2,737</b>	<b>2,842</b>	<b>4,332</b>
<i>Net Profit Growth (Y-o-Y)</i>	(15.4%)	49.6%	31.3%	3.8%	52.4%
<b>Diluted EPS</b>	<b>11.4</b>	<b>17.1</b>	<b>22.4</b>	<b>23.3</b>	<b>35.5</b>
<i>Diluted EPS Growth (Y-o-Y)</i>	(45%)	49.6%	31.3%	3.8%	52.4%

## Key Ratios

<b>EBIDTA (%)</b>	<b>19.9%</b>	<b>28.4%</b>	<b>32.5%</b>	<b>32.0%</b>	<b>33.0%</b>
NPM (%)	19.6%	26.0%	29.9%	25.7%	32.6%
<b>RoE (%)</b>	<b>9.0%</b>	<b>13.1%</b>	<b>13.4%</b>	<b>13.2%</b>	<b>17.7%</b>
RoCE (%)	9.2%	14.2%	14.5%	15.6%	16.7%

## Valuation Ratios

<b>P/E (x)</b>	<b>180.0x</b>	<b>120.3x</b>	<b>91.6x</b>	<b>88.2x</b>	<b>57.9x</b>
EV/EBITDA	179.1x	111.1x	88.3x	74.2x	58.5x
<b>P/BV (x)</b>	<b>16.3x</b>	<b>15.7x</b>	<b>12.3x</b>	<b>11.1x</b>	<b>9.6x</b>
Market Cap. / Sales (x)	37.0x	32.9x	28.8x	23.8x	19.9x

**Disclaimer Appendix****Analyst (s) holding in the Stock : Nil****Analyst (s) Certification:**

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