"Info Edge (India) Limited Q3FY16 Earnings Conference Call"

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

Moderator: Ladies and Gentlemen, Good Day and Welcome to the Info Edge Q3 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 participants' line will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing '*' then '0' on your touch tone phone. Please note that this conference is being recorded. I now hand the conference over to Mr. Hitesh Oberoi. Thank you and over to you, Mr. Oberoi.

Hitesh Oberoi: Good Evening and Welcome to our 3rd Quarter Results Conference Call. We will first take you through the Quarterly Financial Performance of the Company then we will cover Each Business in More Detail, in the end we will be happy to take Questions. For the standalone company net sales in Q3 were Rs.173 crores Vs Rs. 143 crores in Q3 of last year, an increase of 19%. For Q3 operating EBITDA was at Rs.38 crores having increased 8% Y-o-Y and 15% Q-o-Q. Operating EBITDA margin was at 22% Vs 25% in Q3 of last year and Vs 21% in Q2 of this year. This is mainly due to the increase in investment in 99acres in advertising, in data quality and our platform. Marketing spend was up slightly in Jeevansathi as well, this is in line with our long term strategic goals. However, advertising spends in Q3 were far below that of Q2. In this quarter there is a net negative exceptional item charge of Rs.11.4 crores on account of three things – one, diminution in the investment value in Canvera of Rs.42.6 crores, total is about Rs.47 crores, of which Rs.4 crores is in a subsidiary. Capital gains of Rs.34 crores on account of a gain from the PolicyBazaar stake transfer which we had mentioned in our October 2015 Call and Rs.2.9 crores hit on account of additional provision for bonus for FY-'14-'15 due to retrospective amendment to the payment of Bonus Act 1965. Due to this amendment, there is an additional cost of Rs.2.6 crores in the Q3 wage number as well for the last three quarters. Operating PAT was at Rs.23 crores, up 12% Y-o-Y and 29% Q-o-Q. Operating PAT margin was at 13.5% Vs 14% in Q3 of last year and Vs 10% in Q2 of this year. Tax of Rs.21.7 crores includes Rs.4.5 crores of capital gains tax on account of income from the PolicyBazaar transaction. Deferred sales revenue was at Rs.173 crores Vs Rs.175 crores as on September 30th, 2015, a marginal decline, but it is up almost 20% year-on-year from Rs.143 crores as on December 31st, 2014. As on December 31st, 2015 about Rs.1,030 crores was in bank fixed deposits with interest rates ranging from 7.3% to 8% pre-tax. Newer FDs will be made or existing ones renewed are likely to be at lower rates given the general decline in deposit rates.

Moving on to Business Performance by Vertical: We will first talk about the Recruitment business. Please note that all business wise numbers that are being given out are as per the segmental reporting except for the corresponding period in the previous year which are bases best estimates. As you are aware we had in Q1 of this year moved to segmental reporting, the numbers are available in the results as also on the Data Sheet which is available at infoedge.in. In Q3 Recruitment top line grew 19% Y-o-Y to Rs.129 crores. EBITDA was at Rs.67 crores Vs Rs.56 crores in the same quarter of last year. EBITDA margin was at 51% which is the same as in Q3 of last year. Naukri Corporate sales EBITDA margin was at 58% Vs 62% in Q2, a slight decline is on account of the charge on account of bonus. In Naukri in Q3 we added an average of 10,600 fresh CVs every day Vs 9,400 in Q3 of last year and then Naukri Database grew to about 45 million CVs. Average CV modifications were at 163,000 per day Vs 124,000 per day in Q3 of last year. In Q3 we serviced 31,000 unique customers versus 27,000 in Q3 of last year. In the 9-months of this year we serviced 49,000 unique customers Vs 43,000 in the 9-months of last financial year. Our new products like Referral Hiring, Manager and CSM continue to do well, and we continue to improve the features and functionalities on our existing platform as well.

The Naukri India Domestic Corporate sales business continues to witness a decent sort of demand pickup especially in markets in the South which are growing at a faster rate in the non-IT markets of Mumbai and Delhi. As the economy grows faster as growth rate picks up going forward, we should witness pick up in the non-IT segments as well. Our Traffic share continues to be (+70%) and our Mobile Traffic is now close to 60% of our total traffic.

