"Info Edge Q1 FY 21-22 Results Conference Call"

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MANAGEMENT: **MR. SANJEEV BIKHCHANDANI – FOUNDER & VICE CHAIRMAN, INFO EDGE (INDIA) LIMITED**

MR. HITESH OBEROI-CO-PROMOTER & MANAGING DIRECTOR, INFO EDGE (INDIA) LIMITED

MR. CHINTAN THAKKAR – CHIEF FINANCIAL OFFICER, INFO EDGE (INDIA) LIMITED

Anand Bansal: Hi everyone good afternoon. We will start in a while, people are joining. Welcome to Info Edge Conference call. I am Anand Bansal along with my colleague Vivek Agrawal, we will run this conference.

We have about 90 people with us, we will start in a short while.

Good afternoon everyone this is Anand Bansal. Welcome to Info Edge Conference Call along with my colleague Vivek Agrawal will run this conference. Vivek we can start now.

Vivek Aggrawal: Sure, thanks Anand.

Hi everyone, good evening and welcome to Info Edge India Q1-22 Financial Results Conference Call. As a reminder all participant lines will be in listen only mode, and there'll be an opportunity for you to ask question after the presentation concludes. Should you need any assistance during the call, please raise your hand on your screen. Please note that this conference is being recorded. Joining us today from the management side we have Mr. Sanjeev Bikhchandani, Founder and Vice Chairman. Mr. Hitesh Oberoi Co-Promoter and Managing Director and Mr. Chintan Thakkar, Chief Financial Officer. Before we begin today I would like to remind you that some of the statements made in today's conference call may be forward-looking in nature and may involve risks and uncertainties. Kindly refer to slide number two of investor presentations for distributed disclaimer. Now I would like to hand over the conference to Mr. Hitesh Oberoi for his opinion. Thank you and over to you Hitesh.

Hitesh Oberoi: Thank you Vivek and a very good evening to everyone and welcome to our Q1 financial year 2022 earnings conference call. Trust you and your loved ones are safe and in good health as we come out of the second wave of the pandemic we would like to express our heartfelt condolences to all the influence stakeholders who lost a family member, friend or colleague. I hope the coming days are better for everyone. Over the past one and a half years Info Edge has stepped up and has not left any stone unturned to support the health and overall well-being of our employees and their family members. We continued with COVID relief work and helped our employees with oxygen support and emergency supply of basic and advanced medicines, hospital beds, ambulance support, healthcare services at home and other healthcare needs. Despite all this we lost four of our employees to the pandemic. Our thoughts and prayers are with them and their family members. We continue to offer COVID leaves and enhance medical insurance coverage to all. We also recognize the emotional role on employees and initiated mental health, mental well-being programs for all employees of our company. Also realizing that vaccination is the only way to return to normalcy influence carried out a vaccination drive for all our employees and their family members. We also extended the reach the vaccination drive to our partners and clients especially in 99 acres. We will remember this challenging time in our lives at the turning point that asserted us out of our comfort zone and pressed us towards a different future. We will now move -- we will now talk about the financial quarterly financial performance of the company. We'll start with the overall financials as always and then cover each business financials in more detail and then of course we'll have Q&A. The audited financial statements and other schedules on segmental billing, revenues, etc. along with the data sheet have been uploaded on our website www.infoedge.in. Let's begin with the summary of key numbers in the standalone financials. Billings in Q1 are rupees 314.2 crores, up by 66.6% year on year, revenue in Q1 is rupees 319.7 crores up by 14.1% year on year. Operating expenses for the quarter extruding the depreciation and amortization are rupees 220 crores up 25.3% and operating EBITA stood at rupees 99.7 crores was 104.6 crores last year, a drop of 4.7 % year in that and operating EBITA margins for the quarter stood at 31.2% compared to 37.3% last year and cash EBITA for the quarter stood at rupees 94.1 crore compared to rupees 13.7 crore last year for the same quarter. The deferred sales revenues stood at rupees 501, 6.1 crores as of June of 30th, June 30th 2021 versus rupees 371.7 crores as of June 30th 2020 an increase of 36.2% here. And the cash balance of influence including the whole subsidy stands at rupees 3561 crores as of June 30, 2021 as against 1425 crores on June 30th 2020. As one can see from the above numbers the company with tests are remarkable about recovering billings in Q1 over Q1 of the previous year. The billings were the -- year-over-year growth in Q1 billings is across all his business verticals but with different -- we saw different growth in different two different degrees in different verticals. The recruitment business has shown a sharp rebound in the activities of the platform with the June 21 jobs peak index reflecting almost 100% year growth year on year and IT and ITES showing positive trends in hiring. The recruitment business is poised for a high growth phase to enter a high growth phase. In 99 acres of drop in traffic on the site was about 30% in April compared to the previous month due to the second wave of the pandemic, it started recovering month over month, the monetization of 99 acres was severely impacted particularly in the month of May which is at the peak of the second wave. Since then we have witnessed us recovery in both traffic and monetization and the external environment on the real estate business has also turned more benign. In Jeevansathi we continue with our strategy to invest in brand and improvements in user experience. We continue to focus on the Hindi speaking belt in North and West India. During the peak of the second wave of the pandemic the subdued sentiments didn't hamper the steady progress of the growing number of users and billings in JeevanSaathi. Shiksha doubled its billings in the quarter compared to Q1 of FY21 compared to the pre-pandemic year of FY 20 also it showed a growth of about 45%, clearly this for the portal is continues to gain an acceptance in with the student community and with colleges and universities. The Naukri distribution muscle was of course was leveraged by IIIMJOBS and HIRIST and they both grew in terms of number of clients, billings and cash profits. During the quarter we also completed our acquisition of Zwayam the Bangalore based SAS company and which has the Bangalore-based SAS company whom actually has some multi customers for its SAS product, Zwayam along with RMS which strengthens Naukri's offerings in the enterprise segment going forward. In early July we also announced the signing of definitive agreements to acquire DoSelect, a Bangalore based company in the assessment space. DoSelect would add breadth and depth to the Naukri's product stack in the recruitment space. As a result of the accelerated digitization in the companies in not just in India but in globally the talent market has become very, very competitive particularly in the technology and digital talent space. This gets reflected in a higher personal cost during the quarter as well I mean it's becoming almost impossible to hire talent in this market. We are watchful on in of discretionary expense expenses balancing the long-term investment change the business to short term goals. As a company we continue to work from home, all our employees have been working from home for the last almost 17-18 months now without any impact on productivity and the total head count of the company remained around 4500 as of June 30, 2021 up by about 2.5% from March 31, 2021. Moving on to the financial and other highlights of the recruitment segment in Q1 of FY 22, the recruitment segment billings were rupees 243.5 crores up 73.6% year-on-year, while revenues were 222.6 crores up 11.2% year on year, operating EBITA rupees 123.6 crores up 2.5% from Q1 of 2021. Margins were at point

