"InfoEdge Limited Q3 FY18-19 Results Conference Call"

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Moderator: Ladies and Gentlemen, Good Day, and Welcome to the InfoEdge Limited Q3 FY18-19 Results Conference Call. Joining us on the call today are Mr. Hitesh Oberoi – Managing Director and CEO; Mr. Chintan Thakkar – CFO; and Mr. Sanjeev Bikhchandani – Vice Chairman. 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 '*'and '0' on your touchtone phone. I now hand the conference over to Mr. Hitesh Oberoi. Thank you and over to you, sir.

Hitesh Oberoi: Thank you. Good evening, everyone. And welcome to our third quarter FY18-19 results conference call. We will first take you through the quarterly financial performance of the company, then we will cover each business in more details. And in the end, we will be happy to take questions. The audited financial statements file has been uploaded on our website infoedge.in. We have also provided segmental billing, revenue, profit before tax and deferred sales, revenue movement in our data sheet on our website.

We first discuss the standalone financials of the company. Billings in Q3 were Rs.272 crores up 19% year-on-year. Revenue in Q3 was Rs.281 crores, up 24% year-on-year. Operating expenses, excluding depreciation for the quarter were at Rs.197.7 crores, up 33% year-on-year. Operating EBITDA stood at Rs.83.3 crores versus Rs.78.8 crores last year, an increase of 6% year-on-year. Operating EBTIDA margin for the quarter stood at 30% versus 35% in Q3 of last year. EBITDA adjusted for ESOP non-cash charges stood at 87.8 crores versus Rs.82.1 crores last year. And adjusted EBITDA margin for the quarter stood at 31.2%, cash EBITDA for the quarter stood at 78.8 crores down 5% year-on-year. Deferred sales revenue stood at Rs.405 crores as of 31st of December 2018 versus 333 crores as of 31st of December 2017 a growth of 21.5% and the cash balance stands at 1868 crores as of 31st December 2018 versus Rs.1878 crores as of September 30th 2018.

The recruitment and the real-estate businesses continue to drive the growth for Infoedge in Q3. The focus of investment during the quarter was on marketing as well as hiring and upgrading of product and tech talent in the company. We spend a lot more than last year on marketing in both Jeevansathi and 99acres. These spends has held us to increase awareness levels of our brands. Moving on to results by our segment we will first discuss the **recruitment** segment.

In Q3 recruitment segment billings were Rs.193.6 crores up 18.7% year-on-year while revenues were Rs.203.7 crores a growth of 20.5% year-on-year. Operating EBITDA margins in the recruitment segment were at 54.7% versus 57.4% in Q3 of last year. EBITDA margins adjusted for ESOP and non-cash charges stood at 55.7%. The majority of the incremental spends in Naukri were on technology upgradation, new product development and marketing and data science. Cash EBITDA for the recruitment segment during the quarter stood at 103 crores up 11% year-on-year. In Naukri in Q3 FY19-18 we added an average of 12,000 new CVs every day and the Naukri data base grew to over 61 million CVs. Our traffic in traditional job portal space continues to set of remain very high in the mid-70s and we continue to invest aggressively in our recruitment tools and systems business as we added more and more and we added more clients for the product. We have also strengthened our customer support and data science team during the quarter. The growth in billing in Naukri was aided by continued momentum in the IT sector. Recruitment consultants as a segment also sustained growth from last quarter and non-IT sectors specially auto construction, oil and gas and insurance and some other smaller sectors did well for the company in terms of growth as also indicated by Naukri job speak index.

Moving on to the other verticals:

In 99acres billings in Q3 grew 30% year-on-year to Rs.49 crores while revenue grew 48% to Rs.50.4 crores. We continue to invest aggressively marketing during the quarter, business had EBITDA loss of about 3.2 crores versus a loss of Rs.7.4 crores at the EBITDA level in Q3 of last year. EBITDA adjusted for ESOP expenses stood at a loss of Rs.2.3 crores versus a loss of Rs.7 crores last year. EBITDA margins improved from -21% to -5%. Cash EBITDA loss of 99acres during the quarter stood at Rs.3.8 crores. Our traffic share amongst the real estate portals continued to be around 50% mark based on time spent, we have upped our marketing spend significantly over last year in this quarter. The broker segment continues to see strong growth. Our investment 99acres will continue as we see the real estate market stabilizing, the key focus of investments in 99acres would include more marketing spends for building brand awareness and investment in tech product and on data quality.

