"Info Edge India Limited Q3 FY2017-18 Results Conference Call"

February 02, 2018

MANAGEMENT: **MR. SANJEEV BIKHCHANDANI – VICE CHAIRMAN - INFO EDGE INDIA LIMITED**
MR. HITESH OBEROI – MANAGING DIRECTOR & CHIEF EXECUTIVE OFFICER - INFO EDGE INDIA LIMITED
MR. CHINTAN THAKKAR – CHIEF FINANCIAL OFFICER - INFO EDGE INDIA LIMITED

Moderator: Ladies and gentlemen, good day and welcome to the Info Edge India Limited Q3 FY 2017–18 Results Conference Call. Joining us on the call today are Mr. Sanjeev Bikhchandani, Vice Chairman, Mr. Hitesh Oberoi, Managing Director & CEO, and Mr. Chintan Thakkar, CFO. As a reminder all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing "*" then "0" on your touchtone telephone. I now hand the conference over to Mr. Hitesh Oberoi. Thank you and over to you Sir!

Hitesh Oberoi: Thank you. Good Evening and welcome to our 3Q FY2018 Results Conference Call. We will first take you through the quarterly financial performance of the company then we will cover each business in more detail, in the end we will be happy to take questions.

The audited financial results have also been uploaded in our website www.infoedge.in; we have also provided segmental billing, revenue, and profit before taxes and DSR movement in our datasheet on our website.

For the standalone company, billings in Q3 were Rs.228.3 Crores versus Rs.192.3 Crores in the same quarter last year an increase of 19%. Revenue in Q3 was Rs.227.2 Crores versus Rs.186.1 Crores in the same quarter last year an increase of 22%. Operating expenses excluding depreciation was 148.3 Crores versus Rs.139 Crores in the same quarter last year an increase of 7%. Operating EBITDA excluding any exceptional item was at 78.8 Crores versus 47.1 Crores in Q3 of last year an increase of 68% year-on-year as a result of an increase in revenue by Rs.41 Crores and partly offset by increase in expenses of about 9 Crores. EBITDA adjusted for ESOP noncash charges stood at 82.1 Crores versus 53.3 Crores in Q3 last year an increase of 54% year-on-year. Operating EBITDA margin was at 34.7% versus 25.3% in Q3 of last year. Adjusted EBITDA margin stood at 36.1% versus 28.6% in Q3 of last year. Deferred sales revenue has increased to 333.1 Crores as of December 31, 2017 versus 279 Crores as of December 31, 2016 an increase of 19% year-on-year. The cash balance today stands at Rs.1457.7 Crores as of December 31, 2017. Cash flow from operations stood at Rs.95.8 Crores during the quarter.

Moving on to results by segment. Please note some of the business wise numbers that are being given out are management estimates and are not audited. For the recruitment segment in Q3 billings were at 163.2 Crores an increase of 13% year-on-year, recruitment revenue in Q3 was 169 Crores an increase of 20% year-on-year, operating EBITDA margins in recruitment segment were at 57% versus 52% in Q3 of last year, EBITDA margins adjusted for ESOP noncash charge stood 58% and 54% respectively. Naukri India corporate billings grew 13% year-on-year. In Naukri India the operating EBITDA margins stood at 66% versus 60% in Q3 of last year. EBITDA margin adjusted for ESOP noncash charge stood at 67% and 62% respectively.

In Naukri in Q3 we added an average of 14600 fresh CVs everyday versus 13000 in Q3 of last year and the Naukri database grew to about 56 million CVs. Average CV modifications in Naukri were at over 294000 per day versus 211000 per day in Q3 of last year. Our traffic share in the job portal space continues to be 72% plus actually excluding Indeed and about 63% including

Indeed. We continue to make reasonable progress in our recruitment tools and systems business and continue to add new customers. Strategically, the business is important for us. We are constantly taking feedback from our customers for improving the product offerings in this space.

In the recruitment business revenue growth in Q3 was higher than billing growth as skew in Q2 billings towards quarter end is now being recognized completely in Q3. Slowdown in IT hiring impacted our growth rate in markets like Bengaluru. The Naukri Gulf business saw a decent quarter after a long time. Billing for Q3FY18 increased 9% year-on-year in the Gulf, revenue grew by about 12%. Going forward we expect an increase in marketing cost for recruitment in Q4 as we have launched our new TV ad campaign for Naukri, which is running across various TV channels. The initial feedback on the campaign has been very encouraging.