Moving on to the 99acres vertical, 99acres top line grew by 13% Y-o-Y in Q3 to Rs.26 crores while the market in the southern cities like Bangalore and in the west like in cities like Pune and Bombay continues to be relatively good, markets like Noida and Gurgaon seem to have taken a big hit. EBITDA level loss in 99acres was Rs.20 crores Vs Rs.16 crores in the same quarter of last year but slightly less than Rs.25 crores in the previous quarter. This loss is a result of mainly increased investments in our platform, data quality and advertising. While we are seeing competitive intensity reduced in this business, we do not expect the market for real estate transactions to recover any time soon.

Like I mentioned the demand for the real estate continues to be very-very depressed especially in markets like Noida, Gurgaon, markets in the west are relatively better off. Transactions are down Y-o-Y in most market, new launches in many markets are down 50% to 60% and unsold inventory at current sale rate in most cities is averaging between 2-to 4-years.

In Jeevansathi which is our Matrimony business, net sales grew 20% Y-o-Y in Q3 to Rs.11.7 crores. We added an average of 2241 profiles per day in Q3, an increase of 20% Y-o-Y. Paid customers were at 37,435, this number is up 36% Y-o-Y. EBITDA level loss in Q3 was at Rs.2 crores Vs Rs.92 lakhs in Q3 of last year.

In the Shiksha or the Education business net sales grew 41% Y-o-Y and reached Rs.6.4 crores. EBITDA level losses in Shiksha were at Rs.2 crores Vs Rs.2.6 crores in Q3 of last year.

Our investee companies also continue to witness growth. During Q3 we invested an additional Rs.15 crores in Canvera at a pre-money company valuation of Rs.75 crores. Our stake in Canvera as a result of this infusion is now at 49%.

We also made a new investment of Rs.7.4 crores in a company called Rare Media and acquired 35% stake. It is an early stage company looking to develop mobile-based applications. The total amount invested in investee companies as of January 20th, 2016 is now Rs.797 crores.

The only note of caution here is that our shareholding in these companies could vary given certain conditions in our shareholder agreements. Further, such shareholdings may or may not translate into an equivalent realization on a company being sold or happening of a liquidation event given the clauses in the various agreements. Additional funding by existing investee companies may be required from time-to-time and we will evaluate each one on its own merit. We also continue to evaluate new investment opportunities.

To Summarize: Our competitive position in Naukri continues to be strong driven by improvements in product and our continuous focus on client needs. We will continue to invest more aggressively in this business mainly in areas like product development to strengthen our leadership position. As and when the economy gets better we expect more and more jobs to open up in various non-IT sectors as well. The underlying real estate market is in a slump in most cities. Competitive intensity has decreased a bit, but given the acquisition of Common Floor by Quikr and a fresh infusion of funds in housing, we remain cautious and we will react to the competitive situation every quarter. We remain committed to this market and will continue to invest more in this business.

In 99acres, we are likely to continue to spend but probably not as aggressively as we did in H1. Our strategic objective is to be the largest and the most profitable player in this space.

Our Mobile Apps and Sites continue to witness improved traction with more and more users accessing our sites through them.

We are now ready for any questions that you may have. Thank you so much.

Moderator: Thank you. Ladies and Gentlemen, we will now begin the Question-and-Answer Session. The first question is from the line of Sachin Salgaonkar from Bank of America. Please go ahead.

Sachin Salgaonkar: I have three questions: First question is on Naukri unique customer numbers appears to have declined a bit on QoQ basis. Just want to understand your thoughts on how we should look at that going forward?

Hitesh Oberoi: I think a fairer comparison is more a year-on-year comparison because Q3 is seasonally a weak quarter for us. So if you compare with last year, numbers have grown both for the quarter and for the year for the first three quarters as a whole.

Sachin Salgaonkar: Second question, your selling and marketing expenses have been down in this quarter and I presume that has more to do with how competition is there in real estate. I understand your comments. So just taking from where you left in terms of your comment that you will continue to spend not as aggressively in second half as in first half, does that mean that margin might continue to improve in second half?

Hitesh Oberoi: That is our current thinking because we are not seeing as much competitive activity as we saw in the first half of this year; however, one does not know what competition is going to do in the next 2 or 3-months and our long-term strategic goals are clear that we want to be a leader and we want to dominate the space. So if competitive intensity picks up once again we will be forced to respond. But, yes, as of now we do not have plans to be very-very aggressive in this space on the marketing front.