Moving on to the matrimony business, billings in Jeevansathi grew 5% year-on-year in Q3 to Rs.17.6 crores owing to a continued aggressive pricing and activity by competition. Revenue grew 7% year-on-year to Rs.17.7 crores, high marketing spends during the quarter aided higher brand awareness for us. We are continuously trying to consolidate our position as we penetrate deeper into the key segments and comminutes, we operate in. Operating EBITDA loss for Jeevansathi stood at Rs.15.2 crores in Q3 of FY19 up from 4 crores last year, primarily on account of higher marketing spends. Adjusted EBITDA loss stood at 15 crores, for Q3 for Jeevansathi versus a loss of Rs.3.9 crores last year. Cash EBITDA for Jeevansathi during the quarter stood at a loss of Rs.15.1 crores.

Moving to the education vertical Shiksha:

In Q3, billings grew by 12% year-on-year to Rs.11.9 crores while grew revenue 25% year-on-year to 9.2 crores. We made an EBITDA loss of 2.5 crores versus a loss of Rs.1.2 crores last year. Adjusted EBITDA loss for the quarter stood at Rs.2.1 crores versus Rs.1.1 crores last year. Cash EBITDA profit for the quarter stood at Rs.55 lakhs, versus Rs.2.1 crores profit last year. We continue to set off put in more and more effort to get improved user experience on our platforms.

Talking about our strategic investments:

Zomato continues to witness massive topline growth in the delivery space, we announced an investment of Rs.13.4 crores in Shop-Kirana B2B grocery delivery platform during the quarter. We also did a follow-on round of investing Rs.28 crores in our investee company No Paper Forms and a Rs.3 crores in Shoe Connect in the quarter and we continue to evaluate new investment opportunities as well. That is all from us thank you and we are now ready to take any questions.

Moderator: Thank you very much sir. Sir should we open the questions from the participants in the audio lines.

Hitesh Oberoi: Yes.

Moderator: Thank you very much. Ladies and gentlemen, we will now begin the question and answer session. We have our first question from the line of Sachin Salgaonkar from BOA. Please go ahead.

Sachin Salgaonkar: I have three questions; firstly, clearly real estate is showing strong growth even on a high base effect so I am trying to understand what is driving it and how should we look at it. I heard Hitesh your comment that broker segment was strong but any further granularity would be helpful. Second question is on ad increase and clearly we are seeing close to around 97% Y-o-Y increase in ad expenses - would be great if you could get some granularity as in which sub division you are seeing most of the increase and third question on Zomato - there has been some activity and then some noise around about Zomato looking to raise investment, just wanted to understand from you guys how you look at it, thanks.

Hitesh Oberoi: Yes, so real estate, firstly last year we had a terrible first half because of RERA and so in first half this year we saw close to 45-50% growth but that was on top of a very low base last year. Things started recovering in Q3 of last year, so this year again we grew up billings by 30% in Q3 revenue growth of much higher. But what we are seeing in real estate is two things, one in general real estate activity seems to have stabilized and in fact transactions actually have probably gone up in some markets as well so people are buying more homes as they were buying earlier but what we are also seeing is a slowdown in new launch activity, so lot of our revenue comes from new launches, but we are seeing a slow down on new launches by the same time I think transactions have stabilized or are growing compared to last year. So that is what we are seeing in the real estate space let's see what happens going forward this market has been very volatile every now and then we have something or the other happening in this space.

Sachin Salgaonkar: Mainly North of India or across the board?

