



AUDIO CONFERENCING SERVICE

TRANSCRIPTION REPORT



Conference	41951935
Company	Info Edge (India) Limited
Date:	April 30, 2008

Operator:

Thank you for standing by and welcome to the analyst and investor conference call presented by Mr. Sanjeev Bikhchandani, MD and CEO, Info Edge India Limited. At this time, all participants are in listen-only mode.

There will be a presentation followed by a question-and-answer session, at which time if you wish to ask a question, please press "star, one" on your telephone. Please be advised that this conference is being recorded today.

I would like to hand the conference over to Mr. Sanjeev Bikhchandani. Over to you, sir.

Sanjeev Bikhchandani:

Good evening and welcome to our fourth quarter and annual results conference call. We had a good Q4 and we had a good year. Q4 was slightly better than we expected. The IT slowdown was mitigated substantially by other sectors as far as top line growth is concerned.

Naukri demonstrated a good operating leverage. There has been a good response to product and technology innovations in Naukri. In our new businesses there was a very good top line growth with percentage losses declining in the entire year as compared to the previous year. We have continued to gain growth and are looking beyond the IT slowdown to get that growth.

If you look at the year on year numbers, net sales grew by close to 57% in the year and about 49% in the quarter over the same quarter of the last year. Total sales grew by 62.9% in the year and almost 46% in the quarter over the same quarter of the previous year. PAT grew by 105% in the year and operating PAT by 75.7% in the year.

In quarter four, we had a 42% increase in advertising over quarter three. Nevertheless profit grew by 19% over quarter three, that's very good sales performance in quarter four. If you look at it by segment, recruitment grew at 54% in the year and accounted for Rs 196 crores, that's 1.96 billion rupees in the year. Other verticals that is Jeevansathi and

99acres predominantly, they grew by 90% and accounted for 225 million rupees of top line. 99acres demonstrated very good growth with 182% growth in top line in the year.

We saw an improvement in operating EBITDA and for financial year 07-08 expenses grew 51% year on year for the whole company. Ad spend grew at 60% staff cost 51%, this resulted in EBITDA growth in the year.

We invested in new businesses that is Jeevansathi, 99acres, Bridge, allcheckdeals and Shiksha, which is under development and is likely to be launched in this quarter. In the year, it was about 180 million rupees loss at the EBITDA level for all the other verticals.

If you look at Naukri, as of December 31st, 2007, the total number of resumes in the database was over 13 million. During quarter four, 14,000 resumes approximately were added daily and we saw significant increase in modifications in the quarter, and for financial year 07-08, the average was 10,000 resumes added daily and 36,000 modified daily. So in quarter four, what we saw was significant increase in the number of new resumes added daily and the number of modifications daily. This was achieved substantially due to changes in UI and navigation. So we continue to invest a lot in product and technology improvements in all our businesses and that is delivering very good results.

In Naukri, the share of IT declined marginally to 27.9% of revenue in quarter four versus 30% in quarter three. Annually IT is down to 29.7% versus 32% in the previous year in Naukri corporate sales. However, revenue from IT grew 48% in the year over the previous year. In quarter four, it grew 33% over the same quarter of the previous year. So there is evidence of a slowdown, however slowdown seems to be currently being managed. We have seen revenue growth of 32% in quarter four from IT over same quarter last year.

Nevertheless IT, it's in the concern in some markets there has been a slowdown. Sector like infrastructure, which include cement, oil, steel, construction, shipping, logistics, real estate and others is growing at 65% and clearly this is a growth driver for the future. This year the top 10% of Naukri corporate customers accounted for 63% of the revenue, which is roughly flat like last year. In 2007-2008 we had a total of 32,500 clients in Naukri as against 27,500 last year.

In Jeevansathi, we have profiles ever added at 2.36 million on March 31st, 2008. We have launched our first offline center in Lucknow in the last week. And we intend to add about 25 to 30 centers over the next six months to serve Jeevansathi services. There will be some investment going in these Jeevansathi centres pushing the breakeven further. So while it did breakeven in quarter it has not broken even in quarter four given the increased investment in Jeevansathi and now we are investing in offline centers. We are targeting the domestic offline market and the online market overseas to the NRI market through advertising and promotion.

99acres growth is a 182% over the previous year. Market condition are tighter in terms of real estate market softening, but in a sense that has worked well for us because now builders, brokers, developers have to work harder to get leads and therefore they are more open to spending money with us on 99acres. So the product is being accepted better.

We had a listing drive in the last quarter that's quarter four and listing are up to 200,000 listings on the site, up from about 60,000 in quarter three. And the good news also is that paid listings are up 54,000 versus 30,000 against the quarter three. They were higher number of paid clients and the business continues to loose money at EBITDA level because we are investing in the brand and sales team, but top line growth is very, very fast, and we are looking to continue that growth this year.

So if we would look ahead, we are getting good growth in top line in 99acres. We are getting decent growth in Jeevansathi about 50% per annum. We intend to continue to chase growth in these two segments.

In Naukri, there is some talk of a bit slowing down of growth in India but nevertheless we are chasing growth, our internal targets continued to be ambitious. Having said that, there is going to be some uncertainty on top line growth in Naukri going forward because of the slowdown, but our internal targets remained high.

Shiksha, as I mentioned, we'll launch later this quarter, and on Shiksha we have not set any targets yet, internally we are going to achieve some physical milestones before we start acting on a target, but the market is large and potential is high as we see it. I'll end here and we will be happy to address any questions. Thank you.

Question-and-Answer Session

Operator:

All right, sir. At this time, participants who wish to ask a question, please press "star, one" on your telephone keypad and wait for your name to be announced. If you wish to cancel your request press "hash" or "pound" key.

First question comes from Ms. Divya Nagarajan from JM Financial. Please go ahead, ma'am.

Divya Nagarajan:

Thank you. Congrats on a good quarter, my questions regards to your comments on IT slowdown in some markets. Is there any specific markets that we are looking at that slowdown, and if there are markets that are doing reasonably, okay, then what are those?

Sanjeev Bikhchandani:

You see when I say slowdown, it's largely those markets, which are more than 80 to 90% IT independent. Markets where we have a diversified client base, we have seen good growth. So really it's Bangalore, which is showing sluggishness, because Bangalore is almost a 90% IT, as far as we are concerned. So it's not the same all over, IT is doing well in some places and not doing well in other places, its just that markets that are very largely but IT re slowing down more.

But on actual basis the growth in IT in the year is 48%. Although, in the last quarter it's 33%, over the same quarter previous year.

Divya Nagarajan:

Right. So would it be fair to say that the flush that you normally see coming in the last quarter has not come in for IT?

Sanjeev Bikhchandani:

There is a slowdown, but it's not as if we have not seen increase in collections. Well, you know when we collect money and the subscription is 12 months, we recognize revenue over 12 month. So we see a flush in collections every year and the smaller sort of growth in revenue because that collection is spread out over 12 month.

Ambarish Raghuvanshi:

But the fact that IT has slowed down, yes that's true, but it's still way ahead of what we expected our own internal targets to be for this quarter and for the year including from IT.

Sudhir Bhargava:

Divya, also if you see the deferred sales revenue, it has gone up from 47 crores to almost 62 crores.

Divya Nagarajan:

Right. And you spoke about Jeevansathi and 99acres maintaining growth rate in FY '09 over FY '08. What is the similar expectation on Naukri?

Sanjeev Bikhchandani:

Okay. See what I said was that we will concede the growth as this business is fast. 99acres grew to 182% the previous year. We do not expect 182% growth this year. It will come off it will be but it will be high growth.

Divya Nagarajan:

Right. So what kind of growth rates are you looking at...?

Sanjeev Bikhchandani:

Okay. These are early stage businesses, and therefore slightly harder to predict, but I would imagine that the non-Naukri business should be growing at upwards of 70% on the average.

Divya Nagarajan:

And Naukri?

Sanjeev Bikhchandani:

Naukri, we our internal targets are for slightly over 40% growth but like I said, Naukri has a bit of volatility and given the market condition so they will be high beta there. But this is what we are targeting.

