



“Info Edge (India) Limited Quarter 4 and Annual Earnings Conference Call”

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MODERATORS: **MR. SANJEEV BIKHCHANDANI - MD & CEO**
 MR. HITESH OBEROI – COO
 MR. AMBARISH RAGHUVANSHI – CFO.

Moderator

Ladies and gentlemen good evening. This is Melissa, the chorus call conference operator. Welcome to Info Edge (India) Limited Quarter 4 and Annual Earnings Conference call. As a reminder, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions at the end of today's presentation. Should you need assistance during this conference call, please signal an operator by pressing * and then 0 on your touchtone phone. Please note that this conference is being recorded and the transcript would be available in the next two to three days at the company's website www.infoedge.in. I would now like to hand the conference over to Mr. Sanjeev Bikhchandani - MD & CEO of Info Edge India Ltd., Mr. Hitesh Oberoi - COO and Mr. Ambarish Raghuvanshi – CFO. Thank you and over to you gentlemen.

Sanjeev Bikhchandani

Good evening. This is Sanjeev Bikhchandani here. Welcome to our Quarter 4 and Annual Conference Call. In general Quarter 4 was a difficult quarter but there were signs of easing up and thawing out of extreme freeze of Quarter 3 which is October-December. Almost all sectors in the economy are affected by the slow down in varying degrees but IT seems to be affected struggling goes through a tough period. Demand in general has been subdued but it is like I said improving somewhat over Quarter 3. Real Estate is you know trying hard to recalibrate and coming out with some new projects so we are expecting some improvement in real estate in the coming months, although the boom time will take a long time to return.

The silver lining is that market share in most of our markets seems to be going up with competition being impacted far more than we have been, either because they are undercapitalized or

because you know they are unable to get business. Net sales in Quarter 4 was Rs.58 Crores, this is down from Rs. 65 Crores in the same quarter last year. Net sales for the entire financial year 08-09 was about 245 Crores up from 219 Crores in the previous year. Given the economic slowdown and the freezing of credit in Quarter 3 our growth momentum was affected. Operating top line declined by 11% for Quarter 4 year on year and 2% quarter on quarter. But for the entire financial year '08-'09 it was up 12% over the previous financial year. Visibility continues to be poor for this financial year and we are therefore unable to give guidance.

However, we would expect a somewhat difficult Quarter 1 and Quarter 2 with some recovery setting in after that. So Quarter 4 operating EBITDA was down 8.7% year on year and the operating EBIDTA margin was up 0.86% year on year. Operating PAT was down 9.2% year on year. Operating PAT margin was up 0.4% year on year. For the financial year the '08-'09 operating EBIDTA was up 2.7% year on year. Operating EBIDTA margin was down 2.4% year on year. Operating PAT is up 0.75% year on year and operating PAT margin is down 1.7% year on year. One of the reasons why operating margins are affected is due to continued investments in our verticals other than recruitments including Shiksha which did not see a substantial investment the previous financial year. If you move on to performance by businesses Recruitment which is Naukri, Naukrigulf, Quadrangle and job seeker services accounted for slightly over 86% of the operating top-line Quarter 4 as opposed nearly 90% the same cost in the previous year. For the full financial year it was 86% versus 90% again. So there was marginal decline in dependence on Recruitment. Although on an absolute basis the dependence

on Recruitment still remains high. Other businesses/ verticals which are mostly Jeevansathi, 99acres, and small contributions from Allcheckdeals and Shiksha accounted for 13.6% of operating top-line in Quarter 4 as opposed to 10.1% in the same quarter the previous year. For the full financial year these verticals accounted for 13.7% operating top line as opposed to 10.1% the previous year.

If you move on to the recruitment vertical the environment continues to be difficult. In July we launched the Naukri Job Speak Index which is an index which measures hiring activity. It is based on jobs put on the website Naukri every month by recruiters. So in July 2008 the base for which is 1000 the index dipped to 697 in December 2008 then rose to 738 in January '09 and further to 774 in February '09 but it dipped to 711 in March '09. So it looks as if December was a bottom, we are beginning to believe it was the bottom. However we may scrape this bottom for a while and not drift much lower or much higher and for the next few months until the recovery begins which may be in the second half of this financial year. For Quarter 4 recruitment top line declined 14.4% over the same quarter previous year.

Naukri recruitment solutions top line declined 15.8% over the same quarter for the previous year. On the other hand Naukri Candidate Services grew at 12.5%. Quadrangle top line declined 31.6% over the same quarter the previous year. However EBITDA margins in recruitment were at 47.85% up from 47.47% in the same quarter the previous year. In Naukri the EBITDA margin was at a high of 49.31% this year at roughly the same levels as a year ago when it was 49.65%. For the full financial year recruitment top line grew 7.7%. Naukri Recruitment Solutions top line grew at 6.6%. Naukri Candidate

Services grew at 31%. Quadrangle declined 6% for the full financial year. The year saw an improvement in EBITDA margin of recruitment at 43.6% up from 41.6% in the previous year. The Naukri EBITDA margins were at 46.8% up from 44.3% a year ago.