Moving on to the 99acres business. For 99acres billings in Q3 grew 54% year-on-year to Rs.37.8 Crores while revenue grew 31% year-on-year to Rs.34.1 Crores. A key reason for high year-on-year growth billing growth was of course the lower base in Q3 of FY2017 on account of demonetisation. Sequentially we increased our marketing spends during the quarter resulting in a Q3 EBITDA level loss of about Rs.7.6 Crores versus a profit in Q2 FY2018 where we had negligible marketing spend. In Q3 FY2017 we had a loss of Rs.14.1 Crores. Adjusted EBITDA adjusted for ESOP expenses stood at a loss of Rs.7 Crores versus a loss of Rs.12.5 Crores in Q3 of last year.

Our traffic share amongst real estate portals continue to be in the high 40s during the quarter partly aided by increased marketing spends. We were about 40% larger than our nearest competitor on time spend on our platform as per similar web and now have traffic leadership in all major markets except Bengaluru. While the real estate market continues to be sluggish, a slight improvement was seen because of more clarity around RERA. In all major states with significant residential real estate activity, RERA rules have now been notified and authorities are processing applications. In some markets like Andhra, Telangana, Tamil Nadu and West Bengal registrations are still moving at a slow pace. As of December 31, 2017 20000 plus projects have been registered in the RERA across the top eight cities, 14000 of these projects were registered in Maharashtra alone. We are sensing a slow but sustained recovery over the next three, four quarters in most real estate markets driven by affordable housing project, not many new projects expected to launch in the next few months. Home loan rates are now at a six-year low. Going forward in 99acres we expect marketing cost to increase in Q4 as we try to consolidate our position in the real estate classified business.

Moving onto Jeevansathi. In Jeevansathi billings grew 19% year-on-year in Q3 FY2018 to Rs.16.8 Crores while net sales grew 19% year-on-year and reached Rs.16.6 Crores. Operating EBITDA losses in Jeevansathi increased to Rs.4 Crores in Q3 of FY2018 versus a loss of Rs.2.1 Crores in Q3 of FY2017. EBITDA loss adjusted for ESOP noncash charge stood at 3.9 Crores for Q3 FY2018 versus a loss of Rs.1.9 Crores in Q3 of FY2017. In Hindi belt, our market share continues to grow and our position is getting stronger as Jeevansathi has grown robustly in this market vis-à-vis competition for the past almost 10 quarters now. Mobile traffic in Jeevansathi is around 90% and the Jeevansathi Mobile App continues to be the best in the category. We expect increase the marketing cost of Jeevansathi in Q4 as we believe this is the right time to invest our future growth in the matrimony business.

In Shiksha business, billings grew 13% year-on-year in Q3 FY2018 to Rs.10.6 Crores while net sales grew 32% year-on-year and reached 7.4 Crores. We made a loss of Rs.1.2 Crores at the EBTIDA level versus a loss of Rs.4.2 Crores in Q3 last year. EBITDA loss adjusted for ESOP noncash charges stood at Rs.1.1 Crores versus Rs.3.7 Crores loss last year. We continue to work on improving our product and are making good progress post our site revamp earlier this year. Over the last three quarters, we have substantially improved our content in SEO as well as our user base is growing at a healthy rate. We continue to be a leader in this market.

Moving on to our strategic investments, our investee companies continue to witness good growth. As you may have read in the media articles Zomato has received a funding of US$150 million from Ant Financial. We have also sold 15% of our holding in Zomato to Ant Financial for a consideration of US$50 million (which is 6.7% of Zomato shares equivalent to 15% of our stake in the company). Recently we have made an investment in two companies – Univariety and NoPaperForms, which have also been announced on the exchanges. Additional funding by existing investee companies would be required from time-to-time and we will evaluate each one on its own merit. We continue to evaluate new investment opportunities as well.

To summarize in Q3 Naukri saw 13% billing growth, growth is affected because of a slowdown in IT hiring. We continue to invest in existing products and new ideas to fuel long term growth. Our competitive position in Naukri continues to be very strong. Over the last few years, our Mobile App and sites and all our businesses have seen massive traction with more and more users accessing our sites through them. This is clearly an area of continuous improvement and product enhancement for us.