55.6% versus 60.3% in Q1 of 21, cash EBITA for recruitment during the quarter stood at rupees 144.8 crores up from f rupees 60.8 crores reported for Q1 of 2021. The cash EBITA margins are at 59.5% of the billings compared to 43.4% in Q1 of 2021. IIMJOBS and HIRIST saw a quantum jump in their billing numbers, the billing for the quarter stood at 8.6 crores up by 173% from Q1 of 2021. Pending the final legal process the merger these numbers are excluded from the standalone numbers above. So we saw recovery in both segments the IT and ITS segment was the most significant contributor to the overall numbers. We also witnessed high growth across geographies in terms of new customers added and billings per customer. We had a very high renewal rate, we saw very high renewal rate for restless subscriptions in the quarter, we also see a significant uplift in market sentiments as few customers buying higher volumes in anticipation of an uplift in higher demand in the near future. The important point I want to make is that last year and particularly in the first half of last year due to lockdowns and COVID the annual -- a lot of companies defer their annual renewals as a result the renewable basis -- base has shifted for many companies, so the point I'm trying to make is that while we can -- we are okay comparing this year with last year but comparisons with last two last year may not be appropriate because the renewal base has shifted for a lot of companies. So we expect Q2 for example and Q3 to sort of show higher growth if this trend continues vis-à-vis Q2 and Q3 of 2019-2020 because the bases have shifted, I hope I'm able to get my point across clearly, a lot of companies were supposed to renew Q1 of last year did not renew in Q1 many of them went on to renew in Q2 and Q3 and some in Q4 and therefore their renewals will now come in Q2, Q3 and Q4 in this year and not in Q1 or Q4 right. Just one second, the new approach here we are following in Naukri with because we've added a lot of acquired a lot of new businesses and added new features and functionality, we're now offering a whole suite of products starting with campus hiring talent assessment recruitment software to forcing to service through e-hire to our clients to meet all their hiring needs and this strategy is beginning to get higher acceptance with our -- with some customers early days still but it's beginning to get higher acceptance with some customers and the acquisition of Zwayam and DoSelect would further enhance our product offering over time. Our Tech & Product team also successfully launched has three new products in the last three or four months, Resdex Enterprise, for example a new a next-generation talent planning and sourcing platform equipped with AI ML based personal search and CV recommendations, it also has advanced data analytics to closely track recruiters performance and productivity tools to save hiring time. We also launched Talent Pulse a comprehensive talent planning tool that helps organizations shape their hiring strategy through real-time insights on talent distributions and trends comparative benchmarking and more and lastly we also launched mobile branding solutions till then -- till recently very recently we used to offer web branding solutions only on desktop but now we are all thinking -- we have started offering mobile branding solutions to companies as well which will help companies showcase their brand to an untapped pool of mobiles talent with company page and targeted ads on Naukri 's job seeker app. Early results for these new products are encouraging but it's still early days. Ambition box which is our career platform and which helps job seekers discover the best places to work which hosts a lot of reviews and creating software companies also launched its best places to work in India Awards which showcase top places workplaces based on more than a million reviews from 2500 locations across the country. These awards are also received well by our customers. Moving on to our operational sort of metrics this quarter saw a significant uplift of in terms of new CV registrations on the platform as well. On the average we added 16,202 CVs per day up 93% compared to Q1 of 2021, average CV modifications were also up to 489,000 per day up

51% year one year and our traffic share in the job portal space continues to be in the high seventies. Moving over to 99 acres billings in Q1 in 99 acres grew by 59.6% year on year to rupees 22.4 crores while revenue grew 15.8% to rupees 49.2 crores. EBITA for the quarter student rupees 10 lakhs against a bit of 4.1 crores reported in Q1 of 2021. Cash loss for the quarter was 26.9 crores against a cash loss of 24.5 crores last year. So we saw a solid recovery in Q4 in 99 acres but Q1 was again hit due to the second wave of COVID while billings grew 60% year on year it was on a small on a small base we were expecting to do much better till the second wave hit us unlike hiring which has moved totally online and has become very digital and companies are willing to sort of interview people and make offers without meeting them, homes are a very high involvement category and most people don't -- would not buy a home without sort of check, visiting or sort of seeing a few places which is why this business was sitting in Q1. We saw modest recovery in June and the traffic is now back, all our metrics are at an all-time high at 99 acres and even July was a very, very good month so we are hopeful and confident that unless and until we get hit by another wave of COVID things should be quickly get on back in 99 acres and across all segments, new homes, resale, rental and commercial. Daily listings on the platform group 49% in year one year in Q1 with both owner and vocal listing registering strong growth Y, our brand share continued to be in the high 50's vis-a-vis our nearest competitor. Overall inquiries and responses on the platform also grew very strongly in Q1 and all categories 60% year and year on the back of a true platform experience and renewed sort of research activity in real estate, people are still searching they were not sort of going out and checking out lists. Better spam detection new solutions for advertising and discovering 3d's commercial properties and a new rental agreement service over also rolled out during the quarter. Reviews and locality insights were further scaled up in the quarter to help buyers and tenants make an informed choice in 99Acres. Going forward in 99Acres we expect the share of online medium in the overall spread of advertisers to increase as advertisers realize the inherent cost efficiency of digital versus print and media encodings. We saw strong upward trends in listings traffic inquiries and revenues in July month and expect this to continue for the rest of Q2 as well. Both pent-up demand and improved platform experience are driving this upward trend, we continue to invest aggressively in improving our core platform experience in all the verticals within 99Acres, we sell new home, rental, commercial and in marketing our brand and to further strengthen our comparative position. On the whole also the real estate market is maybe likely to sort of be in a better place than it was for the last five years going forward because of the lower home loan rates, real estate becoming more affordable and the desire to own bigger homes after COVID. We wanted the Jeevansathi business, Jeevansathi billings grew 10.2% year and year in Q1 to increase 25.1 crores, revenue grew 11.9% year on year to rupees 25.2 crores operating EBITA losses could have rupees 23.2 crores in Q1 of FY22 up from the loss of rupees 13.3 crore last year, cash loss for Jeevansathi during the quarters rupees 23.6 scores against a cash loss of rupees 13.3 crores in Q1 of 2021. In Q1 growth momentum slowed down slightly due to rising COVID cases particularly in the northern parts of the country but we saw slight recovery in the month of May and June. Key differentiating features on the platform like online verification, video calling and video based online meet-ups kept driving the engagement and the app rating on the google play store continues to be the best in the category. Moving on to the education business in Shiksha and Q1 billings grew 101.9% year on year to 23.2 crores while revenue grew 52.4% year on year to Rs 22.8 crores. We made an EBITA profit of these 7.7 crores in Q1 in Shiksha versus an EBITA 2.1 crores in Q1 of last year. Cash profit for the quarter stood at Rs 8.2 crores against a cash loss of which is 1.3 crores in Q1 of 2021. Shiksha exhibited strong growth in billing and collections Q1 stronger comparative position focus on student centric content and product improvements that have helped take our traffic and help us increase our growth in Shiksha. We continue to invest in making our content more comprehensive and more student-friendly and in building deep domain expertise in this space. This should help us in generating even more responses for our customers going forward. At the consolidated level the net sales for the company stood out Rs 327.3 crores during Q1 of 2022 versus Rs 285 crores for Q1 of 2021, for the consolidated entity at the total comprehensive income level there is a profit of rupees 155.9 crores versus the profit of 94.4 crores for the previous quarter ending June 30th 2020, adjusted for exceptional items pads stood at Rs 4.9 crores in Q1 of 2022 versus the loss of 7.6 crores in Q1 of 2020.