Divya Nagarajan:

Right, right. Again coming back to your this quarter numbers. I was just trying to reconcile, the employee costs have remain more or less flat. Isn't this the quarter where we also give away your sales commissions that'll come in because last quarter, last quarter of the last year we've seen spike in [percentage cost], which is attributed to sales commissions.

Sanjeev Bikhchandani:

We give sales commission every month and then at the end of every quarter. And there is a bit of a spike at the end of the year. And some of the annual sort of year-end things, we have evened out over the quarters, we had taken some provisions in the previous quarters. So some of it has gone there. And last quarter there was a one time charge.

Sanjeev Bikhchandani:

Last quarter there was a onetime charge with sort of increases in commissions there.

Divya Nagarajan:

Last quarter in the sense 3Q FY '08...

Sanjeev Bikhchandani:

Yes, Q3

Divya Nagarajan:

Thanks...

Ambarish Raghuvanshi:

There is certain amount of smoothening of sales commission through the year and what happened last year was because of some one off in last quarter.

Divya Nagarajan:

Okay. What was the one time charge that you took what's the quantum of that charge?

Sanjeev Bikhchandani:

One second. We'll get back to you on that.

Divya Nagarajan:

Sure. Thanks, I'll come for follow up questions later

Operator:

Thank you, ma'am. Next question comes from Miss. Catherine from Citigroup. Please go ahead, ma'am.

Catherine:

Hi, good evening and congratulations on another quarter and very solid result. I have two questions. First question is, I was wondering, if you could elaborate a little more on the demand from the IT services companies. So is that we've seen some IT services companies report actually quite solid results and give pretty a fullest guidance for fiscal year '09 and in particularly for example Infosys, which is of course the larger IT services companies in India. And they have given about 20% year-on-year revenue outlook for FY '09 and stable margins despite the negative impact some would be appreciation and some of weakening US demand. I was wondering, if you could comment. I know that you commented before on how the larger IT service companies, which are your customers as well. How they are able to weather a softening macro environment better than some of these smaller IT services companies ?

Hitesh Oberoi:

We've seen a slowdown in demand from IT services companies and like I had mentioned in the last call also, basically a lot of the clients we spoke to said, look we are revisiting our strategy and what to do going forward, and so some of them had said, look we want to sort of reduce our bench, some of them has said we want to increase our hiring from campuses. And so there was the period of general sort of uncertainty and they were trying to sort of figure out how to plan going forward. So, we in Q4 did not see too much action in IT though we grew at 33% year on year in IT, but the statements and some of the statements given by some of the big IT services companies have also giving us confidence that there could be a turnaround in IT in the second half of this year, but it's still very early to say.

Sanjeev Bikhchandani:

Now, having said that you know some companies have increased their spend with us, some have reduced their spend with us, overall it's mix bag, but the net result is 33% growth quarter-on-quarter on the same quarter. So its a bit of a flux and it's hard to kind a predict this to exactly where we go.

Catherine:

Right. And my second question is in your prepared remarks, you mentioned that some of the other markets which has the infrastructure markets, that they are growing very fast. It appears that they are helping to offset some of this slowdown from your IT services customers. I was wondering, if you could elaborate a little bit more on specific industry where you're seeing a lot of results, and to what extent you think that this could help you maintain very high revenue growth levels in fiscal year '09 ?

Sanjeev Bikhchandani:

We saw good growth in markets like Bombay, Hyderabad, Chennai, parts to Chennai, Delhi and some of the three or two cities this year. And this was largely head by non IT for the businesses. Some of the sectors did well for us sectors like cement, oil, steel, construction, shipping and real estate, each one of these are small but together they are about 20% of our sales and they grew by about 65% last year for us. So these sectors seemed to me witnessing good growth, other services sectors like banking, financial services, insurance and hospitality and retail also continue to grow well. So by in large the services businesses other than IT seem to be growing handsomely for us.

The other thing is that, we launched some products for small accounts, for small and medium enterprises in the first half of the year. And we got traction with this business in the second half of the year because of these products, which we launched in the first half.

So our penetration of smaller customers sort of increased substantially in the second half of this year. And these are mostly all non-IT companies.

Catherine:

Right. I see. And I have a third question actually, could you maybe comment on your sales and marketing trend, I notice that including I guess, some impact from spike and commission payout at end of the year. Have you seen any changes in the competitive landscape for example, I know some of the US recruiting companies they are suffering in their home markets, has this given you some opportunity to step up your marketing spend and then display corner more market share away from this overseas competitors?

Hitesh Oberoi:

Our biggest competitor in the space, which is Monster, has higher dependence on IT than us. So maybe they are impacting more than us but because from the very beginning we have focussed in all markets and all sectors and the share of IT is actually lot less for us than some of our other competitors. We expect the slowdown to effect us less than our competitors going forward.

Catherine:

Right. And is this not changing in anyway your sale and marketing strategy, so for example, should we expect continued increase in your sales and marketing spend in the next year, as you take advantage of any weakness in your competitor to really accelerate your market share gains?

Sanjeev Bikhchandani:

If you look at the sales strategy for Naukri, you know, we've got a retail sales team now, which sells to the small accounts and that is largely non-IT. We've got a set of products, which are geared towards small accounts, small budget accounts which is again largely non-IT. So there is definite emphasis on small accounts and non-IT, while at that same time we continue to service IT clients very, very well knowing pretty well that the growth may come back in quarter three in both accounts. As far as marketing is concerned, we will continue to increase our marketing and budget this year. Although the percentage increase maybe less than last year, but it will be a substantial budget. It will be adequate to take care our pricing needs.

Catherine:

Okay. Thank you very much.

Ambarish Raghuvanshi:

So to just get back on that point on what Divya had asked about, the quarter three one off that was largely related not to sales commissions, but it was related to charge relating to lease encashment liability and gratuity liabilities which we had to complete for the year end.

Operator:

Thank you, Miss. Catherine. Next question come from Mr. Anshul Sehgal from Kotak. Please go ahead, sir.

Anshul Sehgal:

Hi. Could you throw some more clarity on Shiksha, and also some details on your acquisition strategy and fund raising plans?

Hitesh Oberoi:

Shiksha is our entry to the education portal business. The site is going to be a market place to start with just like Naukri and 99acres. So what we are launching is an education search engine, where people who are looking to do courses abroad or looking for vocational course or some professional course, part time, full time, for 3 months, 6 months, 12 months, full year courses, they can log onto the site, do a search, figure out which colleges makes sense for them and then get in touch with colleges directly. That's how we're going to start. In addition to this there will be some features, which will enable students to get advice on which courses to pursue from which college. So that is the basic model that we are going with, to start with. The revenue model here also will be advertising plus listings just like for other businesses. So this is scheduled for launch sometime in this quarter.

Anshul Sehgal:

Okay. And the second question is on your acquisitions strategy. Have you narrowed down on any target as of now? Is there any fund raising plans that you have?

Sanjeev Bikhchandani:

As far as targets are concerned we keep looking but we have no announcement to make on this at the moment. As far as fund raising plans are concerned, we did take approval and we had taken approval of raising about USD 125 million from our Board and our Shareholders that given the market conditions subsequent to our taking the permission we have shared those plans. We will raise capital as and when an acquisition actually comes up and we need to raise capital for that, until then we will not raise this capital given the current market conditions.

Operator:

Thank you, Mr. Anshul. Next question comes from Mr. Abneesh Roy from Religare Securities. Please go ahead, sir.

Abneesh Roy:

Could you explain the amount of investment in the Jeevansathi offline centers because you will be expanding in 25, 30 centers more in the sixth months. So what kind of investments we should build up in our numbers?

Sanjeev Bikhchandani:

This is largely rented premises company managed premises. We're not having a franchise strategy to start with. The investments would be in furniture, fixtures and computers and maybe some security demands for that but nothing beyond that. So we don't expect a very large and you know we don't expect any very large capex. And there would be of course some revenue expenditure in some salaries and possibly some local promotion. But we don't expect to have to invest more than \$ 1 million or \$ 1.5 million over next sixth months on this.