Hitesh Oberoi: Across the board, so there is a revival of some sort across the board especially more in the Western and South. But in general, the market is a lot more stable and totally in some places prices have gone up a little bit as well but I do not have absolute data on that front. As far as advertising goes, we upped our ad spend in all our businesses at least the three big businesses Naukri, 99acres, and Jeevansathi. Jeevansathi we sort of spend a lot more on advertising than last year and there is lot of competitive activity in that space, lot of pricing pressure and so we were forced to respond in 99acres also we have sort of seen a lot more advertising intensity from competition, so we sort of keeping our spends also high relatively high. In Naukri also we have cut down advertising a lot over the years and I think the time has come to spend a little more money on sort of building the Naukri brand we have been sort of very dormant in media, market is looking up so we up the ad spend on Naukri advertising as well last quarter. So in all three bid businesses we saw between 50 to 100% jump in ad spending.

Sachin Salgaonkar: And this near-term trend might continue that ad spending in these may remain.

Hitesh Oberoi: Yes, there could be sort of ups and downs and lot of it like I said is determined by also to some extent by what competition sort of does in the space but yes we are going to continue to advertise aggressively for sometime. On Zomato I will let Sanjeev answer that question.

Sanjeev Bikhchandani: Zomato its going head to head with Swiggy, Uber Eats also in the fray as is Food Panda. And it has become a hugely capital consumptive game so yes Zomato is looking to raise money and interest from several investors but right now it is work in progress so cannot really comment I will give you more specific detail on that.

Sachin Salgaonkar: Okay, and Sanjeev on a big picture how do you look at maintaining your stake and it will be too early to comment.

Sanjeev Bikhchandani: This has become a gain that is slightly too big for our balance sheets for us to even maintain our stakes and if it is a very large round it will mean a very significant outflow on our part so that will not be our preferred option.

Moderator: Thank you sir. We have a next question from the line of Anuj Gupta from Perfect Research. Please go ahead.

Anuj Gupta: Sir, I have got few questions I will just list them down. Under Sanjeev sir we have made some fantastic investments so can you please share our efforts on institutionalizing the investment process through an investment committee as we grow in size, secondly could you please share some numbers on the potential opportunity in terms of market size for Naukri.com, 99acres.com and Jeevansathi.com. Thirdly, amongst the investee companies can you please throw some light on any company which have shown extremely impressive growth and could become big like Zomato or PolicyBazaar and last in terms of the investee companies how are we looking at the risk of witting off investment and in fact on the balance sheet and also is there any possibility of a write back of the investments.

Sanjeev Bikhchandani: So, I think that’s four or five questions. As per write-off of investment is concerned, we follow prudent accounting practices, and good governance principle we are conservative. So, yes as and when we feel something is not worth what we paid for, we impair it naturally. It is done in consultation with the auditors and we will continue to do that. And the truth also is that not every investment succeeds so it’s part of the game and these things happen. Can a written down investment come back it’s possible right, but for that something you have to change in the business so for example we may have written down Canvera and then merged with Printo but if the combined company does very well, who knows it may come back but we do not know yet. So it’s possible but, right now nothing is showing I can’t say for sure something is going to come back, as far as the process institutionalization of investment is concerned that already exists. We have a corporate development team we have a process by which they source deals they evaluate deals once a corporate development team agrees on an investment it is then taken to the three executive directors, once they approve it then it goes to an investment committee of the board and then finally it gets invested in and that is the process we have been following. Now as far as any new investments are concerned which may become like Zomato or PolicyBazaar it is too early. Nothing has scaled up to that level yet but obviously we are hopeful that some will succeed and who knows they may succeed as well as Zomato and PolicyBazaar. But we cannot say anything about that yet.

Hitesh Oberoi: Yes, so as far as the market size is, market opportunity in different verticals go it depends how you define the market now for example the job market so we operate mostly in the white collar sort of lateral hiring space but there is a blue color job market as well, there is a white collar market there is a market for recruitment tools, there is a market for very senior management hiring with search business but the market that we are operating currently which is white collar may be 1 to 10, 15 years of experience hiring in the private sector mostly. So what we believe is that we may be 25 to 30% all hiring in this space. So for some companies maybe they hire 5-10% of the people through us, some companies hire maybe 40% of the people through us. A lot of money is spent on recruitment consultants, a lot of money still spent on newspaper ads and so on, referral programs are run by companies so if you want to take all this into account maybe it is a market which is over a billion dollar maybe one and a half billion. There are no real sort of numbers available out there. And this is just white-collar private sector lateral hiring. Similarly, the real estate market depends on how you define it. If you look at just advertising then there is residential market and there is a commercial market within residential you have new homes and you have resale, we mostly operate in the residential advertising market both in new homes and resale. Now, the total advertising spend in this segment at its peak used to be 5,000-6,000 crores but it has declined over the time, my estimate is that today we are looking at a market of about 3000-3,500 crores but I could be off a little bit. And that does not include commercial real estate so that is the addressable market today probably for just advertising, matrimony if you take the three matrimony companies they probably do between them about 600 to 700 crores of revenue and then there are some spend on newspaper ads and then there are matrimonial agencies and so on and so forth. So may another 800 to 1000 crores that is what the market would be today. So that is my broad sense but really no market studies are available and these are just estimates.