Sachin Salgaonkar: When we look at your quarter clearly employee cost and admin cost have increased on Y-o-Y basis, now we got an explanation on employee cost. How should we look at the admin cost expense in terms of how we should look at both these items going in future, that would also be helpful?

Hitesh Oberoi: Admin costs are more sort of correlated to employee headcount. So they normally increase in line with employee headcount.

Sachin Salgaonkar: This entire Rs.2.6 crores increase in wage number is everything in employee cost, or part of that is also in admin?

Hitesh Oberoi: This is all in employee cost.

Sachin Salgaonkar: But admin the increase is related to that?

Chintan Thakkar Admin cost is usually… if you want to kind of correlate with the number of headcount you would be able to get an understanding of that.

Sachin Salgaonkar: How should we look at these numbers going forward on a growth basis?

Hitesh Oberoi: Our headcount has remained the same for the last almost 2-3-4-months now. We do not expect a major increase in headcount this year, but we have not done our planning for next year as yet. As far as next year is concerned we will know only after a few months. But this year we do not expect the numbers to go up substantially. We do a little bit of campus hiring at this time of the year and these people end up joining us around March or April. So there may be a slight increase, but that happens every year at this time.

Moderator: Thank you. The next question is from the line of Sandip Agarwal of Edelweiss. Please go ahead.

Sandip Agarwal: Sanjeev, I have a couple of questions: Core business is doing extremely well and we are also seeing some traction now in our 99acres, Jeevansathi, Shiksha and other businesses. But if you see the kind of hit we are taking on our earnings basically because of investment and that is largely driven in the newer companies by the competition, what is their action and all that and we have to respond. So the net PAT which we take home in a year is slightly having a big kind of impact on that. So where do you see these things kind of stabilizing or your response will be more according to the competition action or what is your thought process there?

Sanjeev Bikhchandani: If you look at investee company portfolio and look at the environment, I think things have changed substantially in the venture funding, private company funding market in India since the beginning of August and including competitive companies who are investee companies are having to make a pivot towards revenue, profitability margin and we think that is healthy for our investee companies, that is healthy for the industry, it is also healthy for the investors including us. So we expect that the worst is over in terms of how much companies will burn on a month-on-month basis and as they try and move towards profitability. This financial year will be a heavy bleeding in our investee companies because this year for a large part of it companies were investing and spending heavily. I think over the next 6 to 9-months you will see companies clawing their way to perhaps lower losses possibly even break even about may be in 12 to 24-months some of that. So, yes, this financial year there will be a heavy bleed in the investee companies portfolio, hopefully it should be lower next year and certainly it should be lower the year after next.

Moderator: Thank you. The next question is from the line of Gaurav Malhotra from Citi Group. Please go ahead.

Gaurav Malhotra: Just a couple of questions. Firstly, on the wage increase you mentioned Rs.2.6 crores. So this is now going to be more of a recurring kind of a number going forward. Is that correct?

Hitesh Oberoi: Yes, the government has increased the amount of bonus that we are supposed to pay to employees on a certain basic salary. But what is going to happen in the long run is that as far as we are concerned we look at CTC and hopefully the wage sort of increases next year will be lower because we are paying a higher bonus, but one will have to be competitive in the market, so a lot will be determined by what salary is in the market are like, but yes, this is going to be a permanent expense.

Gaurav Malhotra: The next question on what Sanjeev mentioned that funding market for the private companies have started to come under stress. So obviously they are going to see lower competitive intensity, the companies pivoting towards revenue and focusing on profits. But it also means that there is a risk that your investee companies could sort of start reducing in value and then you will have to write-off, for the private companies in general, how far are we away from that kind of an event from starting to happen?

Sanjeev Bikhchandani: It has to be looked on a case-by-case basis. Certainly companies where the unit economics are bad and they need more money, investors will be able to drive a harder bargain and that is a reality. Now, we have already taken a write-down in Canvera as you have noticed this year, we put in by us itself us only, we had gone at a lower valuation. The way we look at it, we look at company fundamentals in performance and how much cash is going in to achieve that performance, right. Now if valuation is diminished but the company fundamentals are okay, that is an external occurrence, valuation given by the market but as long as company fundamental is growing in revenue and moving towards profit, we believe ultimately valuation will come back in the long run because markets may go up, markets may go down as long as your business is sound, it is okay.