Abneesh Roy:

Second question is regarding your slowdown in IT. What we understand is, it's largely terminal based revenue model. And second is when slowdown IT comes it will first hit the print advertising and it should actually benefit you in the initial period because people will shift from print advertising to your internet model. So could you explain, why the slowdown you are also facing? And why the slow down is happening there? Is it because your rates are coming down or your clients have come down? Could you explain that?

Hitesh Oberoi:

Well, the slowdown is on account of two or three factors. One is that hiring numbers have gone down within the IT services business. So companies are not hiring as many people as they were hiring earlier that is one. Secondly, attrition rates have also come down little bit because not many new companies are entering this sector. And thirdly, there aren't that many companies now entering the Indian market and setting up shop. So because of various factors like the Indian market being less competitive because of the rupee appreciation and so on. So as a result the demand for people in the IT services business has gone down in the last few months. Now this may be temporary like I said because companies are looking at sort of get rid of their benches first and they want to revisit their strategy on whether they would need to hire more from campuses or they want to have more latters. And this may change in the next few months. But right now, there is the

state of flux and there is uncertainty around how to hiring plans of major companies will shape up over the next 12 months.

Sanjeev Bikhchandani:

Just to clarify that there is slowdown in growth, but the market is still growing for us. I mean, we did grow 48% in the year, 33% in the last quarter over the same quarter previous year. But really the expectation have been 55% and we grew at 33% that is why we calling a slowdown.

Abneesh Roy:

One clarification is, our revenue is not dependent on number of candidate hired, right for company?

Sanjeev Bikhchandani:

That's right. But you see, the point even if a company has to hire 5,000 candidates versus in the earlier plan of to 25,000, they will have one kind of budget for recruiting as opposed to another kind of budget. And therefore they become a lot tougher negotiators. They don't upgrade so easily. They don't want so many licenses. So all that happens.

Ambarish Raghuvanshi:

And the other way of looking at this Abneesh is that, IT companies are continuing to hire fresher but fresher hiring does not help us greatly. What really helps us is lateral hiring. So we know when they hire laterals. It depends and it finally boils out to how many laterals are they hiring it. And that depends a lot on the confidence level. So confidence level do seem to be coming back. We'll see what the effect this has in the next couple of quarter as Hitesh mentioned it.

Abneesh Roy:

Coming to 99acres in the listings we see that from 30,000 paid listings it has become 60,000, but total number of listing has jumped from 54,000 to 2,00,000. So does it mean that our revenue model is changing from paid to adverting based, what's the strategy in this?

Hitesh Oberoi:

No, the strategy is very simple. You know, there are maybe 1 million real estate brokers in this country who are not very net savvy and lot of them want to see and get a feel at the site before they pay us money. So rather than wait for six month to sell something to them and convince them, it makes more sense for us to give free trial, so that they can

through the site within a period of let say one month or two month to do some deals and get confidence in us. And so in our opinion this is sort of reduces in the sale cycle dramatically, if we give free trial. And we don't give free trial beyond the point to anybody. So our strategy is to sort of rapidly give as many free trials as possible to as many companies in this phase, so that they can see the benefit of using the internet and then become paid customers.

Abneesh Roy:

And does it help in higher ad revenues also or that's not the strategy?

Sanjeev Bikhchandani:

Well you see, every listing in 99acres that is paid for is like a classified ad in a newspaper and every paid banner or paid panel is a paid display ad. So to that extent you are giving out some free classified listings in order to convert those customers to paid classified listings two months later. So the strategy has worked for us in the past days. We've always had a free trial program and is just that we have massively accelerated free trial program this last quarter to shorten since I can get more and more paid customers quicker.

Operator:

Thank you Mr. Abneesh. Next question comes from Mr. Rakesh from IL&FS Investment. Please go ahead, sir.

Rakesh:

Sir actually two, three questions. One I want to get some, because I have not tracked this company now for a year now. Out of your total revenue, how much is now Naukri contributing Jeevansathi and 99acres, now it should be at some numbers.

Sanjeev Bikhchandani:

So roughly about 89 to 90% of net sales is recruitment. Recruitment consist of Naukri, Naukrigulf and Quadrangle. Okay. And 10% is in 99acres, Jeevansathi and Allcheckdeals. While the bulk coming from 99acres and Jeevansathi.

Rakesh:

99acres and Jeevansathi.

Sanjeev Bikhchandani:

By in large, yes.

Rakesh:

Do you basically expect them to grow at a larger rate of more than 70% for Jeevansathi and 99acres right, that's what's...?

Hitesh Oberoi:

Taken together. Yes, taken together, yes.

Rakesh:

Okay. In terms of Naukri -- basically, Naukri.com because I heard that IT is contributing about 32% of revenue, right?

Ambarish Raghuvanshi:

Now, that's dropped to about 28.9%.

Sanjeev Bikhchandani:

Yeah, its about that much well, slightly more because we also have a lot number of placement consultants and many of whom are dependent on Naukri, on IT and therefore it's probably higher than 30% for the Naukri corporate sales business.

Rakesh:

Okay. And what is the other sector that are contributing majorily in this?

Hitesh Oberoi:

So there are at least 30 or 40 other sectors, you know, there are the services companies, hospitality. I think financial services, insurance, retailing. There are the manufacturing companies. Then there are infrastructure companies like oil, gas, petroleum.

Rakesh:

No, I got that numbers, sir. Actually, infrastructure you said that it's growing at 65%. I'm asking, sir, infrastructure is contributing 20% of your revenue at this point in time in Naukri?

Hitesh Oberoi:

So a group of industries like cement, oil, steel, construction, shipping and real estate together, which we now classify as infrastructure, together they contribute about 20%.

Rakesh:

And what about other services, banks...?

Sanjeev Bikhchandani:

The total services, piece is about 48%.

Rakesh:

48% apart from IT and...

Hitesh Oberoi:

So broadly its about 30-31% IT, 48-49% services and about 19% manufacturing and other service and other sort of things.

Rakesh:

And what is the kind of growth you are looking in services basically?

Hitesh Oberoi:

60 to 70%. I think the services piece grew about 60%. So we are hoping that it will continue next year as well.

Rakesh:

You are not basically seeing any slowdown in the services etcetera at this point in time apart from IT.

Sanjeev Bikhchandani:

Not at this point in time.

Ambarish Raghuvanshi:

Plus we are under penetrated in that sector, so you know as compared with IT, there is a case I mean, there is far greater headroom for growth there.

Rakesh:

Under penetrated means basically, Naukri.com is under penetrated?

Sanjeev Bikhchandani:

E-Recruitment as such, the IT sector adopted E-Recruitment early and they get to build the new dependence on E-Recruitment and therefore larger share of wallet from the total recruitment budget came to recruitment sites. So, when you look at non-IT that we have probably a few years later than IT over there and therefore there is still enough headroom for growth even if it slows down.

Rakesh:

Okay. Third question is regarding Jeevansathi. Jeevansathi you mentioned a number that there is a some number four, five which is met. What is the...

Sanjeev Bikhchandani:

2.36 million ever registered.

Rakesh:

Okay. And what is the, what are the number last year, sir?

Hitesh Oberoi:

1.3 million.

Rakesh:

And can you give us some sense of what is the number of paid profiles this?

Sanjeev Bikhchandani:

We had about 72,000 people paying us last year i.e. 2008.

Operator:

Thank you Mr. Rakesh. Next question comes from Mr. Jamil Ansari from Lehman Brothers. Please go ahead, sir.

Jamil Ansari:

Yeah. Good evening everyone. Congratulations on a good certain number. So this model take for this possible to split up your operating profits into Naukri and non-Naukri as just to get us sense, just to how much the non-Naukri basically completing.

Sanjeev Bikhchandani:

We don't break it up by business for competitive reasons. But the non-recruitment verticals, we lost about Rs 180 million at the EBITDA level.

Ambarish Raghuvanshi:

So if you add that to the operating EBITDA which has already been disclosed, you will get, get the operating EBITDA of the recruitment piece here.

Jamil Ansari:

Correct, sir. Thanks a lot second part is how do you see this moving out I mean will this investment phase continue for '09?

Sanjeev Bikhchandani:

You know it's kind of hard to predict exactly what the losses will be in the businesses this year because we know, we can't really predict extremely accurately exact top line in the exact sort of price, but you know, we expect total losses to go up this year although percentage losses will come down.