Anuj Gupta: And sir for the last question, do you see any investee companies any investee companies becoming big like Zomato or PolicyBazaar.

Sanjeev Bikhchandani: Yes, I had addressed that, looks it's too early to say because many of the companies are still small, several are showing promise but it's too early to say how far they will go and by when.

Moderator: Thank you sir we have next question from the line of Manish Adukia from Goldman Sachs. Please go ahead.

Manish Adukia: My first question is just a follow up. Hitesh, on one of the comments you made earlier you said that in Naukri you feel that now time has come to up your advertisement spend a bit, is that a function of competition are you seeing a rise in competition in that space and that is what is leading to that rise in advertisement. Second is on the real estate I understand you mentioned that you are seeing some decline in new launches in the housing space given the recent liquidity crises in the NBFC space what are the early trends you are seeing in that space and in the last few months a lot of your competitors like Quikr, etc press has been reporting that they have been reporting 40-50% kind of a top line growth so in the real estate space as well are you seeing increased competition from some of these smaller players if you can address that. Thank you.

Hitesh Oberoi: So basically, what has happened with jobs we are not seeing competition when it comes to customers because our business is growing at a very healthy rate, our billing this year has been up 20% for the first nine months which is actually much stronger growth than what we saw on the last two or three years. But we have been out of media for long and our competition has been aggressive in media and for a while now it has been like almost two, three years and some of them are aggressively on media. So, I think some of these are judgment calls it is not as if spending in media tomorrow our traffic will go up substantially or anything of that sort, but we just feel that it's time to sort of go back in media market has been looking up for a while and if we go into media at this point we may benefit in the long run. It is not as if we do not sort of advertise tomorrow our business will crash or anything of that sort. As far as real estate is concerned, like I mentioned, what we have been noticing for last year is that our business was impacted in fact severely because of demonization, RERA, GST, etc. So all those issues are now behind us so the issues like these are now behind us but the real estate market has been in sort of bad shape for a while. What we are sensing is that the real estate market is at least stabilizing, transactions have started looking up at least in some geographies especially in the West and the South and prices are sort of stable in going up in pockets as well. Now it's very hard for me to say what is going to happen going forward, our sense is that the NBFC crises may have impacted lending or financing to builders and also some home loans and what we have seen for sure is decline in new launch activity now whether that is because of the NBFC crisis or not I do not know but certainly new launch activity has slowed down and of course some percentage of our revenue from new launch because when companies sort of when builders launch projects they make a lot of noise at the time of launching so that has slowed down but there is lot of unsold inventory still in the market specially in the North and some other geographies and if you go by current sort of sale rate this unsold inventory will take some couple of years at least if not more to clear still. So as far as competitive intensity in the real estate space goes, the real estate portals are still very aggressive because we are hopeful and bullish that the market will improve going forward.

Moderator: Thank you. We have the next question from the line of Vivek Anand from Ambit Capital. Please go ahead.

Vivek Anand: So, we have been noticing that there has been a marginal decline in the average number of resumes added daily. So is it the case that the candidates are getting lured by aggressive advertising of our rivals and we are lagging behind slightly? Second question pertains to the billing growth in real estate so in 99acres we have over the last three, four quarters we have ranged at around 45 crores to 50 crores in billing is that something that can we grow on this base or how should we see the early signs that you are seeing given that the launches have slowed down but brokers continue to remain aggressive.