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

Ankur Rudra: I have three questions; firstly on Naukri, I notice that your deferred sales have been somewhat flattish for the last three quarters since March '15. I guess a lot of the FY17 growth from here appears to be rely into a very strong March quarter this time as well. Given the strength so far in the demand environment being limited to the IT-led market like you said, the non-IT markets are not really doing that well, are you concerned that Naukri growth momentum might slow in the next few quarters?

Hitesh Oberoi: So far so good, we have now been growing at 15-20% for the last 4 or 5-quarters. Of course, yes, IT markets have been doing well, but even last quarter was very good for IT and even markets like Mumbai are now beginning to do well, Mumbai is not growing as fast as the South, but we are getting 15-18% growth in Mumbai as well. So one is hopeful that as the financial services sector picks up next year with new sort of license being given out for payment banks as the infra sector picks up, then the non-IT markets will also start doing well. Could IT slow down? One does not know, one cannot be sure, but so far so good.

Ankur Rudra: Broadly, more in terms of deferred sales, are you concerned that will be a tough comparable coming up in March because you had a very strong quarter last year, and maintaining the growth rate requires a very big number this time?

Hitesh Oberoi: Our number should be compared to the same time last year and not on Q-o-Q basis because there are variations between quarters, there is a seasonality element. Also you must remember that what happened in the last quarter of last year was that there was a service tax increase as a result of which we got some collections got preponed and therefore sales went up as a result of that. So I think if you look at revenue, revenue growth has been 18-19-20% for the last 4 or 5-quarters and we are hoping to sustain that, but let us see what happens.

Ankur Rudra: Secondly, the bonus impact, I am assuming this is mainly for lower wage admin staff as opposed to the broader sales and tech talent. Is that correct?

Hitesh Oberoi: People whose basic is below a certain number, so we have been told to pay a stat bonus to these people and with retrospective effect so we have to pay a bonus for last year as well. This bonus has now gone up, so it has to be paid every year.

Ankur Rudra: On the point you made about 99acres and Real Estate, I think broadly if you look at the horizontal firms such as Quikr appear to be making a pivot towards vertical especially towards real estate. Do you think that changes the game somewhat for you in real estate in particular and perhaps in future other verticals also?

Hitesh Oberoi: So it is still very early days, Quikr has just announced the pivot they have acquired Common Floor, Common Floor was of course a weak #3 player in the real estate market and they were strong only in Bangalore. One does not know what the game plan is whether the size will be integrated, whether two brands will be continued, or whether it will be one brand. of Wherever there are real estate site competing with general classified sites, the real estate sites have won because general classified sites are actually supposed to be general classified sites, not real estate sites and it is very hard to sort of do the kind of deep work we are doing on the platform on a general classified site. So normally verticals have always won, yes, for low ends sort of rentals, general classified sites are used all over the world, but that is not a large part of our business, we do not expect to get a lot of revenue from low end rentals. But we are confident that ultimately users who are looking to buy a very high involving product like real estate would want to go to a specialized site.

Moderator: Thank you. The next question is from the line of Gaurav Malhotra from Citi Group. Please go ahead.

Gaurav Malhotra: One follow-up question on 99acres. I did not get the numbers on what is your Traffic share as well as percentage of Traffic coming on Mobile?

Hitesh Oberoi: As mentioned by comScore our traffic share for the last 2 or 3-months has been averaging about 40% to 43% which is about 40% to 50% higher than our closest competitor. Mobile sessions are about 45% to 50% of our total sessions but I do not have the latest number with me right now but we can update you separately.

Sudhir Bhargava: I will be updating the investor book tomorrow sometime on the site, you can get it from there, but this is the range.

Moderator: Thank you. The next question is from the line of Arya Sen from Jefferies. Please go ahead.

Arya Sen: Firstly, could you talk a little bit about the company that you invested in media and how much stake did you get for Rs.7.4 crores. Is that right?

Sanjeev Bikhchandani So we got 35% of the company. This is a company it is making mobile apps specially in the area of B2B sales force management and other areas. Really we have invested in this company because there is a certain sort of dependency that 99acres has on this company because the apps and the applications or the stuff that 99acres uses for management of its data verification force, data verification operation is using this product. So we want this company to be a financially stable and viable and improve the products that 99acres is using and B), we need to be able to sort of have enough influence on this company so that they are able to align their products along with what 99acres needs. So really this is actually an operation which 99acres depends upon for some of its work and therefore we have done it for that reason as opposed to a regular financial investment where we are seeking an exit in X amount of time and it is a consumer internet company, this is not a consumer internet company in that sense.