Hitesh Oberoi:

This is also because the launching the Shiksha business so that will sort of also, there will some investments will go to that business this year.

Jamil Ansari:

Secondly, sir. On a broader level, can you just explain the business model that you would use in the offline Jeevansathi model as to what will be the revenues that you are looking at the services that will be offering in the target customer?

Hitesh Oberoi:

Right, so the concept is at follows. We have a large database of people who'd register with us online but parents and relatives often who have a big say in this market, don't often find it easy to use the internet. And we did some research and found that they want to meet somebody face to face and who can help them. So these centers are actually being set up for that purpose so that family members and parents will walk in, speak to

councilor and we can benefit them using a vast online database. The model is very simple, they can walk into a center and look at profile of people who interest them and then they can contact them. And for that, they pay us a fee. Over period of time, we will hopefully add a value added services at our centres which they can avail of.

Jamil Ansari:

Sir, I mean just broadly what revenues percent that you will be looking at or anything like that?

Sanjeev Bikhchandani:

So we expect the breakeven at a center level of about maybe 1 and 1.5, 1.25 lakhs per center per month.

Hitesh Oberoi:

On an average. Because some centers maybe more expensive to set up.

Sanjeev Bikhchandani:

Now, over period of time we may sort of move to different format and also sell our candidate services for Naukri through these centers. But that will depend on how the first 20-25 centers to do.

Jamil Ansari:

No target on the revenue front?

Hitesh Oberoi:

It's very early to say, we just opened the first center, a few days ago. So we will sort of have some, get an understanding of the business in next 3-4 months. We will be in a better position to guide you maybe about six months from now

Jamil Ansari:

Right. There is one small last question. Is there any change in the free period that you offer in 99 acres in the last quarter, I mean did you change it or did you reduced the days did you tweak a bit?

Sanjeev Bikhchandani:

No, no. We just there are lot more free trials in than earlier. That's all.

Jamil Ansari:

So if I was getting 15 days I am now getting 30 days. Is it?

Hitesh Oberoi:

No. Nothing of that sort. By that, we mean we gave free trials to many more customers.

Sanjeev Bikhchandani:

And we allow them to put a lot of listings as well so that they could get the response.

Sudhir Bhargava:

This increase is not because of expanding the time that you gave a free trial for.

Operator:

Thank you, Mr. Jamil. Next question comes from Ms. Vani from MK Shares. Please go ahead ma'am.

Rohan:

Hello, sir. Rohan here from MK. Hello. Sir, I just wanted to have a couple of question on basically we have not registered any increase in staff cost for this quarter compared to the last quarter. I mean I am talking about the December quarter to March quarter. Haven't we see any sort of staff addition or ?

Ambarish Raghuvanshi:

Some there were one off items in quarters three but there's no significant change in the way we are compensating or so the number of people have increased from quarter three to quarter four. We have added about 450 people during the year and there has been an increase even in quarter four. So there is nothing really significant there.

Rohan:

Okay. And we will forward because this was the March quarter and where we have much time given great hike to our employees. So what sort of and given the current headcount, what sort of increase in the staff cost for the team?

Sanjeev Bikhchandani:

Okay. We give our increments in April not in January. So there will an increase for staff cost in this quarter. And we are still in the process of finalizing that.

Rohan:

So I mean what sort of number we should implement, is it 40 to 50% sort of?

Sanjeev Bikhchandani:

It is a total manpower cost. See the total manpower cost, which will include the headcount increase. And it will not just be the increment. There will be an increase in total staff cost and we are in the process of finalizing that number.

Ambarish Raghuvanshi:

So the headcount increases will be for some of the new businesses especially like Shiksha and so on. During the year we'll be adding headcount. So that will account for some of the staff cost increases. For existing people we believe that increments will moderate this year as compared to the last year.

Rohan:

Okay. And second thing on advertising and to mention there are some around additional 5 crores rupees which we have seen this quarter compared to the last quarter. So this is some of the expense was there or it's I mean our advertising expenditure have increase up to that level or so?

Hitesh Oberoi:

We expect the advertising to grow even next year. So last year our ad spend grew by 60%. We don't expect the same kind of growth next year. But our next level continue to grow because we are adding new business lines and we will continue to invest in our businesses like 99acres and Jeevansathi. Also ad spend is a function of competition. We've seen a slight turn on in the competitive equity in the last few months. But we don't know how it will be in the next year.

Operator:

Thank you, sir. Next question comes from Akhil Bhandari from JM Finance. Please go ahead, sir.

Akhil Bhandari:

Hi. In terms of market in the recruitment business, where you stand and where do you see that share going forward?

Sanjeev Bikhchandani:

We don't know competitive revenue numbers for sure. We can only estimate that. We do have comscore data to go with but it is volatile over a small base on month-to-month basis. But on sort of 3 to 6 months period if you look at the data, we are more or less steady at around 50% market share in the businesses. And we believe our revenue share is more or less the same and steady for the last couple of years.

Akhil Bhandari:

And going forward you see I mean this year?

Sanjeev Bikhchandani:

Well, it seems like we set up a sales targets and we set up a product improvement milestones. We really cannot just sort of, we do not set up the target for market share. If we remain steady, we will be happy.

Akhil Bhandari:

Okay. Do you carry a source of light on the 99acres.com regarding any expanding into that space or?

Hitesh Oberoi:

See we've added a lot of accounts in the 99acres business last year and got a solid network in place. Now we have 99acres services available and being sold out of at least 15 to 18 offices. That number will grow this year. Maybe it will be in 30 offices and maybe 25 or 30 cities by year end. So we have made changes to the product. We have added some new features and new services brought here last year. Our Q4 was a very good for 99 acres. We are very happy with the progress and our advertising campaign also sort of work very well for us. And like I mentioned earlier we gave a lot of free trials and got a lot of new clients into the systems to try the the site first time. We're following all of these guys and if they convert to paid we will witness high growth in the next 6 to 12 months.

Akhil Bhandari:

Okay. Right. And going forward, I mean in 2009, what do you see, I mean in the most critical or important sectors do you see in the recruitment business? Under which sectors where you view the most?

Hitesh Oberoi:

Well, what we are really worried about is the economy and if the economy kind of grows next year at 6-7% we will be adversely effected. If economy continues to grow at 8 and 8.5 kind of number and the IT services business starts to recover in 2nd half of the year, we should be fine.

Operator:

Thank you, Mr. Akhil. There's a follow up question from Ms. Divya from J.M. Finance. Please go head, ma'am.

Divya:

Hi. My question again relates to the kind of margin expectations you have in next year, you mentioned that the percentage losses will come down in your new ventures so what kind of a margin improvement are you looking at, you can hold margins in Naukri?

Sanjeev Bikhchandani:

Well if he achieve our growth projections and given our budgeted expenses, we should at least hold on and maybe improve the margins a little bit but it depends on the kind of growth we get.

Divya:

Okay and the 40% guidance that you given to Naukri. What kind of growth scenario have you built in for IT?

Hitesh Oberoi:

See 40% is not our guidance for Naukri what we are looking at internally we are trying to see we can get to the 40% number but we are not giving a guidance in Naukri will do 40% growth next year.

Divya:

So in your internal budgeting of 40%, what is the contribution that is coming from IT?

Hitesh Oberoi:

We've taken IT growth rates to be the same as this year.

Ambarish Raghuvanshi:

If there was anything we are looking at that growth actually moderating and probably slowing down one because of the base effect and because in the first two quarters if this year there is fair amount of uncertainty on the horizon on what going happen on IT hiring. We are expecting stronger growth from non-IT and therefore the share of IT to actually probably reduce during the year.

Divya:

I mean, I am a little bit confused, so you expect IT to slow down and moderate or do you expect it...

Sanjeev Bikhchandani:

No. I think as Hitesh was talking about the growth in last quarter was 33%. We've taken that to be perhaps steady at least for now but the truth is, for the growth in IT is very hard for us to predict because it depends on what happens to the rupee or happens to US recession that's what we assume. And if you grow at 30% it's a good achievement. But you know, the point is that if the economy grows at 8-9% we should be okay, irrespective of what IT grows at.