RERA rollout has progressed well across states even though various states are at different levels of implementation, many projects registered in Maharashtra and other than now catching up. 99acres saw recovery of some sorts in Q3 with 54% billing growth. We expect a slow and steady recovery in the real estate market over the next three or four quarters. For now home loan rates are at a six-year low and buyers are opting more for RERA approved and ready to move in projects. We will continue to invest aggressively 99acres, Jeevansathi and Shiksha to gain market share going forward. That is all from us we are now ready for any questions that you may have. Thank you.

Moderator: Thank you very much Sir. Ladies and gentlemen, we will now begin the question and answer session. First question is from the line of Gaurav Malhotra from Citigroup. Please go ahead.

Gaurav Malhotra: Thank you for the opportunity. Just had a few questions. Firstly on Naukri you mentioned that IT you have seen some slowdown, what about the other key sectors say BFSI, Infrastructure. Are these growing at a decent pace or you are seeing some slowdown there as well?

Hitesh Oberoi: Like I said we saw a slowdown in IT especially in markets like Bengaluru. The infrastructure sector has been now slow for many years and we did not see a turnaround of any sort in that sector. BFSI has been sort of doing well for us; actually Mumbai was our best growing market last quarter.

Gaurav Malhotra: And just sort of clarify you said that the recruitment segment EBITDA margins were 57% right?

Hitesh Oberoi: Yes.

Gaurav Malhotra: And just on your headcount from the peak of say 1Q 2017 the headcount has sort of come down by 9% any further scope over here for reduction or we are pretty much at the bottom onset now?

Hitesh Oberoi: Well there is no plan to reduce headcount. Many parts of our business are hiring, but there is always some attrition as well, so I do not expect the number to go down substantially from here, in fact they might inch up going forward.

Gaurav Malhotra: And on Zomato that 6.7% stake sort of implies valuation of say $750 million was there any need to sell that 6% or 7% stakes hike given the company already has enough cash in the book?

Chintan Thakkar: I think the decision has not been driven by having more cash in the book, so you are right we already have healthy cash balance on our balance sheet. This is more of strategic decision that we see a great value in a partner like ANT and to get them to a particular threshold, we kind of wanted to get them on our side and that is why we have accommodated them in that sense to ensure that they come and partner with us. So it is more driven by the partnership rather than trying to get some cash on our balance sheet.

Gaurav Malhotra: I will come back if I have any other questions.

Moderator: Thank you. The next question is from the line of Ravi Menon from Elara Capital. Please go ahead.

Ravi Menon: First question is on Zomato. The percentage of stake that you sold in the secondary seems to be implying a different valuation from the primary infusion of 150 million looks like it is resulting in another close to 7% dilution for you. Chintan, I mean the way you kind of accommodated like a discount on the secondary sale while still holding onto a higher value in the primary?

Chintan Thakkar: So see we have kind of shared away only 6.67% out of our total holding, which is like about 15% or less than 15% right, so the 85% of assets still remain with us and it is very customary, very standard normal practice that the valuation in primary market versus secondary market would be different, so yes there is some discount to the primary valuation.

Ravi Menon: It seems to very similar to the kind of deal that SoftBank did for Uber so this is I guess like you said strategic partnership and you think that you need something like this to take the matter international or it is more to combat Swiggy in the food technology space because they have got a large amount of funding and they have been aggressive in advertising?

Chintan Thakkar: I think they are on a very high growth trajectory and we would really want them to continue the high growth trajectory that they are on. Having said that, was there something compelling them purely from liquidity perspective- no I do not think that was the reason for them also to go for that. As I said that it is more like a strategic partnership that Zomato also thought that it would be great to have ANT on board and it is driven by that.

Ravi Menon: Coming to Naukri, we have seen you get back to high teens kind of bookings despite slowness in IT. But we have been hearing from IT companies that hiring is starting to look up a little bit, so do you expect or have you seen some early signs of that bookings could actually accelerate going forward?

Hitesh Oberoi: IT for us includes IT services companies, e-commerce companies, domestic software development companies, captives of MNCs and so on and recruitment firms who hire for IT and IT enabled services companies as well. I think last quarter we saw a slowdown in hiring as far as these companies go, maybe captives are still hiring a large number, but at least large IT services companies, we billed lower than what we expected to bill from them. Too early to say whether there is a turnaround on that front. We will know maybe in a couple of months.