Arya Sen: On Zomato, last time Deepinder shared that now there is going to be more of focus on monetization revenues. Any update that you can share particularly on the traction on Online Ordering?

Sanjeev Bikhchandani: Online Ordering actually is a very small fraction of the business, the main business is the traditional model which is advertising by restaurants and therefore search and discovery of restaurants and it is a ramp up in that revenue, that is going to help Zomato achieve breakeven and not the ramp up in revenue in the next 12 to 18-months in the Online Ordering piece. The Online Ordering piece is doing well. The main advantage Zomato has is that it does not have a high cost of customer acquisition because it is getting transactions from existing traffic, which is not really paying for, they come to Zomato anyway. I think that is a big difference between Zomato and the other online ordering platforms. The second is the commercial practices followed by Zomato. They are prudent, they do not give discounts and they do not sell below variable cost, they do not subsidize the online orders. Both of these are making Zomato operation more sustainable, lower cost of customer acquisition plus no discounting or very little discounting and higher gross margins. One other feature of Zomato from what we understand is that their average bill or their ticket size is higher than other players in the Online Ordering space leading us to believe that this is a much healthier business online ordering business than other online ordering businesses. But having said that it is a small part of Zomato's business and really Zomato's push to breakeven, push to revenue ramp up is going to come from the traditional model of online of advertising by restaurants.

Arya Sen: Dipendra had mentioned revenue growth target of about doubling of revenues in FY16 over FY15. Are we still sticking to that and what sort of…?

Sanjeev Bikhchandani: Jan numbers are not in yet there are still 3-months left for this financial year. But thus far at least we have no significant deviation to report from that target.

Arya Sen: But given the kind of spend Zomato has made in the past, you think just doubling of revenue is good enough to sort of move towards breakeven because…?

Sanjeev Bikhchandani: They are not going to breakeven by March '16, certainly not. So it will obviously have to be in the next financial year and how revenue moves then that will tell us how fast they are going to breakeven. But they have a credible plan in place, they are working according to the plan and thus far at least the results are tracking according to the plan. We have reason to believe that they will be breakeven in the not very distant future.

Arya Sen: Would that involve some rationalizing of costs as well?

Sanjeev Bikhchandani: I think the cost rationalization by and large has been done between August and I think November, December, most costs that need to rationalize have been recognized. There has been significant revenue ramp up as well since August. Now, the next phase of cutting the burn and going towards breakeven will come more from revenue ramp up than cost rationalization.

Arya Sen: It looks like in the last round at least you have not invested any more in Zomato. You are also talking of possibly lesser investment now required in 99acres. Historically if I see you have mostly invested in Classifieds or companies where you may have some sort of technology leverage or something that comes back to Info Edge. What is the path forward for your investments – are you now beginning to look at other sort of segments, how does it go forward from here because… big investments?

Sanjeev Bikhchandani: In the last 7-8-years since we have been investing, we have invested in a very diverse range of companies, it has not just been limited to classifieds or one or two sectors alone. We have got to a point where we are converging and focusing. So, for example, we are reluctant to do e-commerce although we have done 'Happily Unmarried' and that is tracking well and we continue to support that. But other than that we are most likely going to stay away from e-Commerce. We have done 99labels earlier if you recall. We like the Information Arbitrage businesses, we like businesses that will have some technology build on IP we like Classified businesses, we like businesses where we enable handshakes we do not like businesses where we carry inventory and so on. So there are patterns that we sort of follow, but having said that it is a good management team, good company scaling up well, good gross margins, high operating leverage, marketed on its space we would look at it, whether or not we have our internal competency in that area or not.

Arya Sen: Would you look at entering a company at a much later stage because mostly you entered at fairly early stages, right?

Sanjeev Bikhchandani: So we did do Canvera where we entered after Series-A. But other than Canvera I do not think we have done a single company where we were not there in the first round. So we always enter in the first round, we may have backed in the second, third, fourth rounds, but we have always been there in the first round. I think we will stay with that by and large because given by valuations are for Series B, C and E even though they may be correcting now, but it is still not as if they are cheap, given our size of balance sheet we are unlikely to be sort of going in Series-C or something unless there is a very good reason and we have not found any so far.

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

Ashish Chopra: If you could just elaborate a little bit more on the diminution provision for Canvera in terms of what exactly went wrong with that business -- was it the growth or do you think that the investments or the burn required to grow from here would be much higher, any color on that would be helpful?