Divya:

Sure. And you also spoke about confidence levels coming back in IT, could you clarify was that mean but have you seen any pick up in same through IT companies or you actually expect revival to come in what is that trying to adjust there?

Ambarish Raghuvanshi:

I think its too early to say, we are saying that sometime during the year, if the outlooks or IT continues to improve the way it looks like it is then our confidence level should come back.

Sanjeev Bikhchandani:

See, when our sales team talks to a client now, the kind of negative sentiment there was six months ago, I think people have factored in the fact that rupees now at 39 and 40. And they are budgeting for that and they are trying to cope with that and trying to nevertheless get growth by looking at efficiencies. Now having said that if the rupee goes 35 this confidence which seems to be coming back will vanish again.

Divya:

Sure. Thanks, all the best for the year.

Operator:

Thank you, Ms. Divya. Next question comes from Mr. Ruchit Mehta from HSBC. Please go ahead, sir.

Ruchit Mehta:

Yeah. Hi. Good evening, guys. Just wondered a little bit for overall company perspective we're looking at growing almost 40% again in fiscal '09?

Sanjeev Bikhchandani:

It's kind of hard to predict but maybe you see that band, maybe a slightly higher.

Ruchit Mehta:

Okay. So when you close some of that 5 percentage point on that?

Sanjeev Bikhchandani:

We can't exactly predict on that but we are looking at growth, which is in the 40s maybe slightly higher.

Ruchit Mehta:

Okay. Just on Naukri itself you use to have an average and an ARPU something like 40, 45,000 rupees for customer. Can you give me a sense of what that figure is right now?

Hitesh Oberoi:

So we did about, I think close to 50,000 in last year in ARPU terms. Last year it was about 39,000 in Naukri.

Sudhir Bhargava:

There are a lot of these retail guys who get added so this average may not necessarily be a very correct indicator.

Sanjeev Bikhchandani:

True, but we've launched a retail initiative and in fact a lot of the clients we would have added this year, would be at the lower end of the you know the value chain.

Ruchit Mehta:

Sir next thing is ARPU I mean actually has comedown again but absolute revenue growth might just keep coming because a lot of customer addition?

Ambarish Raghuvanshi:

Yes. You know internally, we are not really focused on ARPU number. We are looking at adding more clients. And you know hopefully over a period of time, if you are able to get them in and we add more value to the recruitment process we will get more money out of them.

Ruchit Mehta:

Okay. And just from the new initiative you lost about Rs 18 crores in the full year and you are looking at to that number actually expanding next year into in '09. But at what point in time will be absolute negative start coming down and that we are looking at, now we are seeing from couple of years horizon, what do we try to say sometime fiscal '10 one should look at this coming into closer to breakeven status or do you think investor will still continue in that year as well?

Sanjeev Bikhchandani:

Early stage business is very, very hard to predict on top line and therefore you know they are even harder predicting bottom line but you know we are looking Jeevansathi and 99acres improving performances by the end of this year. And you know of course Shiksha would come in and that will absorb some more investment. So you know every year we probably add some businesses and you know some outside older will move towards profitability, so where it will all end-up you know each year is kind of a hard to predict. But as long as business is moving forward and moving towards profitability and interested to be in top line and now we are happy.

Ruchit Mehta:

Okay. That's great. And just on the profitability, we are talking for the main recruitment side of the business, we expect that the same level of margins to continue or actually improve going forward or do you think it will keep on investing into more sales and marketing efforts to ramp up the business?

Sanjeev Bikhchandani:

Okay. Once again, it depends on the kind of top line growth we are able to get. And that is slightly unpredictable given the economy and the volatility there. But if you get our

growth number, we should be expecting improvement in margin, if we don't you know they maybe steady or deteriorate.

Ruchit Mehta:

Okay. And capex plan for '09?

Sanjeev Bikhchandani:

We have the land and building project, which we are looking at so there some capex there this is already been discussed in earlier calls and is there in the IPO document.

Ruchit Mehta:

What will be the capex please?

Sanjeev Bikhchandani:

We're looking at about you know over the next 18/24 months about total of about 40 to 50 crores apart from the land cost which has already been paid for.

Operator:

Thank you, Mr. Ruchit. Next question comes from Anuj Sharma from ASK Investment. Please go ahead.

Anuj Sharma:

Yeah. Hi congratulations for the results. Can you just give me a break-up between the database for Naukri between database and listings, how do the revenues breakup?

Hitesh Oberoi:

See we mostly sell combo products to the clients - we really don't know what the exact break-up is. But if you want sort of get into the details and try and allocate revenues to database product and listing products based on their price on the red card. We believe that red card that the database revenue could be close to 60-65% total revenue for Naukri corporate sales.

Anuj Sharma:

Okay. And what was that in last year?

Ambarish Raghuvanshi:

I don't think there has been a significant change in the mix between resume database and you know the vacancy or the listings.

Sanjeev Bikhchandani:

You know having said that Anuj, while we have rate card basis on which to force an allocation we don't know where the client is seeing value.

Anuj Sharma:

Okay. If I had to ask one more question what would be pricing on like-to-like basis you know compare to last year for the combo products if you were to exclude the value-added services which you provided. So far like-to-like what would be pricing change would be?

Hitesh Oberoi:

Well we did not take any price increase last year on the rate card rate. You know but average price levels may have fallen a little bit because of higher penetrations and we had to sort of sometimes discount little more to get new customers in.

Anuj Sharma:

Okay. And lastly on the utilization, I mean if you were to define capacity utilization in terms of...

Sanjeev Bikhchandani:

Anuj sorry just to clarify that for the same client for the same product you know there would usually be about a 10%-15% price increase, if it is same client, same product. But if you are getting new customers in the bottom end, you would discount a bit and therefore the average price for that product may decline.

Anuj Sharma:

Okay, sir. And in terms of capacity, if you were to define a capacity in terms of listing, how would you see that capacity increase in terms of ads on the page?

Hitesh Oberoi:

So we have unlimited capacity because you know we are not like a newspapers where we can only put as much.

Anuj Sharma:

You know, I understand, but there'll be a limit to you know how much you can extend your front page to?

Hitesh Oberoi:

So the model there as we take price increases. Because there is limited real estate and you know, if you exhaust the real estate, we have to apply this.

Operator:

Thank you, Mr. Anuj. Next question comes from Mr. Sudhir Joshi from Irevna. Please go ahead, sir.

Sudhir Joshi:

Hi, good evening. Just a couple of quick questions, one on any progress on your recruitment process initiative?

Hitesh Oberoi:

So we have a small team, which provides recruitment process outsourcing to small customers, who don't have a strong you know recruitment team of their own. This service has grown actually with last one or two years. But it's still a very, very small portion of our totaling.

Sudhir Joshi:

So do you see any specific you know focus on this going forward because...

Hitesh Oberoi:

We are not taking any major investment in this area. But we expect this service grow at a healthy rate, but you know it will still remain us one portion of the total business.

Sudhir Joshi:

Okay. And just as follow bookkeeping question, number of clients that you have for Naukri if you could just...

Sanjeev Bikhchandani:

So the number for last year is about 32,500 unique customers.

Operator:

Thank you, sir. Next in line we have Mr. Sagar Thakkar from ICICI. Please go ahead, sir.

Sagar Thakkar:

Sir, if you see over the last three years our sales incentive have been paid in line with the growth of revenues. But this year, we see only 5% increase in this expense. The last year our sales incentive was around 10 crores. This year it has remained at the same levels, though we have increased the revenues by 57%?

Hitesh Oberoi:

So what happened this year was that we took a media salary increase for sales staff. We have transferred some amount of variable pay to fixed pay.

Sagar Thakkar:

And what do you expect going ahead?

Sanjeev Bikhchandani:

Going ahead they should increase in line with sales like in previous years.

Operator:

Thank you, Mr. Sagar. Next question comes from Mr. Himanshu from ASK Investment. Please go ahead, sir.

Himanshu Bhatt:

Hi, I just wanted to run through the gross block requirement that you might have over the next two to three years. Currently, your business does not require too much of capital.