Ravi Menon: Thank you and best of luck.

Moderator: Thank you. The next question is from the line of Ankit Pandey from Quant Capital. Please go ahead.

Ankit Pandey: My question would be on the 99acres - what kind of traction are we seeing as mentioned in your statutory commentary, and maybe more on affordable housing and any traction that we are seeing there in this particular segment?

Hitesh Oberoi: So 99acres had an excellent quarter actually of course the fact that in Q3 last year we had demonetisation and revenues were impacted big time helped us get 54% year-on-year growth in billings, but in general the confusion around RERA in the market seems to be sort of getting over. It is not as the transactions have picked up in a very big way, but at least the builders are now allowed to market projects and they are sort of spending once again on advertising. We are hoping that the market will also start recovering slowly from here on. We do not expect the hockey stick recovery, but a slow and steady recovery over the next few quarters and as there are very few new launches in the market. There is existing inventory, which is getting sold still. There is some action in the affordable housing space and thanks to the boost, which is sort of one of course lot of buyers on our side they don’t have the budget to buy luxury homes or very expensive homes, so they are sort of keen on buying homes, which are sort of in the 30, 40, 50 lakhs bracket. Government is also sort of supporting more developers and buyers in this space. So there is more action in this segment and we expect advertising dollars on in this sort of segment to increase going forward, but again it is early days we will know in a few months.

Ankit Pandey: Maybe in a couple of quarters or in the next year we will get some of the low base effect really kicking in, is that something to read off?

Hitesh Oberoi: Yes if the market continues to improve. The first half of this year was flattish for us we saw a zero growth even the last second half of last year was like we saw a very little growth because of demonetisation and then because of GST and RERA, so these things are largely behind us and if the market for real estate starts to sort of improve slowly it should benefit us going forward.

Ankit Pandey: Can you just give me the market share number please?

Hitesh Oberoi: So traffic share, traffic share for the quarter was about I think 48% for us last quarter.

Ankit Pandey: There seems to be an improvement is there something specific to it?

Hitesh Oberoi: Yes so we have been mostly in this range 43% to 47%, 48%, the last quarter we saw a slight improvement towards quarter end especially. We started spending on marketing once again so that helps a little bit.

Ankit Pandey: Alright. Thank you so much and I will come back in the queue.

Moderator: Thank you. The next question is from the line of Ankur Rudra from CLSA. Please go ahead.

Ankur Rudra: Just on Naukri to begin with. You said there was an impact of transition between 2Q and 3Q is that mainly on revenues or billings as well?

Hitesh Oberoi: No mainly revenues. See because we mentioned on the earlier call we changed sales closing sort of system a little bit and what happened over time was our deferred revenue was building up, so this quarter even though billings growth only 13% revenue grew by 20% as a result. We ate into that deferred sort of revenue, which have been piling up over the last few quarters.

Ankur Rudra: And the billing growth I think it has been somewhat steady at 13%, 14%. You commented about IT slowdown did you not see this last quarter or is it more this quarter alone?

Hitesh Oberoi: No so IT has been slowing down like I think I have mentioned in the last July I do not know whether I have mentioned in the last quarter but Bengaluru has been sort of impacted the most. Our growth in Bengaluru this year has been like low single digit, so while markets like Mumbai, etc., and have done (well thanks to growth in financial services and insurance). On the whole our sort of billing growth has been impacted because 35% of our business is from IT companies.

Ankur Rudra: Just to get a sense of on an overall basis what is compensating for the softness in IT - is it financial services or any other sector you want to highlight?

Hitesh Oberoi: In general, the services sector has been doing okay for us, so BFSI, health care, education, travel, tourism, hospitality, and these kinds of sort of segments have been doing well. Infra, telecom, IT, these segments have not had a good year from a hiring standpoint for us.

Ankur Rudra: And from a hiring standpoint you commented about IT you do not see any changes right now, but in the other sectors any signs of change?

Hitesh Oberoi: Yes, I do not think anybody is laying off and everybody is talking about hiring, everybody is talking about projects and things improving and green shoots and most companies now seem to be saying that issues like GST and demonetisation are behind them, but let us see we will know in a few months whether this translates into hiring on the ground or not.