Moving on to our strategic investments Zomato had a stellar performance of its IPO during the quarter, the issue was subscribed over 38 times and the stock price is currently at about 160% of the issue price.

Our other investing company PolicyBazaar has filed a DRHP seeking approval for a proposed IPO, and we continue to of course evaluate new investment and acquisition opportunities. Thank you we are now ready to take any questions that you may have.

Vivek Aggarwal: Thanks Hitesh. We'll now begin Q&A session, anyone who wishes to ask questions may raise your hand on the screen, we'll call your name and announce your turn in the question queue. Anand you are on mute.

Anand Bansal: First question comes from Mukul Garg from Motilal Oswal Mukul go ahead and ask your question.

Mukul Garg: Yeah, Hi, thanks. So Hitesh first comment on the personal cost, and I know you mentioned that the cost is increasing quite a bit, how should we see this going forward the last quarter you had substantial wage high, do you expect it to remain around this level given that your overall billing and revenues are also moving up so you will get some cushion from operating leverage or is the increase in employer retention going to cross that even after the growth.

Hitesh Oberoi: So listen so the wage bill is of course going to go up because of the pressure on Tech Talent especially right so which is -- so there are we have 4500 employees in the company about 700-800 work in tech and related roles so there of course the pressure on the wage bill will be high. It's not that bad with the other 3700, 3000 people where you should see normal increases. Now unless of course the market changes and it's an evolving situation, every three months tech salaries go up right so we are forced to look at them again. So it's going to be hard, it's hard for me to predict what will happen with tech salaries going forward but the rest of the company the salary sort of increase should be modest but let's see what happens going forward. As far as operating leverage go -- see we expect this up Naukri business to do really well this year given what we are seeing in the talent market. So if you are able to get anywhere close to the kind of growth kind of targets we have in mind then of course you will see a massive improvement in EBITA and margins in Naukri especially. In Shiksha we are doing well so this growth continues we should be fine, it's not as if we expect costs to surge in Shiksha. Jeevansathi a lot will depend on how much we spend on advertising, the wage pressure on Jeevansathi will be, the wage bill is a small part of Jeevansathi total bill. So as 99Acres is concerned again a lot will depend on what happens to the housing market going forward. We saw -- we had a terrible Q1 because of COVID 2 but we had a reasonably good July, so we are hoping that and we had a reasonably great a good Q4 as well. So unless something goes wrong once again things should be okay on the 99 acres front also as far as operating margins etc go, of course the wage bill in 99Acres will also go up especially on the tech side but that's only about maybe only about 10% or 15% of our workforce in 99Acres at its stake and alright fingers crossed, but if we have a good year and all signs are that we might in fact the kind of situation we are seeing in companies, the kind of story we are in the market maybe we've not heard these kind of stories for in the last 15 years. So it's -- the talent market is especially in IT not in non-IT so much but on the IT side is the best we've seen in 15 years right there are so many opportunities and people are almost impossible to find, it makes us hard, to make it harder for us on the talent on the operating side, we also need to hire and sort of retain people but if this market continues then Naukri business should have a very, very healthy year. And if the non-IT market also comes back, which we're hoping that it will in the second half the year and that will sort of give us a further boost.

Mukul Garg: Sure and one quick one on Naukri and 99 acres, just a clarification on the Naukri side the number of unique customers dipped in Q1 the only time we have seen that was last year Q1, so was that on account of the lockdown or was there some other factor actually there and on 99Acre given that the overall environment seems a bit better from July onwards, do you expect a pickup in your advertisement spends because they kind of came down quite sharply this quarter?