Hitesh Oberoi: Yes, to answer your first question, we have been sort of tinkering around with our marketing mix a little bit, we are experimenting with a few new things. We were getting a lot of CVs earlier but we have slowed down acquisition because we are now focusing a lot more on getting quality CVs, which are a little more expensive to get when you advertise for them. Otherwise it is not very hard to get CVs in India because it is a country of 135 crores people but we want CVs which our clients are interested in and that is harder to get. We are tinkering around the marketing mix to see what happens. Yes we have seen a decline but some of it is planned, however, we have not figured out the right formula on this front as yet. Like I said the TV ad spend does not really contribute significantly to our increase in traffic on the platform given our large base. It's more for being there and building brand awareness. A lot of our CV acquisition is through online channels and they will be experimenting. So, a little early for me to comment on this, also what happens is as we improve our systems and software and our engagement tools, enough people who used to come back and register again actually reactivate their old CVs and they do not really need to register so part it could be that as well. But I do not have all the answers on this front at the moment. We will probably have a better answer three, four months down the line once we are done with all the experimenting that we are doing right now.

As far as the real estate market goes, like I said all the big issues are behind us which were impacting the industry but the real estate market has been in a slump. There is a new issue which is the whole business of NBFC lending to builders and lending for home loans and so on. Now, we do not know how big, serious and deep this issue is. New launch activity has slowed down and yes, a substantial part of our new home revenue used to be new launches but like I said there is still a lot of unsold inventory and this unsold inventory is not going away in a hurry. At current sale rate unsold inventory is going to take another two to three years minimum to clear. So, we are still bullish on the business growing. We do not whether it is going to grow at 30% or 40% or 50% going forward but we are still hopeful that it will continue to grow.

Moderator: Thank you sir. We have next question from the line of Pranav Kshatriya from Edelweiss Securities. Please go ahead.

Pranav Kshatriya: My first question, can you give some color on your how the PolicyBazaar is doing and how you see investment in that going forward, that is my first question. Second question is on Jeevansathi the burn rate seems to have increased, are we comfortable with this burn rate or you think there is an upward or downward movement possible.

Sanjeev Bikhchandani: So PolicyBazaar I think is well placed for funds, it has just raised a round few months back. It's increased its investment in marketing lately but it is a dominant market leader in insurance comparison it is probably a market leader in PaisaBazaar as well but there it is not as dominant as it is in insurance comparison. And there is substantial inbound interest for investment in

PolicyBazaar so I do not think it is going to be short of cash anytime and I think they can turn profitable whenever they want in the PolicyBazaar business.

Pranav Kshatriya: If you can just highlight what are the aspirations of PolicyBazaar in the broader scheme of things? Are they satisfied with where they are today in leadership position and are they looking to diversify in more verticals or anything like that?

Sanjeev Bikhchandani: There are two parts of the business – there is a PolicyBazaar and Paisa Bazaar. So, if you take the PolicyBazaar part of the business they want to do more and more things in and around the insurance space whether it is in health insurance or it is in motor insurance or it is in other kind of insurance, whether it is in launching of digital products in collaboration with insurance companies and so on. They want to use their data to help their partners, develop smarter and better insurance products, all of those things. So, they will go deeper and deeper into the insurance space but evolving, innovative and launching new offerings.

Hitesh Oberoi: And to answer your question on Jeevansathi. See the space is very competitive right now all the players are spending lot of money and there is lot of pricing pressure as well. There is a price war going on at least in the North and West and so we did well for about two, two and half years but the last two, three quarters have been slow. We have been upping our ad spend to sort of compete and there is scope for optimization. We will continue to sort of spend aggressively. Sometimes when you scale up ad spends, you do that but overtime you optimize and that is what we are working on right now. Our revenue growth hopefully will sort of slowly start bouncing back if we execute well but very difficult to say how the market is going to pan out. Like I said there are two other players who are much bigger than us and they are also spending a lot of money.

Pranav Kshatriya: You have any budget in mind or you have any aspiration in that, advertisement budget per se you do not want to spend lesser than the competition or anything like that? What is the benchmark which is prompting high cash burn in Jeevansathi?