Ankur Rudra: Also Hitesh could you breakup what was the Naukri India growth?

Hitesh Oberoi: Well quadrangle was flattish to negative in Naukri Gulf was about 9% in terms of billing, so India market is about 14%, 15%.

Ankur Rudra: Billing right?

Hitesh Oberoi: Yes.

Ankur Rudra: And the ANP spending was up in the quarter this was entirely planned or was there any kind of reaction to Indeed?

Hitesh Oberoi: In the last quarter?

Ankur Rudra: Yes.

Hitesh Oberoi: In last quarter we did not really sign too much of marketing it is nearly a crore or so in Naukri not more than that, but this quarter in Q4 we are sort of spending a lot more because we are on TV. In ANP marketing spend must be up because spending started in 99acres, 99acres spend was zero in Q2, so we start spending again in real estate.

Ankur Rudra: And just finally on Zomato to the extent you can comment do you think this fund rising round would change the level of spending in cash burn, which had been under control for the last six odd months?

Chintan Thakkar: Like as I said that Zomato has been on high growth trajectory and it is not that they have been spending a lot to achieve this high growth trajectory, so it will depend what strategy we adopt in the future it could well also mean that it could be award just or it could also mean that it can go well the growth and take it to a very new trajectory.

Ankur Rudra: So you do not see this as a round, which will change the strategy we have seen been executed for the last few quarters?

Chintan Thakkar: I think we will figure out. I think right now the bill is announced. We will figure out. As I am saying that there is no compulsion for them to do that, so we have choice we are in a sweet spot, we will figure out.

Hitesh Oberoi: Basically what this does is, it gives Zomato options and they will figure out what to do.

Ankur Rudra: Thanks and best of luck.

Moderator: Thank you. The next question is from the line of Mukul Garg from Haitong Securities. Please go ahead.

Mukul Garg: The first question was on the Naukri business. If we look at the Y-o-Y growth in billings for the last three to four quarters it has been in the same ballpark range ideally the current quarter would have benefited because the December 2016 to June 2017 quarters were impacted by both demonetisation and GST, so it is the weakness or is the lack of pickup in growth primarily because of IT services in the third quarter or was there some other reason as well, which impacted the Y-o-Y growth?

Hitesh Oberoi: Actually in Naukri we were not impacted by demonetisation in Q3 of last year we were more impacted by the GST rollout in Q1 of this year. Q1 was very low billing growth for us this year, but yes you are right the reason we are sort of seeing capex sort of billing growth in Naukri is because of the slowdown we are seeing in IT hiring and that has been there for the last few quarters now.

Mukul Garg: So is it possible to breakout how other industries are doing if you would have excluded IT services space how the overall billing growth would have been?

Hitesh Oberoi: We can do the exact math, but my sense is that if we exclude IT then billing growth would have been more like 16%, 17% for Naukri, but I do not have exact numbers.

Mukul Garg: And what would have been similar corresponding number for the Q1?

Hitesh Oberoi: We will have to do those numbers and we do not have them right now with us.

Mukul Garg: And the second question was recently we saw one of the temp hiring companies acquire a smaller competitor in the Indian market and what was your comments on looking at either the blue collar workforce market or the temporary market do you think that might be a fit or that might be actually useful for Naukri business at all?

Hitesh Oberoi: You mean the blue collar market?

Mukul Garg: Yes.

Hitesh Oberoi: See the Naukri platform works very well when you want to hire people who have a CV right. So if the CV is of some value then our platform works, but if the CV is of no value our platform is not very relevant to you. So to the extent that there are some sort of blue collar jobs where CV is very valuable for example if you are a mechanic or if you are an IT professional so actually the premium blue collar job, I am sure Naukri can be used as a hiring tool by companies and there are enough companies I am sure which are already using us, but let us say if you are just looking to hire a driver or a maid for your house or from very, very low skilled or unskilled workforce, then I do not think Naukri or any online platform is a right platform for that right now.

Mukul Garg: What was the temp focus space where issue if you are seeing blue collar workers in industries who are temp agencies who are doing that so any sort of collaboration can be done there or that is completely different in market?