Hitesh Oberoi: Yeah so see in Naukri what happened last year was because of COVID because of the lockdown because companies were scrambling to get their act together work from home etc many companies saw that right because the markets are unpredictable, if you recall we were also sort of unsure of what would happen we actually did a QIP in the first half of last year. In the end so what happened as a result is a lot of companies did not renew in Q1 right so we have a renewed business, a lot of our clients are clients who've been clients for years and they renew every year at the same time, so a lot of clients are not renewing Q1 of last year. Some of them came back and reviewed in Q2, some of them came back and reviewed Q3, some of them came back and reviewed in Q4 so our bases have shifted. So comparison -- with comparison with 2019-2020 is no longer a fair comparison, you can of course compare it last year but comparison 2019-20 is no longer the right comparison because bases have shifted, right. So we are hoping to do better vis-a-vis 2019-20 in the coming quarters right. So in this quarter for example the IB group massively over last year same quarter we did not grow over 2019-20 Q1 right because bases are shifted and a lot of the clients who renewed and who sort of gave us business in 2019-2020 Q1 will now give us business in Q2 and Q3 of this year right. So we are hoping to see higher growth vis-à-vis 2019-20 in Q2 and Q3 this year. And as far as 99 acres is concerned yes ad spend was muted this quarter because there was no activity in the hiring market, in the property market so it did not make a lot of sense to advertise at a time when nobody was venturing out of their homes to look at property and we've started upping our ad strength in 99 acres and because the market is coming back like I said real estate as a at a very macro level, real estate is more affordable, real estate is home loans interest rates are lower and people want bigger houses so we are seeing massive activity on our platform once again in terms of inquiries and terms and totally also there are we are hearing stories of people buying property now which is not the case a year ago year and a half ago. And therefore if -- it may make sense for us to upper advertising spend going forward in 99 acres but again we'll be watching, we'll see how the market works.

Mukul Garg: Sure thanks for answering my questions. I'll get back into the queue.

Anand Bansal: Next question is from Pankaj Kapoor from CLSA. Pankaj go ahead and ask your question.

Pankaj Kapoor: Yeah, hi, thanks for the opportunity. So I have two questions. So first is I just want to understand was there any impact of the wave 2 on the bookings in this quarter especially in the 99 acres and if you can give some sense of that and also how much would be IT, ITS of the bookings that we have done in the in the recruitment business?

Hitesh Oberoi: Yeah, yeah see 99Acres these were impacted massively by COVID 2, see in Q4 of last quarter which is Q4 we I think build 72 crores in 99Acres right Q4 is normally our best quarter so but we were expecting or hoping to be lucky 60 crores in Q1 but we ended with 22 crores because the market was massively hit by COVID 2 all sort of property buying activity came to a virtual halt in most market, brokers -- see we make a lot of money from brokers they just did not open their shops right, they were closed for business. Now they're coming back and we expect this quarter to be a lot better. I don't know if you can give July numbers but July numbers were pretty decent in 99Acres from a billing standpoint. So what was your question regarding --

Pankaj Kapoor: Yeah, on the recruitment on the recruitment business can you give a sense how much would be the billing from the IT, ITS as a vertical?

Hitesh Oberoi: Okay so even if you look at a recruiter activity on our platform which what kind of series are the recruiters viewing right one is of course how much we make from IT services company, how much we make from internet companies and so on which is one way of looking at how much we make from placement firms so who sort of hire IT talent and that number I think would be close to 50% -55% now if I'm not mistaken if you were to sort of because of the way we -- but if I were to look at activity what are recruiters searching for, who are they, which CV’s are being used then close to 57%- 58% in some -- on some days even 60% of all hiring sort of all searches and hiring equity is for IT talent on our platform today.

Pankaj Kapoor: Understood, and Hitesh slightly longer term but you have traditionally been very prudent in your approach to valuations whether it is for investing or for making acquisitions. So I was just wondering do you now see a need to maybe rethink there given the kind of currently the levels what we are seeing are fairly elevated, so if you want to really do a scale acquisition in the different segments which I think you have been keen to do but have not been successful in the last few quarters, so are you looking at maybe having a rethink on there and related to that is that now since we have Zomato and probably PolicyBazzar also being listed so we now have these stocks as currency, will that change your approach in terms of how you look at the valuations? Thank you.

Hitesh Oberoi: So listen valuations are what they are I mean they've for certain companies they've definitely gone through the rule, I mean for many other companies they actually haven't moved too much right. So if you look at some of the other sort of players and the segments we operate in, it's not as evaluations have moved that much right they've of course improved over what they were one year ago. So will we be -- so would we be willing to pay more? Of course if it makes sense for us to pay more if the business if by consolidation or through some acquisition which allows us to do things which we are not able to do today, we are able to create a lot more value for our users or for our investors, we would be more than happy to sort of revisit valuations right because at the end of the day so the investors are looking at the company in a certain way we are also being rewarded our valuations have also gone up, there are some the interest rates are low etc, etc, etc, which has an impact. So we would definitely be willing to consider paying the right price in which in our view for assets which makes sense for us to home in the long run right. So -- but having said so I mean like I said valuation lies in the -- beauty lies in the eyes of the holder, valuation lies in the eyes of the valuer, so it has to sort of -- it has to be a sensible valuation, it can't be something which is totally out of order.

Pankaj Kapoor: Understood. Thank you and all the best.

Anand Bansal: Thanks Pankaj. Our next question is from Pranav from Edelweiss. Pankaj, go and ask your question. Sorry, it is from Pranav. Pranav, you are there? Pranav is not there. So we'll take the next question. Next question is from Manik from JM Financial. Manik, go ahead and ask your question. Manik is also not visible. So maybe we will take the next question.

Hitesh Oberoi: Chintan, there are some questions in the chat box. Do you want us to answer them, some of them?

Chintan Thakkar: I have already started responding to some of them.

Hitesh Oberoi : Okay, good. Thanks.

Anand Bansal: The next person in queue is Rishit from Nomura. Rishit, go ahead and ask your question.

Rishit Parikh: Hi. Am I, am I audible?

Anand Bansal: Yeah, Rishit. Go ahead.

Rishit Parikh: Okay, perfect. So just one question from my side, right. I think we've -- there was a news article we recently sort of invested into XECO, right, which is more or less filed for an IPO. So the point that I wanted to check is are we sort of looking at late stage, larger ticket size investments as well versus compared to early stage, more smaller tickets earlier that we've largely focused on? Is there a clear strain change in strategy or this could be termed as a one-off?

Sanjeev Bikhchandani : Yeah. I'll take that. Sanjeev here. So look in the AIFU as per the sort of agreements and the charter, roughly 10% of the funds can go into as first our first checks into growth and data stage companies. So it's not as it was a massive shift in strategy, at least not now. It is from that pocket, and the pocket is then $10 million. Okay. And that's about it. Now any further changes in strategy, we'll have to sort of evaluate data as we go along, but as of now, there's nothing announced. But this is from that small pocket.