Chintan Thakkar: Canvera the investment that we have done is actually not a very big amount, it is about Rs.15 crores kind of additional investment that we have done. Having said that there are other financial investors as well. Given the fact that we are the one who are investing and the others are not, we have negotiated the deal very well and also the management has changed; we have new CEO also who is now taking care of the company, he has joined from June, and there is a kind of a little bit of emphasis on building technology platform for aggregating the photographers for aggregating all the photographers. So there is an investment happening in the company. Since we are the only one who is kind of investing and guiding the company we have got a good deal at a good valuation. On the flip side since we have done a good deal we had to kind of take this impairment in our books of account and that is the consequence of the investment that we have made. We also believe that if there are any pain points in any investee company it is much better to take it upfront and hence immediately after having done the investment, we have chosen to take the impairment.

Ashish Chopra: As a follow-up on the previous question; you did mention that you have not been incrementally now investing in Zomato. But just to get a sense on, is there a likelihood of any of your other investee companies coming up with the bigger need for capital and also you being ready to back them potentially could Mydala be one such investee companies may be given the scale at which it is operating right now or any other company that you think…?s

Sanjeev Bikhchandani: So we remain open to supporting any and every one of investee companies where we believe there is a good business case, where we believe that we will get a good return on our capital. But having said that obviously we will evaluate on a case-by-case basis. Yes, given the size of our balance sheet and if we expect very large funding capital requirements in our investee companies going forward, we would be definitely looking positively upon other investors coming in as well into many of our companies as they have in PolicyBazaar, as they have in Zomato and that is where we are really. So we have an open mind. No blanket, yes, no, blanket no, but we also are conscious of the fact that we have a smaller balance sheet compared to some of the other investors their size of funds.

Moderator: Thank you. The next question is from the line of Alekh Dalal from One Thirty Capital. Please go ahead.

Alekh Dalal: Your internal cash accruals are say, Rs.40, 50 crores a quarter and you are not able to spend that money in terms of investing in new platforms. At the same time, you got a pretty large cash balance sitting on the balance sheet. So, how do you think about this cash balance and distributing it to shareholders or doing something else with it?

Chintan Thakkar: As you know when we raise money last year, we told shareholders that about Rs.750 crores that we raised is a kind of war chest and as you know that the real estate game is still on. So, we would want to keep that kind of reserve with us because we might require that kind of money as war chest. If you take Rs.750 crores out of our roughly about Rs.1100 crores that we have, that leaves us with something like Rs.350 crores. If you look at our balance sheet we receive money in advance from our customers and if you look at the deferral sales revenue that we have it is almost like about Rs.175 crores. So if you take that out, because that is an actual advance that we have received from customers. So we would again want to keep that kind of reserve, then we are left with it is almost like another Rs.150-200 crores. Given our commitments to the existing investments in the companies where we have invested and also our desire to continue to invest wherever we get good opportunity in any of the new investment opportunities that may come across, I think we would require this kind of cash balance on our balance sheet.

Moderator: Thank you. The next question is from the line of Miten Lathia from HDFC. Please go ahead.

Miten Lathia: Have you sort of traveled through the year in the current fiscal, have the activity on the recruitment side improved, worsened or stayed flat?

Hitesh Oberoi: Our sense is that it has been flattish, but we are seeing some green suits in markets like Mumbai which were sort of not growing as fast as the rest of the country earlier, Delhi continues to be a bit of drag, South continues to be strong. So, it has not changed too much.

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

Ankur Rudra: I have a broader question about your portfolio companies especially as you announced the environment for internet companies probably become bit weaker, companies are refocusing on where this investment in. You might see I guess valuations correct somewhat. I am guessing, you and your other investors in your portfolio have liquidation preference is to protect you against down round let us say. As this happens in portfolio firms beyond Canvera, is there risk of keeping less skin in the game for founders and employees and hence it is sort of a double edge sword to get a better valuation for yourselves?

Sanjeev Bikhchandani: We are very clear. Successful businessmen in companies make good entrepreneurs. Any entrepreneur who is being under rewarded, I think it puts the entire company and everybody's investment in risk. So we believe it is really important that entrepreneurs have enough to say in the game and they have enough ownership.

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

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

Moderator: Thank you very much. Ladies and Gentlemen, on behalf of Info Edge that concludes this conference. Thank you for joining us and you may now disconnect your lines.