All these numbers I have just given you/ will give on how much of recruitment vertical, of Naukri and Quadrangle are management estimates we have neither audited nor reviewed. If you look at operating performance of Naukri as on March 31st, 2009 there were 16.7 million resumes as against 15.87 million on December 31st, 2008. During Quarter 4 approximately 10,000 resumes were added daily to the resume database and around 44,500 were modified daily. That to some extent there is a slight decline in new resumes being added partly because people are risk averse in this environment and may not be as prone to switching jobs earlier. In Quarter 4 about 17,900 unique customers paid Naukri versus 18,700 in the same quarter the previous year. In the full financial year 34,000 unique clients paid Naukri while 32,500 had paid the previous year. The share of IT is marginally down to 26.1% in the full financial year versus 29.7% in the previous year. The share of recruitment consultants was 24.7% versus 23.5% based on revenue. IT remains a concern, other sectors too are impacted. On ComScore our traffic is in the mid-50% range, ranging from 53% to 61.5% in Q4, which is encouraging. It has trended upwards during the last financial year, which should take us in a better competitive position once the economy comes out of recession.

If you move to performance of other verticals for Quarter 4, now other verticals include 99acres, Jeevansathi, Shiksha, Allcheckdeals net sales grew 16% to 7.8 crores year on year.

EBITDA loss reduced by 26% to about 6 Crores, this in spite of the fact that we are investing in a new business Shiksha. For the full financial year net sales grew 49% to 33.5 Crores. EBITDA losses increased by 48% to 27 Crores. There were higher losses in the first half of the year as opposed to the second half of the financial year.

Digging deeper into other businesses, the 99acres performance. In Quarter 4 the top line grew at 5% year on year. However the EBITDA loss reduced by 71%. For the full financial year 99acres grew at 54% year on year to slightly under 14 Crore rupees. EBITDA loss reduced 12% year on year to 9.5 Crores. The environment is weak in real estate market but there is some traction in a few pockets. There are some new projects being launched at lower prices. Affordable housing seems to be doing well. A lot of the old pipeline however is on premium housing which is sluggish. We revamped the site and our product improvements continued in the last quarter. We expect medium term weakness to continue in the real estate sector. However we are focusing on product improvements. We are focusing on organic growth and we expect some growth to return after two quarters. Once again in 99acres our competition seems to be hit harder than us and therefore we seem to be in a position to gain market share.

Moving onto Jeevansathi, in Quarter 4 net sales grew at 18% year on year and EBITDA loss reduced 67% year on year. For the full financial year net sales grew 31% year on year to 17 crores and EBITDA loss reduced 4% year on year to 4.7 Crores. Profiles that were registered increased to 2.89 million as on March 31st, 2009 versus 2.39 million as on March 31st, 2008. Our experiment with offline center continues and the total is 14 centers as on March 31st. We are still assessing the

response to the centers and we will take a decision on whether to expand or to hold a little while down the road. In matrimony as well competition seems to be challenged due to lack of capital. And that gives us an opportunity to improve market share in these coming 12 months. We have recently revamped the site and we are hoping to get good results due to the revamp. The other vertical, Brijj currently has 1.8 million profiles growing at about 2000 a day. The task here continues to be as earlier which is to improve engagement and get visitors to the site and get them to network. There is no revenue from Brijj as yet and neither do we expect any revenue at least in the next two quarters. In Shiksha we are working on improving the product and revamping the site. The sales team is in place, the response to listings on the site is improving and the feedback is getting better from clients. Here our agenda is to improve the site, to ensure current clients are satisfied so that we can get repeat business and target new business.

We are investing some money in online marketing on Google for Shiksha. We had an education fair in April in Delhi which was of the first exhibition fair for Shiksha and there were approximately 5000 walk-ins. In Allcheckdeals over 250 deals were closed in Quarter 4 and for the full financial year 645 deals were closed. Business environment continues to be difficult with fewer transactions taking place in the market. However, with launches of new affordable housing projects we expect business to pickup in the coming quarters. We spun off allcheckdeals as a subsidiary in Quarter 3 of the last financial year 08-09. The accounts are consolidated into Info Edge at the end of every financial year. Brijj, Shiksha and Allcheckdeals had a top line of Rs. 2.5 Crores and lost 12.7 Crores at the EBITDA level for the full financial year '08-'09. The site

Firstnaukri was launched in Quarter 4. The objective of the site is to bring campus recruitment and entry level hiring online, most of it is not online but model for entry level hiring is either visits to campuses or walk-ins and written test and physical face-to-face meetings. We do not expect revenue from Firstnaukri in a short run. It is expected to make an impact in the next placement season.