Rishit Parikh: Okay, fair enough. And one question on Naukri. If you could just provide color, so we've seen a lot of those renewals, which is typically come to us in 4Q and 1Q, right. I mean, that's typically been the seasonality. So you would expect that will be more like a 2Q, 3Q phenomenon, and then it could be a substantial, it could be a very similar improvement that we've seen in the past or it could be much higher given the momentum is much stronger in the Naukri business because of the demand in the IT services space?

Hitesh Oberoi: So right, you know, the renewal sort of cycle has changed because the bases have shifted and a lot of companies did not renew in Q1. Some did not even renew Q4 of last year, you know, if you -- because when COVID hit us, it hit us in the last two weeks of March. So we saw some deferral at that time also in Q1 of -- Q4 of '2019-20 and then we saw a lot of companies defining their purchases in Q1 of 2021 as well. And so some of these companies came back and we knew it in Q2 and some came back in with unique Q3. So the bases have shifted, and therefore unlike previous years when Q4 and Q1 used to be our biggest spotters, we are more likely to see a more sort of balanced year, right. Will growth rates improve further going forward? I mean who knows? I mean, the IT market like I said is super odd, and it could become hotter. And what happens in a hot market as you all know is that companies don't ask a lot of discounts. When volumes also go up, you were able to attract new customers so, and if the non-IT market comes back, then that could provide a further boost because now all said and done 30, 40% of our hiring is still -- 35, 40% is still of non-IT folks and there you not see, we are just seeing a modest recovery at this point in time. But if that market also recovers, manufacturing sort of starts to pick up or infra investments start to pick up and you know, or it just because of COVID starts to subside and companies sort of start opening and start hiring, and they'll be more confident, then, of course, growth rates could get even better going forward.

Rishit Parikh: Okay, fair enough. Thank you.

Anand Bansal: Thanks, Rishit. The next person in queue is Manik Taneja from JM Financial. Manik, go ahead and ask your question.

Manik: Am I audible now?

Anand Bansal: Yeah. Manik, go ahead.

Manik Taneja: Yeah. Thank you for the opportunity. I had a few questions. The first question was with regards to our Naukri business. While Hitesh has suggested that you expect Naukri to do quite well this year due to the solid hiring environment in the IT, ITES space, just wanted to understand is there a leverage for our revenues to the level or the volume of hiring in the market because our sense was that the business is largely subscription linked, and does it also give us some leverage to increase pricing? I had a few follow-up questions as well.

Hitesh Oberoi: Yeah. Yeah. See what happens is, you know, see in a normal year we end up giving a lot of discounts to customers especially bulk discounts. So in a good market, one doesn't have to extend those discounts, number one. Number two, you know, in a growth market companies want to grow. They want to add headcount. But they need to sort of stay at the same place, you know, they -- because attrition levels go up. They need to hire more people, right. And then on top of that, they want to grow, because they want to -- there's more business coming their way. They want to use their head count. So that means, you know, they want to post. They will want to post more jobs. They will want to do more CVs. They will want to send more emails to our database. So you get some volume growth as well. A lot of companies, you know, stand out. They want their brand to sort of, you know, they would spend a little more on branding also, right. So all this will result in us getting more volume as well from a lot of our customers, not just price increases. And then in a good year, in a good market, what happens is a lot of new people also set up shop. So there is more companies sort of become active. Some companies maybe sometimes go to urban. Sometimes new players set up shop. So we are likely to have more customers as well. So, so let's see how this plays out, but right now, you know, the signs are that we should be able to up our prices or at least our realized prices. We are getting all our lost accounts back. Our renewal rates are at an all-time high, right. So this should be a good year.

Manik Taneja: So I had a couple of questions for Sanjeev as well. So while Zomato is already got listed, PolicyBazaar is on the way to getting listed, could you talk about the three, four key portfolio players without our existing portfolio that you think one should be watchful of in terms of making a lot of headway over the next two, three years? And secondly, how -- I just want to get your thoughts around how do we compete against the new aggression in this space right now people closing deals in the span of days which would be quite contrary to the way Info Edge has thought about making these investments over the, over the last decade or so? Thank you.

Sanjeev Bikhchandani : Okay. So as far as some of the younger companies in the old portfolio are concerned, people like ShopKirana, Gramophone, Shipsy, Business etc., I mean we are quite hopeful of many of them under 24/7. They're much younger and they're much newer investments as compared to the Zomato which are 11 and 14 years old, 13 years old. So investments do take time to become valuable in India. But look we are hopeful and confident. We are supporting them further. There's external investors coming into some of them, and it's overall looking good. But it takes a while before they really become -- they move the needle on our own valuation or our own marketplace, right, and before they come anywhere close to where Zomato and Policy Bazzar are today. As far as competition is concerned, look, I mean we've got to live with it, right? We compete. We get some deals. We miss some deals. We have deals that we can't do in three days. We miss them although we try. We have deals we can do in five days, seven days sometimes, and sometimes we can't because it's, it's we have to go through a process, right? And I don't think we should be investing out of a sense of old mentality or compulsion that we got to invest because you've got options that you want to close in three days. It's okay. We'll live with it. It's a small fund, $100 million. If you missed some, it's okay. We'll get some more sure.

Manik Taneja: Sure. That's quite helpful. And last one, given the -- given the shift in terms of billing that you encounter during the past 12 months, would it be more prudent to look at our billing performance on a LTM basis?

Sanjeev Bikhchandani: No, you ask this question to Hitesh?

Manik Taneja: Yes, that's correct.

Mr. Hitesh Oberoi: Right. LTM, what does LTM mean? Sorry.

Manik Taneja: Last 12 months.

Hitesh Oberai: Okay. Chintan, what, what do you think?

Chintan Thakkar: Can you repeat the Ques

Hitesh Oberoi: You think because bases have shifted doesn't make more sense to look at LTM last 12-month billing as opposed to year-on-year or--

Chintan Thakkar: Yeah. I think one can look at that, and as we progress we will kind of get a better understanding of how the bases have moved, and how we should be deal with it. But it's a good suggestion. We can look at in the last 12 months as a kind of a comparison. I still think that if you look at right now last 12 months probably because of the pandemic may not be -- they also may not give you a correct picture, but as we go forward, I think that may make sense because then we can compare a normal stable year with a normal stable year with the shift in base.