Sanjeev Bikhchandani:

We've a land and building requirement other than that most of our investment move to revenue expenditure.

Himanshu Bhatt:

And what would be the kind of maintenance CapEx, that you would be incurring over for the maintenance.

Sanjeev Bikhchandani:

Well, inline with depreciation and to some extent head count increases, because we would get some new computers and new furniture and office space.

Himanshu Bhatt:

So should we take it's about 10 to 15 crores per annum. What would be the rough number per annum?

Sanjeev Bikhchandani:

You know, because we don't specifically budget a headcount increase every year, we have see how businesses grows and invest behind them and therefore it is hard to predict but it wont be a very large number.

Himanshu Bhatt:

Okay. Okay. And second question for teams to Esop plans people doing such an important their asset in your business. Would you have any internal Esop policy or any kind of dilution any soft that you expect during the next three to five years?

Ambarish Raghuvanshi:

We have adopted a resolution almost a couple of years back, which is to dilute up to 3% for Esop and we believe that should last for two or three years. You know basically, the policy is that one at a senior level we give Esop to people in the month that they join. And otherwise one or twice, we review and you know do a full fledged exercise for the company. So that's the plan we look, you know the dilution, which is already being factored in which is about 3%. Should last for at least another year thereafter then we'll come back and you know see what else you need to do to top this up. But Esop is an important plan also I compensation strategy here.

Himanshu Bhatt:

Sure sir and today equity that is about 27.3 crores we have factored in 3% dilution already.

Sanjeev Bikhchandani:

No. A further 3%.

Himanshu Bhatt:

Further 3% from here.

Sanjeev Bikhchandani:

Correct. That's right.

Himanshu Bhatt:

And that should last for another year.

Hitesh Oberoi:

Another year of grants, I mean of course will vest overtime.

Operator:

Thank you, Mr. Himanshu. Next in line, we have Ms. Neha Idnani from Angel Broking. Please go ahead ma'am.

Neha Idnani:

Hello. Good evening, sir. Just a few questions on Jeevansathi. Can you tell me, what is a total investment there in date that you have done in Jeevansathi?

Sanjeev Bikhchandani:

We don't give losses are on individual business is due to competitive reasons. Like I said you know we have invested 180 million rupees in Jeevansathi plus 99 acres plus Brij plus Shiksha in the financial year which just got over. In the previous year that number was close to 100 million. So its that kind of number we have invested in the new business put together. And we don't reveal individual businesses separately for competitive reasons.

Neha Idnani:

Okay. Sir, what I can understand from the Internet portal business is that once it established. Your site is number one. It's really difficult to get that kind of level that position. So in Jeevansathi we compete with those very large competitors. So how do you feel this business picking up?

Sanjeev Bikhchandani:

The market is segmented here. These portals make arranged marriages happen and arranged marriage will 99% happen within your own religion maybe a 95% within your

own caste community linguistic group. So because of that, that India is not one market its probably 3000 at micro markets in which of course there are couple of 100 major markets. Now, Shaadi is strong among non-resident Indians who are not from South India as well as within India they are strong among Punjabis and Gujaratis. Bharatmatrimony is strong in South India and diaspora from South India. And you know we are getting finding our niche in the Hindi belt that is North India and Maharashtra. And we find that in very many communities here we are number one some more communities we are number at two but moving faster to number one. So, it's about segmenting the market and being number one for somebody. If the segment is large enough we have a reliable market and a reliable business.

Operator:

Thank you, Ms. Neha. Next question comes from Mr. Sharad from Edelweiss. Please go ahead, sir.

Sharad:

Hi. I just wanted to ask you a few things. You said infrastructure, logistics construction real estate. These are the high growth sector, which would be contributing to your portals, right.

Sanjeev Bikhchandani:

To Naukri corporate sales, we expect these sectors to contribute a substantial growth this year.

Sharad:

Okay. What I wanted to ask you is that in your portals business purely from advertisement revenue point of view. How much growth do you see happening in the next two year on a CAGR basis or year-on-year basis? Coming purely from advertisement revenue because of the ads were listed on the web pages.

Hitesh Oberoi:

So I guess by ads you mean non-recruitment ads.

Sharad:

I mean, yeah. I mean the ads, which are there on the web page not from recruiters ...

Sanjeev Bikhchandani:

So you are saying Naukri non-recruiter ads 99 acres non-property ads and...

Sharad:

Correct.

Sanjeev Bikhchandani:

So we don't get a substantial portion of our revenue from a non-sort of a main proposition of the web site ads. But it is about maybe 3 to 6% around in all that range. So it will grow but you know it take won't move the top line needle significantly.

Sharad:

But no numbers you can put on the growth I mean because the entire Internet online ads market is expected to grow by about 32% CAGR in the next four five years as given by media industry numbers. So I am just trying to get a feel of...

Hitesh Oberoi:

We are not in this internet advertising market business but we should be able to grow 30% ourselves.

Hitesh Oberoi:

But you know I will tell you one thing that if you look from a users perspective a job seeker comes to Naukri to look for jobs. If you start showing non-job ads it takes away from the proposition. And you know he doesn't trying to click on it. So if you replace non-recruitment ads to the recruitment ads you will find you are able to get much higher prices from customers because click through rates are much higher. So for us its makes a lot more sense to only give out residual inventory, which you cannot sell to recruitment ads to non recruitment ads.

Sharad:

Correct. Okay. So what I wanted to ask you next is that for a web based business, what I mean, initially they are in a higher growth phase after which the growth tapers down. Sir, what is the initial high growth sales EBITDA margins and PAT margins and what would be the margins in a steady based business?

Sanjeev Bikhchandani:

Look, it depends, you know, you can't generalize. It depends on the cost structures. The cost structure, say for a matrimonial site C-to-C is very different as opposed to a cost

structures for a job site which is, you know, B-to-C. Because in B-to-C you'll have a field sales force. You'll have distribution officers in a C-to-C business a lot of the payments come online. But business will tend to pay, you know, have larger budget and pay you more as supposed to individuals. So it's kind of hard to predict then a lot will depend on your position in the market and market share. So if you look at a business where you have serve, you know, large market where we have 70% market share. And you look at EBITDA margins there it will be a very different from a business, the same market where you have 50% market share and the same market where you did with 35% market share. So, it's but, you know, in general dominant player in a B-to-C kind of space in a large going market should have EBITDA margins in excess of 40%. So that's what B-to-C in the large fast growing market where you have 50% market share.

Sharad:

Okay. And so, I mean, this is the same reply that you would give for breakeven time for any portal.

Sanjeev Bikhchandani:

No. There is no hard and fast, there's no formula there. But our sense is and the portal that we launched today, you're talking about the three year breakeven or the four year breakeven and you're talking about investments upwards of 25 crores, may be 30 crores right now for the next three four years in that business. And then you breakeven only if you, sort of execute very-very well.

Operator:

Thank you, Mr. Sharad. Next question comes from Mr. Nikhil from ContentSutra. Please go ahead sir.

Nikhil:

Hi. I was just wondering you had mentioned that freshers is one segment that you think it right now. Any plans for that?

Sanjeev Bikhchandani:

We are evaluating that segment and if we do something it might take six to nine months. But we have nothing in this quarter.

Nikhil:

Okay. And I was also wondering about the investment in study places when you look at those plans that you've mentioned for Shiksha. Why enter that internet segment yourselves?

Sanjeev Bikhchandani:

The way we see the education segment is that it is huge and different business model will evolve at different levels and serve different customer segments and they have different sort of one is the media model, the other is a transaction fee model. You build the network of universities overseas university we represent for admissions and you know and we earn per student admitted or you do a media model. So again different models will evolve and will be active, you know, over the next three to four years, people will find their respective markets, which is business models. And more than one side you will see. It's a very large place in which we felt it is important to have more than one player.

Nikhil:

Okay. And what about Brijj how's that been doing?