Hitesh Oberoi: No, so we believe we have a play in the space. We have been executing well for the last two, three years. The last two, three quarters have been sort of little sort of difficult like I said because of competitive intensity going up and we have been gaining share in this market. Our volumes are up substantially over the last two, three years. So our assets are very limited in this space right now we want to continue to do well in the community in which we sort of operate. Virtually, we are very strong in the North and the Marathi belt, we do not really exist in the South and we want to continue to invest and do whatever it takes to maintain and grow our share in these communities.

Moderator: Thank you sir. We have next question from the line of Darpan Thakkar from HSBC Securities. Please go ahead.

Darpan Thakkar: I have three questions, one is on advertisements so recently advertisement on Naukri has increased, you see that this trend resulting much higher revenue growth one or two years down the line may be more than 20% for continuous period of time? Second is on 99acres will it be possible to give number of individuals also which are paying on the platform and also billing breakup? And third is on Meritnation, just idea about what is happening with the company?

Hitesh Oberoi: See Naukri ad spends are up but let me tell you we used to spend lot of money on advertising Naukri five years earlier as well but the ad spending is up mostly on TV and this is to more build brand awareness especially with the newer consumers and the newer job seekers in the market more than anything else. It is not as if it is going to directly impact our revenue today or tomorrow. Like I said if you stop advertising in Naukri also, it is not as if our revenue growth will go down from wherever we are today. Revenue growth is more of a function of hiring in the market and our penetration with customers, our sales efforts, and pricing, and new customer acquisition in the short run. Yes, in the long run in there are function of number of resumes we have and it is also function of our traffic share and also function of multiple other things. So, this effort to sort of this advertising spend increase that you are seeing in Naukri is sort of to revive our brand and build awareness amongst larger audiences more than anything else.

Darpan Thakkar: 99acres billing breakup and number of individuals who are paying.

Hitesh Oberoi: We do not give out breakups but the site is free for owners to advertise. There are some paid services that are offered to owners, small fraction of owners avail those services. It is a tiny part of our revenue not very significant at this point in time. And the breakup we do not give any geographical break up or any segment wise breakup.

Darpan Thakkar: Not geographical I was saying broker, builder and all.

Hitesh Oberoi: About 45% revenues from builders.

Darpan Thakkar: Okay, that is fine. On Meritnation just an idea about what is happening with the company like you are the majority stakeholder there?

Sanjeev Bikhchandani: So the company has been through some difficult time but now it is bouncing back nicely, it is going well. It is still burning money but the peak season just started Jan-Mar, let see how this peak season goes but we are hopeful.

Darpan Thakkar: So will it require further investment in near future?

Sanjeev Bikhchandani: Almost certainly we will require further investment, let us see whether we can get an external investor or we have to do it ourselves that remains to be seen.

Moderator: Thank you. We have next question from the line of Anandha Padmanabhan from Renaissance Investments. Please go ahead.

Anandha Padmanabhan: On to Jeevansathi site could you throw some light on how have the realizations moved in the last couple of quarter and also with the increase in competition, do you see any scope of consolidation in this particular industry?

Hitesh Oberoi: We do not give out realizations but what I can tell you is that our volume growth has been fairly substantially over the last two, two and half years. Like I said there was a price war and people have been dropping prices but that price drop has also resulted in higher volume over the last 10 or 12 quarters. And as far as consolidation is concerned, I really cannot comment. It depends on what the other companies want to do, there are two other players in this space they are much bigger than us. So, I do not know how this is going to pan out, I cannot say anything right now.

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

Ankur Rudra: First question is on Naukri, historically we have seen whenever Naukri growth is accelerated beyond mid-to late-teens you have seen some element of margin expansion. We have seen I think two quarters of very strong growth and looks like the trends are that way, how should we think about margin there with respect to I guess your advertising spending that is one? Secondly, on 99acres if you could highlight where the growth is coming from, from a geographic perspective? Is it more your core NCR markets, is it more West and South where you said there is more stabilization?