Manik Taneja: Thank you and all the best, Hitesh.

Anand Bansal: So any more questions. There were a couple of people also raised hand. Right now not visible. We have some questions in Q&A box. So yes, Pranav Kshatriya is back. Pranav from Edelweiss. So Pranav, go ahead and ask your question.

Pranav Kshatriya: Hello. Am I audible?

Anand Bansal: Yes, Pranav. Go ahead.

Pranav Kshatriya: Yeah. So my question is regarding other expenses. So how should we see the marketing expenses trending in the next three to four quarters because that has been sort of curtailed for some time due to pandemic?

Mr. Hitesh Oberoi: So listen, we don't expect to spend a lot of money on marketing in Naukri unless something changes dramatically in the market. In 99Acre, in JeevanSathi we've been spending a lot of money. It's not as if we have not been spending for the last four or eight quarters. So marketing spend in JeevanSathi will continue to be high going forward as well. In 99acres we've not -- we've not spent a lot of money in the last two quarters because the real estate market was impacted because of COVID. Now if we don't see a third wave coming and like and if we continue to sort of see the kind of action we saw in 99acres in Q4 of last year and in July of this year, then of course spend will go up a little bit in 99acres going forward.

Pranav Kshatriya: Okay. My second question is regarding the M&A. I mean, you had raised capital for some M&A in the related sectors. So far there has been very little action. Is it largely due to the valuation expectations or you know, or the targets what you are finding are too small at this point of time and that's why those are the smaller companies which you are ending up investing? I mean, the large acquisitions have not really happened. So how should we see this and what is the reason for those not happening?

Hitesh Oberoi: Yeah, so a little bit of both. So, one, there aren't too many sort of targets we are sort of excited about in given the spaces we operate in. There aren’t, I mean there aren't too many large companies requiring jobs, for example. Shiksha was a small business for us. In 99acres, in JeevanSathi is where people looking mostly in matrimony and real estate, and the number of companies we can acquire can possibly call count on the fingers of one or maybe two hands at max. So it's partly that there aren't too many sort of acquirable companies or companies which we would love to acquire and partly it's the ones which are the valuations have been so you see the, the thing with the valuations have been going up every quarter, right. So every time you look, it looks like a deal is doable at a certain price, things change, and then you have to go back to the drawing board. So it's a harder market to acquire also because valuations have been sort of going up and up and up in and that generally and like I said even though valuation has not gone up for everybody, but even then when you hear of some company going public or some IPO pipeline building up, the market is sort of rewarding a lot of companies very differently, expectations go up. So that's also making it a little harder. So let's see. I mean we are not in a hurry like you said, like I said, we are happy to pay the right price. But we don't want to pay. We don't want to sort of I don't think we will acquire a company which is losing $200 billion a year compared to billion dollars. That's not going to happen.

Pranav Kshatriya: Okay, okay. Thank you so much.

Anand Bansal: Thanks, Pranav. Next person in the queue is Arnav. Arnav, go ahead and ask your question.

Arnav: Thanks for the opportunity. I had a couple of questions. One was it would be great if you can give some color on Firstnaukri and Job Hai and in the annual report on Firstnaukri you mentioned this is at a nascent stage. It will be good to get a sense how do you see it in a three to five year length and same for Job Hai? And then the second question was around the recent investment in Shiprocket. I think Sanjeev just mentioned that you're looking at late stage, but only to a certain threshold of the overall amount. So it would be great to get some color on our Shiprocket investment and also on Job Hai and Firstnaukri. Thank you.

Hitesh Oberoi: So Firstnaukri and Job Hai are both very tiny businesses -- businesses for us. Firstnaukri is a small business. Of course, we've been in the space for a while and we've been figuring things out slowly, and we've now supplemented the offering with DoSelect, which is a talent assessment platform we just acquired in the month of July. So previously, we had a tire with another platform. Now we have our own platform for assessment. Now is -- do we expect the business to become very large this is going forward? The answer is no, but it does supplement and complement our main Naukri offering and helps us complete the hiring suite when we go to customers. So when we go to customers, we say listen, we have everything from campus hiring to recruitment software to premium hiring products like IIMJOBS and HIRIST and mass hiring products like Naukri and so. So it's part of that booking, and we continue to invest behind that business, and then we expect it to sort of grow at a reasonably healthy rate going forward. Job Hai is a startup inside Info Edge. We've been hiring for about 18 months or so, and of course then we had COVID in between. We have test mark launched in Delhi NCR. We've got reasonably good success, and we are now going to roll it out nationally as a platform to sort of, but we're still not monetizing it. It's still a long way, a long time away from that. So I see Job Hai more as a, a three to five year play, not as a one or two year play. And again, only if you get good results we will sort of invest aggressively in the behind the business. But chances are that -- are that the market is now beginning to sort of early it was very hard to make a blue collar business succeed in India for various reasons, but now it does look like all the trends are in favor of blue collar hiring moving online, and it may be it should be possible to sort of build a viable business in this place over the next four, five years. So if we get the right response, we will up -- definitely up our investment in this place going forward. Sanjeev, you want to take the one on shift rocket?

Sanjeev Bikhchandani: Yeah. Sorry. I, I - can you repeat the question please on Shiprocket?

Arnav: Yeah. The question was, Sanjeev, you just recently mentioned that you're looking at late stage investments a certain threshold. Will Shiprocket fall in that or you will say--

Sanjeev Bikhchandani: Yes, Shiprocket is from that pool.

Arnav: Okay. So, and could you like quantify if possible to share what number of this total of that pool you've invested even in terms of percentage?

Sanjeev Bikhchandani: No, as of now our pocket allocated for first checks into gross negativity company is 10%. In exceptional circumstances we may go to the committee to approve a little change and bust out a bit, but it's not a significant chunk of the -- of the fund as of now.

Arnav: All right. Thank you. Thanks, Hitesh. Thanks, Sanjeev. Take care. Best of luck.

Anand Bansal: Thanks, Arnav. The next question is from Gaurav Bansal from Deutsche Bank. Gaurav, go ahead and ask your question.

Gaurav Bansal: Yeah. Hi, thank you for the opportunity. Am I audible?