Sanjeev Bikhchandani:

We got good tracks in there in terms of number of registrations. Having said that, the challenge there seems to be how to get people to engage and come back and build the networks so we got large numbers of registrations. But we don't have people building very large network right now so that's the next task. As far as revenue is concern we don't expect any revenue this year from Brijj. But see we'll have to get revenue only after we achieve milestones like getting people to build networks. You know, so we've got I think 600 or 700,000 registrations there, which is a large numbers but we want people to build networks and that's our next challenge.

Nikhil:

Okay. And what could be the average revenue per build for Jeevansathi and how is that side down this quarter. You had a breakeven last quarter.

Sanjeev Bikhchandani:

Well, we've had investments this quarter as we had mentioned in the last analyst call. So like I said we are investing in both, we are adding offline centers and we will continue to invest in marketing and then therefore like, if you recall in the last call we had said that we will now look at breakeven perhaps end of this financial year. But we'll still have to see how it goes the financial year on a quarter-on-quarter basis to sort of get a better sense of that. So the average bill per average revenue per paying unique customer in Jeevansathi is about 1,700.

Nikhil:

Okay. And that's gone up from 1,400 last quarter.

Sanjeev Bikhchandani:

No. Last year.

Nikhil:

Last year. Okay. Also I was wondering how many paid listings on 99acres, right now.

Hitesh Oberoi:

You know, 54,580 paid listing as of 31st March 2008. And about 2,438 paid transactions and 1,766 unique paying customers in that quarter.

Nikhil:

Okay. Could you talk about you've decided not to look at raising the proposed \$125 million ?

Sanjeev Bikhchandani:

Given the volatility in the market since we took the permission from Board and shareholders we decided to postpone the requirement essentially money was being raised for potential future acquisitions. Now we have decided that we will first identify the acquisition and then raise the money that we needed.

Nikhil:

All the best for the next year. Thank you.

Operator:

Thank you Mr. Nikhil. Next in line we have Ms. Suhashni from JM Finance. Please go ahead ma'am.

Suhashni:

Hi. This is Subhashni from JM Financial. Most of my questions have been answered. Just one question, I mean, how much should Naukri Gulf contribute during the year and what is the attraction, which you are seeing there?

Sanjeev Bikhchandani:

We have seen very good growth there but having said that it's a small proportion of total revenue. We don't reveal it separately for competitive reasons. But, you know, it doesn't move the needle on total revenue right now.

Suhashni:

Okay. And just wanted to reconfirm this number you said that infrastructure, I mean, the sector, which together you put it as infrastructure has grown by 60% year-over-year?

Sanjeev Bikhchandani:

65%.

Suhashni:

65% and the others have grown at what percent, the rest of the 19%, I mean, if talking out Naukri?

Hitesh Oberoi:

Naukri grew at around 56% or so. And within the Naukri businesses the revenue we get from the infrastructure sector grew by 65%.

Operator:

Thank you Ms. Suhashni. Next in line we have Ms. Mithali, JP Morgan. Please go ahead ma'am.

Mithali:

Hi. I just wanted to know what was the exact contribution of recruitment services?

Sanjeev Bikhchandani:

On the top line it was the 89.7% of net sales for the year.

Mithali:

Okay. So for this particular quarter roughly around say 58 crores came from recruitment services, right.

Mithali:

Correct. And entities and if you look at the losses which you have made over the full year which was around 180 crores?

Sanjeev Bikhchandani:

No, no. Rs. 180 million that's 18 crores.

Mithali:

Right, right. 18 crores. For the quarter four it was to say around 8 crores losses in the other business right.

Sudhir Bhargava:

It was 7.5%.

Mithali:

7.5% in which case what has happened is actually that your EBITDA margins in your Naukri business seem to have jumped up a lot during the quarter?

Sanjeev Bikhchandani:

Yeah, so there is good operating level we got, you know because the total ad expense in Naukri has not grown as fast as top line.

Mithali:

Correct. Do you think your, when you say that the margin in Naukri are sustainable. Are you talking of what you are made in your Q4, which is probably in excess of 45%?

Sanjeev Bikhchandani:

You know, it's, on quarter-to-quarter because ad expenses vary quarter-to-quarter. You should look at EBITDA margin on an annual basis really to come to some part conclusion. And then a lot will depend on the kind of growth we get given the volatility in the economic environment.

Mithali:

But, okay. So on an annual basis you have made say around 42% kind of a margin there. Would you be able to hold on to that if your growth come in the...

Sanjeev Bikhchandani:

If the economy grows at 8, 8.5% we ought to be able to hold on to that.

Operator:

Thank you ma'am. Next question comes from Mr. Ankit Kedia from ICICI. Please go ahead sir.

Ankit Kedia:

Yeah. Sir I have three questions. So what are we doing on the Quadrangle front and you said on gulf you are doing good traction you have seen. So what unique things are you seeing there and how is competition being on that front? Second question would be regarding Shiksha what will be advertising budget for Shiksha will it be as high as Jeevansathi and 99acres. And the third question is regarding the pricing normally this time in the year we increase a pricing. So how much are we increasing for the new and old customers?

Hitesh Oberoi:

The Quadrangle business grew at a healthy rate this year. We are happy with the growth in Quadrangle. Both the IT business in Quadrangle and the non-IT business in Quadrangle did reasonably well. So we expect this growth to continue in Quadrangle though Quadrangle is still a small proportion of our total revenue. Naukri Gulf also showed a very good traction we expanded operations in Dubai, we hired more sales people in Dubai. We opened an office in Bahrain. We looking to sort of set up shop in Saudi Arabia this year provided we get all the clearances, that business, could be hidden gem in our portfolio but all that will depend what happens in that market this year. The Gulf economy is booming, so there is a lot of oil money there. There is a lot of hiring going on, salaries are going up, all that is happening in the Gulf. It's a question of how we execute.

Ankit Kedia:

And how's competition over there?

Hitesh Oberoi:

Well there is competition but, we are still a very small player, so we can still rapidly get market share. As far as investment in Shiksha in terms of advertising goes, it's still very early days because we are going to be launching Shiksha sometime in this quarter. There will be a period of a month or two before the site stabilizes. We will also use our,

network of sites to try and drive traffic to Shiksha. So the ad spend on Shiksha this year will not be great, will not be anywhere close to what we spent on Jeevansathi and 99acres, but the business has to deliver and if revenues are picking up then we will look at our ad spend on Shiksha six months from now.

Ankit Kedia:

Sir, on pricing?

Hitesh Oberoi:

Naukri pricing. So as of now, we are not looking at any significant price increases in Naukri. But for the non-IT business it will continuous to grow we could at some point of time take a price increase. But at this point in time we have no intention of taking a price increase in Naukri. But we keep revisiting price increases and maybe we will take it if economy continues to be and if the IT service business start looking up once again maybe we will take a price increase in the next three to six months.

Sanjeev Bikhchandani:

But you know, one clarification, its not that we take a prices increases only in April, so it's not as if there was a scheduled price increase which we will postpone, we'll take our price increase based on our sense of market, competitive pricing and competitive pressure.

Ankit Kedia:

And sir, if you compare pricing with competition how are we placed there ?

Sanjeev Bikhchandani:

Well, on the rate card, we are higher than competition but if you look at what we really go and tell customer is that, look you should look at value that we delivered to you. So in terms of value delivery we are the much ahead of the others but on rate card rate rates for similar products we are probably more expensive but then the product are not really similar because the kind of response we generate for our clients and the size of our database and the quality of product is far superior to competition.

Ankit Kedia:

To be expensive?

Sanjeev Bikhchandani:

You know, on a like-to-like basis, but really our products are much superior.

Ankit Kedia:

And sir any new product launches you have done in a last couple of quarters after the SMS thing which we started?

Sanjeev Bikhchandani:

We launched a whole bouquet of services for retail customers, so we had price competition at the bottom of the pyramid. Where you know, a company which needed to hire 5 or 10 people for them it did not really matter whether we had a database of 13 million resumes or 20 million resumes. So for them we launched these products and we set up a new sales system and that really helped us in the last quarter. And we were able to sort of make massive inroads there. Our recruiter section is due for a major overhaul and we likely to revamp the recruiter section, which is our recruiter interfaces in our resume search so that should happen by this quarter end. So that will also get some traction with recruiters.