Hitesh Oberoi: Actually, you are right. So, in the past whenever we have seen high top line growth in Naukri we have seen margin expansion. So actually, what we are doing this time is using this top line growth to make all the investments we have been wanting to make in the business for a while. Like I said we have significantly beefed up our product data science and technology efforts. We are trying to build some new products. Now some of these things will work out, some of these things will fail but if we get even one or two of these right then that will set us up for the growth in the medium-term irrespective what happens to the market. So, we are basically in an investment phase in Naukri investing a little more in brand awareness as well. Investing in lot of new products, investing a lot in new areas like areas like data science which if we execute well, we could potentially reap a lot of benefit in the times to come. Some new technologies are available which were not available earlier which could solve problems which have not been solved for a long time for both our customers and our job seekers. So, like I said we have been investing let see what happens and what this also means that we are also upgrading the quality of senior management we have in Naukri and so on. So, these are long-term investments and the results will sort of show in the medium-term not in the short-term. As far as 99acres is concerned, we saw all round growth it's not as if growth is restricted to a few markets all our markets have been responding well, now of course some geographies may be growing at 25% some at 35% and so one but we are seeing growth in all our markets.

Ankur Rudra: Are any markets particularly laggards from a geographic perspective?

Hitesh Oberoi: There are some markets where we are weak, so I would not say that is because of the market, so if we have a 50% share nationally, there are some markets where we have 60% share and there are some markets where have a 40% share. So that more often a function of our share position in those markets and our execution rather than whether some markets are doing well or not from an overall real estate market perspective.

Ankur Rudra: There has been consolidation in the quarter with Quikr acquiring your competitor in the South, what does that mean for your traffic share in your market position.

Hitesh Oberoi: You mean India Property which one did you mean?

Ankur Rudra: Yes, India Property.

Hitesh Oberoi: Yes, so India Property from our understanding it is a very small sort of a player in the scheme of things and mostly restricted to the South and they have contracted over the years. I do not know if they have given out the numbers but I do not think certainly in terms of traffic share they are nowhere and in terms of revenue I do not know the latest numbers but they are very-very small. Yes, there has been some consolidation in the past. Quikr has also acquired Common Floor and bunch of other players in real estate, but as far as the real estate portal market goes, I would still say that it is dominated by a couple of players.

Moderator: Thank you sir. We have next question from the line of Vivek Anand from Ambit Capital. Please go ahead.

Vivek Anand: Continuing on the discussion that you had on redeploying some of the extra revenue growth that you got into investment. So, I understand that employee cost seems to be inflating at a fairly high pace because you are making more high-profile hires than before. In this light, how should we look at the employee cost growth and the interplay with margins and I am referring to the overall standalone margins and the interplay with revenue growth over the next two, three years.

Hitesh Oberoi: So right now, the approach we are taking is that this is what is required to be done in the business for the medium term we need to higher more senior people, beef up the management bandwidth in Naukri. We need to invest more in product and technology we need to invest in new areas of data science. We need to build some new products and so we will make these investments and there is a cost with doing all this and margins will actually be a function of ultimately the revenue growth we get. So, if revenue growth I solid the market continues to be buoyant, margins may improve or remain the same. Who knows if the GDP growth picks up and we get 25% revenue growth it will be fine but the philosophy is that we continue to make these investments and margins will ultimately function of the revenue growth again. So, it is very hard to predict what revenue growth is going to be going forward.

Vivek Anand: Right. And on 99acres your investments are primarily on marketing. Is it because some of these areas that you mentioned AI machine learning data science, are you setting up like common infrastructure that can be used across the standalone businesses or is it so that for each business you need a dedicated set of employees who can solve specific problems.

Hitesh Oberoi: So you know we are organized along business unit line. So every business has separate sales team, separate product team, separate engineering team. Barring functions like finance and HR nothing is really common between businesses. Every business is run like a separate company they have different competitors, every business needs to work at a different pace and they need to prioritize different things. So that is our philosophy and that will continue so we are not going to be doing something which is like making common investments or anything of that sort. And any which ways 99acres like you said a lot of investment is in marketing but across the board we generally will continue to invest like I said in product technology, innovation and data science that is continue to happen in all our verticals.

Moderator: Thank you sir. As there are no further questions, I now hand the conference over to Mr. Hitesh Oberoi for closing comments. Sir over to you.

Hitesh Oberoi: Thank you everyone for being on the call and have a great evening. Thank you so much.

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. And you may now disconnect your lines.