Anand Bansal: Yeah. Gaurav, go ahead.

Gaurav Bansal: Yeah. One, one, one question I had is that we have been talking about like Naukri and Shiksha and other segments, and what I wanted to know is that any other area in this area that we are actually looking down the line for future -- for future prospects?

Hitesh Oberoi: See inside the company as far as operating businesses go, we are focused on these big sort of categories: jobs, recruitment, real estate, and matrimonial for singles. And most of our investments, most of the paying acquisitions, most of the new businesses we try and build inside the company will be in these spaces. Now these spaces are vast and we see a lot of opportunity. I just mentioned Naukri. Naukri, it's not just the main Naukri business. We have a Naukri Gulf business. We have Firstnaukri business. We have a Zwayam business. We have a HIRIST and IIMJOBS business. We are doing jobhire. We are doing BigShyft which is our AI based platform for hiring. So there are a bunch of activities we are doing in jobs other than Naukri, right. And that's where a lot of our investment is going today. Similarly, in, in, in Shiksha we sort of have a Shiksha domestic business. We are trying to build an online sort of market course, course, a marketplace for online courses as well which is today called Naukri E Learning. We are -- we are experimenting. We've sort of started a study abroad business, right. We have started sending students overseas all online. Similarly, in 99acres we started as a resale platform and over time we went into new homes, and now we are focusing a lot more than earlier on rentals and commercial as well. So these are large spaces. There's a lot to do in each of these spaces. It's unlikely that we will enter a fifth category. We can continue to make investments, strategic investments. We invested in these three education companies, NoPaperForms, which is an education software provider, Coding Ninjas, which is an edtech. They actually teach coding. So we'll make a -- we've invested in Greytip, which is an HR services, HR software company. So we continue to make these investments outside. We've invested in a NoBroker, broker, broker network in real estate. So in adjacent areas, we will also continue to invest outside. We will continue to acquire in these areas. We will continue to see more and more sort of opportunities inside the company in these areas, but we are likely to limit ourselves to these four large categories in the near term.

Gaurav Bansal: Okay. Okay. Thanks. Thanks, Hitesh.

Anand Bansal: Thanks, Gaurav. Next question is from Ankur Rudra from JP MORGAN. Ankur, go ahead and ask your question.

Ankur Rudra: Can you hear me now?

Anand Bansal: Yeah, Ankur.

Ankur Rudra: So yeah, thanks for taking my question. Just one question on Naukri. Could you -- if it's possible to disaggregate at all, how should we think about growth adjusting for the base shift in renewals that you saw? Is it possible to disaggregate that to see what is the true like for like a performer growth trending at right now compared to F20?

Hitesh Oberoi: Ah, Chintan, any way of doing that? I mean--

Chintan Thakkar: Please repeat the question once

Ankur Rudra: Chintan, the question was if you -- is it possible to sort of adjust for the base shifting on the renewal side on the Naukri billings to see what is the growth over FY20 that you're currently trending at?

Chintan Thakkar: Kind of get into granular analysis for that, right. But like you know, like Hitesh said that maybe you can get comfort from the fact that the renewals, the rates have kind of gone up. So maybe this, there's a shift. And obviously, the shift is in leaning towards the later quarter because like as far we started the COVID, the Q1 kind of went into Q2, Q3, Q4, right. So there has been, obviously, there is the trend mood now you can see that it's going towards quarter and quarter has remained in the quarter. The subscription renewal rates are all time high. So obviously, there is an inherent growth, but forwards would have changed.

Ankur Rudra: Okay. So perhaps over the next two quarters we'll probably get a better sense I guess.

Chintan Thakkar: Yeah.

Ankur Rudra: The second thing on Naukri was, is it possible to give us a flavor of how the billings or revenue breaks up now across the various parts of the business, right, as you highlighted just answer the previous question between India and the Firstnaukri, IIMJOBS? what I'm trying to understand is how the trends different across these businesses now?

Hitesh Oberoi: So, therefore, see the Gulf business is not on a roll because it's not an IT sort of it's not indexed to IT. So the Gulf recovery is modest, right. And if Gulf revenues are I think out of the total sort of business we do in recruitment about 50, 60 crores comes from that, 50-55 crores comes from that, right. So that's not on a roll. Firstnaukri is tiny. It's doing well, but it's tiny. It doesn't move the needle. IIMJOBS like I, I think we mentioned we grew by 170% in Q1, of course, on a very tiny base because last year Q1 was impacted by COVID. So we built about eight and a half crores, eight, eight and a half crores from IIMJOBS in this quarter, IIMJOBS and HIRIST , which is not in our standalone I think, right, Chintan? Because it's a separate company.

Chintan Thakkar: Yeah.

Hitesh Oberoi: It's not being merged or within positions yet. So now I don't know how to look at it, but July, for example, the year over previous growth was very, very handsome. Now will it sustain going forward? I don't know in Naukri.

Ankur Rudra: Okay. Appreciate that. In terms of as you said the growth in Naukri appears to be very, very strong, and typically, we see a significant operating average payout whenever that happened in the past. How do -- how are you thinking about this time? Are you thinking of investing some of that back into the business because you probably should be getting a lot of leverage going forward?

Hitesh Oberoi: Yes, so if things play out as expected, of course, Naukri will generate a record cash, but record cash at least this year. And of course, not all of that can be invested back in the recruitment business, right. But we'll continue to invest like we have in -- we'll continue to make financial investments. We'll continue to invest more in JeevanSathi. We'll continue to sort of we'll up our spending in 99acres if that market responds positively. We will continue to look for acquisitions interesting sort of companies to acquire in the spaces we operate. So all that will continue.

Ankur Rudra: Okay. So margins should expand on that. In terms of how you've seen Q1 this time play out, have you seen this time versus last time any impact on user behavior in your portfolio companies, especially, sorry, not portfolio companies, in your other non-Naukri business, in 99acres, JeevanSathi or Shiksha, which is moved in any one direction or the other beyond the obviously impact of not using them during the lockdown?