Hitesh Oberoi: All these temp staffing companies even companies like Quest, etc., have been clients to Naukri for a long time. So almost all temp staffing companies use us to hire people. Some of the larger ones of course you are aware of, but there are hundreds of smaller agencies also who have been working with us for years, so they use Naukri to hire people for their clients.

Mukul Garg: Got it. Thanks for answering my questions.

Moderator: Thank you. The next question is from the line of Vivekanand S from Ambit Capital. Please go ahead.

Vivekanand S: Couple of questions if you can on Zomato, one on the competitive scenario right now what is your best case of the kind of capital that the sector is attracting right now and how much cash do you think your rivals are burning right now that is question number one? Secondly related to the $50 million that you are getting from ANT Financial any specific reason why you choose to sell a particular portion of your stake in Zomato and what are you going to do with that cash that is on Zomato? Secondly on the core businesses can you talk about the product refresh and the new feature that you are planning to introduce on Naukri any update on that? Thanks.

Chintan Thakkar: See on Zomato we would have some anecdotal kind of information about who is burning how much, but we will not have any verified information, so it would not be right for me to really say how much competition is burning. I can say that Zomato has not been burning any great amount till now. So Zomato has improved whatever the published numbers are for last year. Also as we are aware the trend has been that Zomato has been burning less and less, so Zomato has been on a growth trajectory with less and less burning, so I think it is a great place to be and the whole transaction was driven by a strategic partnership with ANT because given their exposure in Indian market and outside India particularly, we thought it would be great if they are also part of the marquee investors who are already there and it would be for the great partnership with them and that can take Zomato's growth to a new trajectory. Now would that mean it will require more cash for growth, maybe yes, maybe no, maybe it is a war-chest, maybe it is a growth capital, kind of as we go forward we will figure that out that how much cash Zomato would need, but we were more driven by accommodating them in the spirit of partnership because they also needed to reach to a particular threshold in order to be meaningfully present in the company and we thought that we can kind of give out a little bit of stake, but that would kind of help to grow the rest of the stake at a much higher value and it can put that much higher growth trajectory I think it is a complete win win for all the three parties, so that is where we are coming from.

Hitesh Oberoi: To answer your question on Naukri see there are four or five areas where we are investing and we sort of have been investing for a while and we will continue to invest because we need to continuously improve in each of these areas. One is the whole mobile piece the mobile experience, mobile traffic on all our platforms continues to grow month-on-month and for

Jeevansathi like I said it is already 90% for Naukri I mean see the latest numbers we are at about 70%, so mobile use experience continuously big area of investment for us. Matching algorithms, so we have been sort of experimenting with crowd sourcing/machine learning techniques to improve our matching algorithm for both the job seeker and the recruiter, so this continues to be an area of investment. We had acquired a semantic search company also a few years ago to help us improve our search experience. So these search and recommendations and matching is another big area of investment for us. Personalization of the user experience, so we are continuously using big data we have to personalize the user experience for our users on our platform and then like I mentioned the whole recruitment management/applicant tracking piece where we are trying to go deeper into the enterprise and help them and we have been trying to build platform so that they can do all their response management and hiring management on Naukri that is very important piece for us and we continue to invest in that area as well. So these are the four or five places where we are investing and plus besides there are tonnes of other things, which we do on a sort of on our platform every month to, sometimes you see them sometimes you do not see them, a lot of action happens at the backhand, lot of reaction happens on the recruiter side, which you may not be able to see at all, but these are generally the the areas we are investing.

Vivekanand S: Thanks for this update. Just on the Zomato and food tech side, you did not answer my query on how much capital is being pumped in by your competition in the sector any thoughts on that?

Chintan Thakkar: I do not have a kind of exact information about how much capital others are bringing in, so they are all private companies. We have been hearing some numbers, but I think it would be not an appropriate for me to really put those numbers because they are not verified numbers how much they are spending, but our feeling is based on whatever we have heard in the market that Zomato has been running business with a very good unit economics and that may not be true for everybody else. So we think that we are on a good path here and with this kind of partnership coming in we have strengthened our position. We still remain as a largest shareholder of the company and we kind of fully support whatever strategy that they would adopt going forward.

Vivekanand S: Alright. Thanks and all the best.

Moderator: Thank you. The next question is from the line of Anantha Narayan from Credit Suisse. Please go ahead.