Regarding our investments and startups Aplect and eTechAces are both classified as associate companies in the financial year 08-09 accounts. Aplect has launched a site called meritnation which is getting good traction. It is delivering K-6 to K-12 CBSE Board related education online as of now. It will expand to other Boards going forward. The site was initially free and has gone paid last week. We are still evaluating the initial response, although it seems to be encouraging. eTechAces site Policybazaar is also getting traction, revenues are from primarily from lead generation and also fulfillment of sales. We continue to evaluate other investment options on an ongoing basis as we do not have any announcements to make as this is regard currently. So to summarize we did have a difficult quarter but this was expected. We expect Quarter 1 and perhaps Quarter 2 to continue to be difficult with recovery in the economy perhaps setting in the second half. And till then we will manage costs and try and do product improvement innovation and try and ensure our market share goes up going forward. I am now open for questions. Thank you for listening to us.

Moderator

Thank you sir, ladies and gentlemen we will now begin the question and answer session. At this time if you would like to ask a question please press * and then 1 on your touchtone phone. If your questions have been answered before your turn

you may withdraw from the queue. Please use only handsets while asking a question. The first question is from the line of Sujit Joshi of Crisil, please go ahead.

Sujit Joshi Hi, just a couple of data points on your Jeevansathi.com business, just wanted to know what is the total number of registered profiles and number of paid transactions and average revenues?

Sudhir Bhargava Yes, for the year you wanted?

Sujit Joshi Yes, for the year or for the quarter preferable.

Sudhir Bhargava For the quarter end the number of profiles is 2.89 millions that are ever registered.

Sujit Joshi Yes.

Sudhir Bhargava For Q4 March end number of paid transaction was round about 25,320 and average is about 1710. And for the year because you know there could be some duplicity in terms of paid transactions but if you take unique paid transaction it is about 80,005 the average is 1994 for the financial year.

Sujit Joshi Average per?

Ambarish raghuvanshi Per paid transaction.

Sujit Joshi And number of paid transactions for the full year were 80,000?

Sudhir Bhargava 80,005.

Sujit Joshi Another question was related to your share of IT recruitment in Naukri revenue. Could you just repeat so that I can get the new figures?

- Sudhir Bhargava** 26.26 for Q4 and 26.09 for the year.
- Sujit Joshi** And how much was it for same quarter last year?
- Sanjeev Bikhchandani** 29.7.
- Sujit Joshi:** Okay, that was fourth quarter of last year?
- Sanjeev Bikhchandani** No that was 27.9 for the quarter and 29.7 for the year.
- Sujit Joshi** Okay, fine. And any outlook on anything on pricing what you are seeing from your clients from the corporates and IT or otherwise? Like what is the sense that are getting from them as to when the recruitment will pick up or while it is on what are the pricing that you are seeing right now?
- Hitesh Oberoi** We have not taken any price hike so far and pricing continues to be a challenge especially for our high value products on the home page. As far as the environment is concerned you know it is very difficult to say even clients are not very sure of what is going to happen but most of them feel that the market will start recovering from October onwards but it is wait and watch for everybody I guess.
- Moderator** Thank you Mr. Joshi. The next question is from the line of Ankit Kedia of Centrum Broking, please go ahead.
- Ankit Kedia** Yeah, first just a small suggestion Sanjeev. If you could get these numbers in the fact sheet because in 15 minutes writing so many so numbers when you say becomes very difficult for us.
- Sudhir Bhargava** Give me a day or two I am compiling it over our quarter over the years.

- Ankit Kedia** Right. It would be very helpful for us.
- Sudhir Bhargava** So we will put that online. We will keep it on our website www.infoedge.in in a couple of days.
- Ankit Kedia** Okay, thanks a lot. Coming to the questions, you said we have not taken a price hike, but how much price cut have we taken compared to competition, how are they reacting to it? Second question is regarding the employee cost, if that substantially comes down what is the trend reason for that and going forward are we recruiting more? Third question is regarding the share in the loss from Associates. For the first time in consolidated numbers we have shown that, so going forward what is the run-rate we could look from that? And just a small question, why did we hire off Allcheckdeals in a subsidiary from the standalone company?
- Hitesh Oberoi** Okay. I think we will take it one by one. Pricing, we have not taken any price cut as far as our rate card is concerned officially but yes you know what has happened is the discounts have gone up a little bit compared to earlier, so that is why pricing has got affected. Competition continues to discount and discount heavily and that also affects pricing to some extent but we are not very clear on whether they have actually taken a price cut as well. As far as employee cost go, employee costs have fallen because you know the number of employees has gone down from an all-time high of I think 1800 we are now as on 31st March down to 1650 and that is why employee costs have come down.
- Ambarish Raghuvanshi** Also come down because of lower sales incentives relative to last year because variable pay for sales people benchmarked to growth and since growth has you know tapered off they are less

sales incentives. So a little bit to do with headcount and some to do with sales incentive.