Operator:

Thank you, Mr. Ankit. Next question comes from Mr. Krupal Maniar from ICICI Securities. Please go ahead, sir.

Krupal Maniar:

Yes, sir. I just like to know what could be the market price of various internet portals that you are operating like recruitment, matrimonial and real estate portals?

Sanjeev Bikhchandani:

On recruitment, you know, we don't know competitive numbers for certain but we estimate that about Rs 340 to 350 crores would have been the total revenue of all the recruitment portals last year. As far as matrimonial is concerned maybe the market size Rs 120 crores. But, you know, again we don't know competitive numbers for certain, you know, because these are estimates that we are giving. Real estate maybe about 20 to maximum 30 crores, but we don't know for sure.

Krupal Maniar:

Okay. And sir, I think in like a Jan, Feb and March quarter, I think the market share of 99acres.com has come down if you compare with like other players?

Hitesh Oberoi:

Market share.

Sanjeev Bikhchandani:

No. That's not our estimate, you know, what exactly do we mean by market share in revenue terms or...

Krupal Maniar:

Revenue terms or you know, like page views?

Hitesh Oberoi:

Traffic share.

Krupal Maniar:

Traffic share?

Hitesh Oberoi:

Well not really you see the 99acres business is not just about getting clicks on the site. It is about getting relevant customers or have intention buying properties. It is very easy to buy traffic on the internet for 99acres. You can pay at rate of rupees 3 a click on say Google and get as many customers as you want. But what are customers and what the sellers really impression in genuine buyers and our strategy throughout has been to target people who are genuine buyers and not just get traffic which is more voyeuristic in nature on the site. So I don't know what you are actually looking at but our indicators are that traffic has grown. Sure there has been a slowdown in the real estate market because of less people buying property than otherwise but our traffic is steady and maybe growing compared to competition our market share is growing. In fact, we did very well in Q4 in terms of revenue, in terms of collection. All of which is we will not see as revenue because when you collect in advance for the next quarter or more and therefore it comes as revenue subsequently.

Krupal Maniar:

Okay. And just last question that we are closely to like Rs 300 crores of cash, so what exactly are we looking for target acquisitions?

Sanjeev Bikhchandani:

We keep talking to companies who are startups looking investments that's one aspect of it. Existing large players we believe that the current valuation expectations are too high and therefore, while getting the conversations we don't expect anything to happen for the next maybe six to nine months with existing large players. So we will probably look at our couple of startups, which we will like and like to invest over the next maybe 3 to 6 months

Krupal Maniar:

I just wanted to know I mean what are the specific like you know travel or auction on particular areas we are targeting in that?

Sanjeev Bikhchandani:

There maybe some areas that we are prioritizing because of our understanding of what will work. But what happens when we go out and talk to entrepreneurs they come out with the lots so ideas which we don't even have and if you like one or two of them and we believe that there will have scope and it has potential, we will look at it. So we will not restrict ourselves to any sort of ideas that we have although we do have some ideas. We will be open to all the ideas but we will look at what we find attractive are where the market potential is large where the company is early in the space, the team is good, there is some IP being created, some technology differentiator. And those are kind of things, which are attractive, and we will value business accordingly.

Operator:

Thank you, sir. Next question comes from Mr. Shekhar Singh from Goldman Sachs. Please go ahead, sir.

Shekhar Singh:

I just wanted to know like at the net margin level, we'll be able to maintain the sort of margin that you had this year in this year in FY'09?

Sanjeev Bikhchandani:

It all depends on the growth we get and like I said there maybe a high beta out there in terms of uncertainty out there because of the economic scenario. But if we get our growth numbers we will almost certainly meet in our margins.

Shekhar Singh:

Basically like right now this year, we got the benefit of other income also. Lot of that cash is actually getting used up.

Sanjeev Bikhchandani:

We were talking about making your margins at the operating level, not at the total level.

Operator:

Thank you, Mr. Shekhar. There's a follow up question from Mr. Ruchit Mehta from HSBC. Please go ahead, sir.

Ruchit Mehta:

Yes. Some sort of Esop dilution to the equity?

Sanjeev Bikhchandani:

So about a year ago, I think the last February or so, we had passed a resolution in February, March in which took approval for 3% dilution which would be utilized maybe next two or three years in Esop, so we are within there and we expect over the next year, year and a half or so, we will fully utilize the same.

Ruchit Mehta:

So, your equity will actually go up to about 2.8 crores?

Sanjeev Bikhchandani:

Yes with a 3% dilution.

Operator:

Thank you, sir. Next question comes from Ms. Divya from JM Finance. Please go ahead ma'am.

Divya:

This is Divya from JM financial, thanks. I just had a another question, we've what you heard about the BFSI segment which is being doing well for us, but market report also seem to suggest that this is a sector especially the banking sector looking at cutting jobs to see. They have already heard about layoffs coming in from specific bank as well. With IT seeming a little weak going into FY'09, do you think this could add to your to the woes of the recruitment industry going to the FY'09 as well?

Sanjeev Bikhchandani:

See, a lot depends and how well, we have penetrated a sector in all and what percentage of budget do we account for. So in a sector where we are penetrated substantially, if there is a slowdown in hiring, it will impact us negatively. But in a sector where we are under penetrated, people may actually increase the dependence on E-Recruitment in order to cut the cost of recruiting because what we are hiring fewer people they might actually increase dependency on E-Recruitment. So if you notice, as we know we grew right to the earlier meltdown of 2000, 2001, 2002, largely because we were under penetrated. In the non-IT space, we believe that we are under penetrated and therefore in spite of any slowdown we'll continue to grow well.

Hitesh Oberoi:

And BFSI for us grew about 61% last year.

Divya:

Okay. How much is BSSI is current proportion to revenue?

Hitesh Oberoi:

Less than 5%.

Divya:

Sure, thanks a lot.

Operator:

Thank you, ma'am. Next question comes from Deepika from Global Absolute. Please go ahead ma'am.

Deepika Agarwal:

Sir, most of my questions have been answered, only one small question. Can you just let me know how big is the education industry, I mean what would be the market size that you are targeting for the education industry?

Sanjeev Bikhchandani:

You know, there isn't a lot of documentation on this, but our sense is estimates, so it's not an audited number or a published number. Our sense is that the print plus, TV plus, radio plus outdoor entering market for spend of all people in the education sector than this includes private colleges universities, foreign universities, agents expert everybody in

education business would you run into several hundred crores, to that if you add the finder's fees of people who are recruiting students for foreign universities, you know it'll possibly be twice that. So it's a market, which according to us may even rival the total jobs market.

Deepika Agarwal:

Probably more than 400 crore.

Sanjeev Bikhchandani:

Perhaps maybe more than twice that. But this is largely an undocumented market.

Operator:

Thank you ma'am. Next question comes from Mr. Ramprasad from Sundaram BMP. Please go ahead sir.

Ramprasad:

Good evening sir. Just a couple of question on the payment terms from the IT companies. Do you see any kind of the extension or daily end payment terms from the IT companies?

Ambarish Raghuvanshi:

No, we collect most of our money in advance from clients, so you know there is a bulk of our Naukri corporate sale revenues are collected in advance, so we've not seen any sort of slowdown or delayed payments but you know a few individuals or clients here or there might say that, okay I will take a six-month contract now and then extend rather than take a twelve-month contract or I will take the basic service now and add the frills as when I need them. So there is little bit of that happening but there are other clients who are also upping their total spend. So although it's a mixed bag we grew at 33% in IT in Q4 last year. But you know to answer your question there's been no significant delay in collecting payments from client. Lot of our placement consultant clients pay on a deferred payment basis and again there we've not seen any slowdown there in collecting payments.

Ramprasad:

That's it sir. Thank you.

Operator:

Thank you, Mr. Ram. Once again, participants who wish to ask a question please press "star" "one" on your telephone and wait for your name to be announced. I repeat, if you wish to ask a question please press "star" "one" on your telephone and wait for your name to be announced. At this time, there are no questions from the participants, sir.

Sanjeev Bikhchandani:

Okay. We'll end here then. Thank you so much for dialing in.

Operator:

That does conclude our conference for today. Thank you for participating, you may all disconnect now.

End