Anantha Narayan: Again to the extent that you can answer this question on Zomato how does the pre-money valuation of the primary compared to the previous round?

Chintan Thakkar: Unfortunately we are bound by shareholder agreement and we may not be able to kind of divulge that information, so it may not be possible for me to really say that.

Anantha Narayan: And Chintan if I may ask one more question based on the disclosure that you allow me to the exchanges and if you just can obviously calculate some of these valuations. The valuation number actually comes out to be fairly low, so clearly is there a part of the structure that has not been disclosed?

Chintan Thakkar: Well I think some terms and condition on the shareholders agreement, but I do not think there is anything unusual or unstandard in any of this thing and valuation also I know there are lots and lots of analyst reports and it would again not be right for me to comment on any of the analyst report, but there are range of valuation, which are available in the market see again I think whatever valuation that we have I think it is a great valuation, but we are completely driven by the spirit of getting somebody like Ant on board and it is a partnership that is being forced over here.

Anantha Narayan: Thank you.

Moderator: Thank you. The next question is from the line of Rajiv Sharma from HSBC. Please go ahead.

Rajiv Sharma: Just couple of questions from my side. First on the real estate market so with this RERA now that it is stabilizing how do you see the medium-term shaping into because we will end up with some larger builders, smaller builders are getting consolidated, so in that sense will it mean that there will be more bargaining power on the customer side and less on digital platform, so how do you see this shaping up, how do you see the role of intermediaries, large brokers like JLL and others coming in what will it mean to you, so if you can just share the big picture how do you see this space?

Hitesh Oberoi: As we know the real estate sector has been in the dump for a long time now and part of the problem was the fact that it was not regulated and especially the new home market and projects were delayed for years and years and as a result as a consequence of that buyers lost all interest in the newer market and as a result of that new home inventory sort of peaked I mean they just went through the roof. Many of the cities are sitting on years and years of unsold inventory for the new homes and projects were running behind schedule. If regulators do a good job hopefully what will happen is that buyer interest will come back into the new home market, so buyers will again sort of feel confident buying new homes. So if regulators do a good job my sense is that this is a big positive for the real estate market in the medium term. Will it lead to consolidation, will it lead to smaller builders going out of business I do not think so. We have a lot of noise about it, but we are not seeing that in the market yet. I think what will happen is that builders that are large or small will be forced to sort of invest in projects for which they raise money. Up till now what was happening in many cases was builders are raising money for projects and going and buying land for that project and whether it was large builder or small builder or mid size builder most projects running behind schedule. So hopefully that will change, but I do not think it will lead to consolidation in the market in the short term at least. As far as big brokers go, we work with all kind of brokers, we work with the large brokerages, we work with small brokers, we work with resale brokers, so almost many of these large broking houses are clients of ours and I hopefully this sector will also sort of see the emergence of more professional brokerages over time and I think that is not a bad thing that is good for us. Today as we speak may be there are 1000s of brokers in the market, but very few large sort of professional brokerage firms, in the residential real estate market I do not think any brokerage has even 1% share of the market. So if we get over the next 5, 10 years, 30, 40, 50 large brokerages I think it will help us to professionalize sort of business a little more, it will be good for us in the longer.

Rajiv Sharma: That is helpful. Secondly on Zomato just one question is there. So if you could just provide some colour as to you know how much focus will delivery be going forward, what is the run rate currently and what is your strategy for the next year?

Sanjeev Bikhchandani: Run rate we do not reveal, when Zomato wants to talk about it, they talk about it. Now the strategy is going to be obviously that will be a big part of the business and that is going to remain and there are various ways of coaching delivery. Up till now they have been very prudent on unit economics. We expect them to continue to be that way, but they are also evaluating other models on delivery which they will figure out what to do.

Rajiv Sharma: You mentioned other models of deliveries. We are aware of two models currently, one is restaurant and the other is you yourself get involved, so is there something in between possible as well?

Hitesh Oberoi: There are other options the company is continuously evaluating I am not saying they will do anything else, but they are evaluating options.

Rajiv Sharma: That is helpful. Thanks a lot.

Moderator: Thank you. The next question is from the line of Ankit Pandey from Quant Capital. Please go ahead.