Hitesh Oberoi: So in general, we are seeing -- see we saw for us at least I don't know whether it was -- it happened for the category as a whole. We saw these the JeevanSathi business was impacted negatively this time during COVID. I think the April and May wave was just, just too much to bear for and we get most of our business from the Hindi bed. And I think the Hindi bed was the worst sort of impacted by COVID. So we saw a decline in activity. I mean it still grew over, was still better than last year, but not -- it did not sort of grow to the extent we would have expected it to grow. I think people took a pause. Marriages got delayed and I think even now actually is only slowly getting coming back into that market. In all the other in 99acres, of course, we were impacted by COVID like I said, but it's bounced back very,

very strongly after COVID. So we are again seeing record activity in our platform, and we are seeing recorded activity on the rental side as well, not just on the buyer side, right? In the first wave, rental was massively impacted. Rental activity on the platform was impacted because of COVID. Now we are seeing rental activity also bounce back after COVID 2. In Naukri there's record activity in the platform both on the recruiter side and on the job seeker side because there's just too many jobs out there and not enough job seekers, lots of opportunities, right? Shiksha also we continue to see a lot of activity on our platform, again, all-time high in terms of numbers.

Ankur Rudra: Understand. Just lastly in terms of on a broader basis given the success of Zomato's listing, any thoughts about changing of the size or volume of your investments either via the AIF or otherwise?

Sanjeev Bikhchandani: I mean we'll take it company by company. The AIF is of course $100 million fund nationally keep evaluating as options emerge. Should we do a follow-up fund? There's no such plan right now, but nothing around that, but should we do it? It's a question to be discussed. But, but look our first priority is to get the $100 million fund right and as we are convinced it's getting right, we will evaluate opportunities as they arise. Now from the balance sheet investment companies, yeah, we have the flexibility of going larger because that's the balance sheet and that we keep valuating. So this, this will be a couple like Gramophone, ShopKirana, Adda247, Shipsy Ustraa do that from the balance sheet.

Ankur Rudra: Okay. Appreciate that. Thank you and best of luck.

Anand Bansal: Thanks, Ankur. Thank you so much. The next question comes from Seema Naik. Seema, go ahead and ask your question. Seema, you are on mute.

Ruchi: Hi, this is Ruchi from Bank of Baroda Capital. I have a question for Sanjeev. So Zomato's listing and few more to join soon, we have seen a very encouraging response from investors despite operational losses in these companies. Do you think this can increase the possibility of fast track IPO for some of your investing companies?

Hitesh Oberoi: You know, we don't think it's a good idea for a company to go public before it is ready. It has to deal with the listing afterwards. It has to deal with the scrutiny, deal with the, the reporting the compliances. It has to be answered to analysts. Management gets distracted very often. So we believe that we should not accept any IPOs and do them any sooner than is, is advisable. So I don't think we'd be actually any IPO. Yes, Policy Bazzar that's fine, but the others when they're good and ready.

Ruchi: Understood. That's helpful. Thank you.

Anand Bansal: Next question comes from Anirudh Sengupta. Anirudh, go ahead and ask your question.

Anirudh Sengupta: I, I have a basic question about the overall business. How would you like to see yourself as a investment management company or a Internet business management company? I mean, I would just like to seek your views on that.

Sanjeev Bikhchandani: Yeah. Shall I go first, Hitesh? Should I go?

Hitesh Oberoi: Yeah, please.

Sanjeev Bikhchandani: Look we are primarily an operating company. The company is four and a half thousand people, approximately, roughly 400, only six working investments in financial investments. Another two or three working in reinvestments. So fewer than ten people out of four thousand five hundred work on investments. And so we are primarily an operating company surplus generated from there and some other surpluses we deploy into making investments to create greater value for our shareholders. So we are primarily an operating company, and that's identity.

Anirudh Sengupta: Okay. Can I make a follow-up question?

Anand Bansal: Yeah, go ahead.

Anirudh Sengupta: Yeah. So I, I agree that that is the scenario as it is today. However, if you were to look out a bit far out into the future, what would be your guidance to investors on this front?

Sanjeev Bikhchandani: So look, I mean you heard Hitesh. He's expecting good growth coming back in the operating businesses going forward unless there's a third wave of COVID. And so there'll be some businesses that are growing faster than others, and sometimes operating businesses start growing faster. So we're really well diversified and yes, we do have ownership of some other good Internet business, but we are primarily in operating companies.

Anirudh Sengupta: Thank you.

Anand Bansal: Thanks, Anirudh. The next question comes from Charvi Chandwani. Charvi, go ahead and ask your question.

Charvi: Hello, am I audible?

Anand Bansal: Yeah. Go ahead, Charvi.

Charvi: Congratulations everyone first of all, for this incredible IPO. I'm a 25 year old. So I feel really a sense of pride in having Zomato listed in BSE. My question is very common. Is there a transferring any kind of split in the coming period?

Sanjeev Bikhchandani: Stock split you're talking about? A bonus?

Charvi: Yeah. Yes. Stock split.

Sanjeev Bikhchandani: Yeah, I don't think we have even tables at the discussion. I'll tell you why. If you want to do a bonus on predictability and given what's happened last 15 months on COVID, I don't think anybody has had the courage to recommend a bonus or a stock split because we don't know what will happen after six months. When you get stability in the environment maybe you could consider it. And Chintan, you want to add to this? You're the boss on this one.

Chintan Thakkar: Yeah. No, I think in the past also Board has looked into this and many retail shareholders do come and suggest that retail shareholding is low, the share price value has gone up, and there is a --

there is some merit in this platform. But look, eventually, it is Board's decision, and we would have an comprehensive debate before any such decision is taken and some of the consideration like Sanjeev mentioned that we also need to look at that would we be able to service the hiring based on dividend and things like that. And then based on that we will take a call on that.

Charvi: Okay. Thank you.

Anand Bansal: Thank you, Charvi. That was the last question we had till now. In case any more questions, please raise your hand. We will wait for a minute. Okay. In case of any question, please raise your hand? Vivek, I think we're done for the moment. So maybe you can deliver comments.

Vivek Agrawal: So thank you, ladies and gentlemen. And I now handover the conference to Hitesh for his closing comments.

Hitesh Oberoi: Oh, thank you everyone for taking time out for this call, and have a great evening, and, and stay safe. See you next quarter.

Sanjeev Bikhchandani: Thank you, everyone and bye bye.

Vivek Agrawal: Thank you.

Anand Bansal: Thanks everyone. Thank you so much.