Ankit Pandey: Thanks for taking my followup. Just exploring on Zomato, I think you did touch upon the fact that foreign markets could become a play again, you have spoken in the past about that having not been such as pleasant experience for Zomato, so any thoughts evolving there at this point of time?

Chintan Thakkar: Certain international markets where the experience could have been better but there are some markets where they are doing great, so wherever they are doing great obviously they are going to enhance their position over there and ANT coming in is going to help them to see what more they can do in the market where they are already operating whether it is India or whether it is outside India.

Ankit Pandey: Could you just walk me through what model of ownership of assets abroad is Zomato?

Chintan Thakkar: We do not reveal that, we were earlier kind of consolidating, so you can probably look at March 15 number in the annual reports you may get some sense of it, but after it is no more our subsidiary and we are no more consolidating that.

Ankit Pandey: I made more from the point of view of control how much and are they partnering, but fine we will take that offline.

Chintan Thakkar: They are all 100% subsidiaries. There is no different structure from that standpoint. I thought you meant to understand how much investment and how much assets we have there, but if you are looking from shareholder structure they are all 100% subsidiary.

Ankit Pandey: Any pricing uptakes that we have taken in this quarter?

Chintan Thakkar: You are talking about Zomato or across?

Ankit Pandey: Across the portfolio.

Hitesh Oberoi: In the businesses that we own and operate right, internal business?

Ankit Pandey: Yes.

Hitesh Oberoi: We have not taken any rate card increases this quarter.

Ankit Pandey: Thank you so much and good luck.

Moderator: Thank you. The next question is from the line of Ashish Chopra from Motilal Oswal Securities Limited. Please go ahead.

Ashish Chopra: I had just one question from my side. So you mentioned about the pickup or the expectation being sanguine on the 99 acres front, I think one small metric on the number of paid listings that seem to have come off in this quarter, anything to read in to that or what usually kind of drives that on a quarterly basis?

Hitesh Oberoi: I do not think we should read too much into that severe focus more on larger customers and not so much on the long tail as well as brokers go and we are also sort of working hard on removing spam on our site, so I do not think we should read too much into that at this point in time.

Ashish Chopra: Just in terms of the promotional expenditure at Zomato or just investments, so things like Zomato gold a new initiative probably taking off pretty well, does that entail a significant amount of burn or is there anything that you could share in terms of that being material or pretty much incorporating the normal course of business?

Chintan Thakkar: I do not think whatever the trajectory is, there is any remarkable difference in that. Yes they would have upped a little bit spend in Q3, but I think it is all within the range they also continued to grow further, so I think in terms of the proportionate kind of the ratios that you want to see, they all would be in line with it.

Ashish Chopra: Got it. That is it from my side. Thanks and all the best.

Moderator: Thank you. The next question is from the line of Alankar Garude from Macquarie. Please go ahead.

Alankar Garude: Thanks for the opportunity. Firstly what is the level of cash on our books currently?

Hitesh Oberoi: 1457.7 Crores as of December 21, 2017.

Alankar Garude: Got it. So the next question is what are our plans with the cash, do we intend to continue this string-of-pearls acquisition strategy or are we opened to any major M&A also if you could share are there any plans to perhaps increase the shareholder payout?

Hitesh Oberoi: We intend to use our cash for investing more in our businesses we run ourselves like 99 acres, Jeevansathi, these are still investment mode. Like I mentioned we are upping our ad spend in Q4, so we will continue to invest more and more in the businesses we run. We continued to evaluate investment opportunities as well and some of our existing investee companies may need more funds from time to time, so we will support them on a case-to-case basis and lastly we are open to M&A, but the M&As are more opportunistic and as and when opportunity comes we will evaluate. No sort of plan to give money back to shareholders right now.

Chintan Thakkar: Of course we have also declared today small amount of second interim dividend so that is 15% of paid up capital, we already gave 25% in the second quarter and third quarter results we have declared one more dividend.

Alankar Garude: Sure. That is helpful. Thanks and all the best.

Moderator: Thank you. Ladies and gentlemen as there are no further questions I would now like to hand over the floor to Mr. Oberoi for his closing comments. Over to you Sir.

Hitesh Oberoi: Thank you everyone for dialing in and have a great evening.

Moderator: Thank you very much Sir. Ladies and gentlemen on behalf of Info Edge India Limited that concludes this conference call. Thank you for joining us. You may now disconnect your lines.