Ankit Kedia Going forward the sales incentive, we will continue to be lower in the first half?

Ambarish Raghuvanshi Well, we will continue to calibrate this Ankit we cannot really say because in a difficult environment you still need to keep sales people motivated so you know we will have to look at how you will calibrate the sales incentive programs and this will be calibrated from quarter to quarter but yes you know in general it will definitely be lower since we are forecasting a slightly difficult first half.

Sudhir Bhargava And what other questions do you have?

Ankit Kedia Associate companies losses.

Sanjeev Bikhchandani So associate companies losses. These are very early stage businesses so it is very difficult to say so we would not make any projections there. But we really, here we are focusing more on physical milestones than budgeting on loss or a profit just yet.

Ankit Kedia So this loss was predominantly in which of the associate?

Ambarish Raghuvanshi Both of them actually you know, Aplect and in eTechAces and in StudyPlaces, so all three are currently in an investment mode. And your last question I think was about why Allcheckdeals was hived off into a separate stuff?

Ankit Kedia Right.

Ambarish Raghuvanshi One is that the nature of the business is somewhat different to what other businesses we operate in you know because this is a

business which is you know in offline brokerage and the second is that the team in Allcheckdeals wanted a certain amount of alignment of their upside. They wanted ESOP in Allcheckdeals only and not in Info Edge, as they did not want to be averaged out and we felt that makes sense because of the nature of business is different and they built up as a business needs their upside aligned only up to that business.

Ankit Kedia

So how much ESOPs have we given?

Sanjeev Bikhchandani

It is still to be worked out but we would imagine that with total ESOP pool over the next three years would be about 10-15%.

Ankit Kedia

And for the parent company for info edge itself ?

Ambarish Raghuvanshi

So it is to own the remaining 85%.

Moderator

The next question is from the line of Miten Lathia of HDFC Mutual Fund, please go ahead.

Miten Lathia

Just wanted to get a sense of what the traffic share movements on the real estate site would be? I mean I think in the initial period Sanjeev did mention about it but what would they have been on the real estate site?

Ambarish Raghuvanshi

It has been early 30s or mid 30s. It is pretty much neck-to-neck with Magic Brick. But on a few parameters we are marginally higher. But you know there are two or three different sources of measuring traffic Alexa, there is ComScore and now there is Komli. So we are tracking all three but you know I would say we are market leaders but not by a lot it is not a dominant position as Naukri but we expect this traffic share to climb over the coming months.

Miten Lathia

Has they improved in the quarter-on-quarter over second best.

Hitesh Oberoi Yes I think we have been gaining market share over the last few months in real estate largely because the number three, number four and number five players have also been losing a lot of shares because they have all virtually sort of dropped out of the market.

Miten Lathia Okay and I think you mentioned that a number of clients on the job site meaning fully lower in the share versus last year.

Sanjeev Bikhchandani It is higher. It is of 32,500 last year. It is 34,000 this year.

Miten Lathia Sorry I think I got that wrong. First in an environment where we have almost 60% plus market share I mean when we look at other media spaces any player with that sort of a dominant market share does have a fair bit of pricing power. Do you think we can really take prices up next year may be towards the second half or do you think pricing is going to be?

Sanjeev Bikhchandani It depends on two factors. Number 1 how much growth and hiring comes back into the economy. Therefore how much the needs grow for clients. Second is what happens to competition. You know do they become really very weak or do they somehow manage to hang on and retain the traffic share so depending on these two things we will know our pricing power.

Miten Lathia Okay let me re-phrase it. What would be your traffic share number where you would take prices up irrespective of economic environment?

Sanjeev Bikhchandani See I do not think we are making prices up irrespective of economic environment. You know we would much rather penetrate deeper, ensure clients keep using our services because which we think continued usage is very important because you know recruiters will get used to certain interfaces, certain

navigation and we do not want them to get to used to competitor navigations and interfaces. So we would prefer that they learn to use our site better and continue to use our site than they use competition.

Moderator

Thank you Mr. Lathia. The next question is from the line of Vishal Shah of Allard Partners. Please go ahead.

Vishal Shah

My question was regarding the non-recruitment business. When do you think these businesses would breakeven going forward and say in the next two to three years what kind of profitability we can expect from these businesses?

Hitesh Oberoi

So Jeevansathi you know has been growing well and if it continues to grow at 40% to 45% this year as well then we are hopeful of being close to breakeven this year in Jeevansathi. So 99acres I guess will depend on when the real estate market comes back we grew at 100% in the first half of this year and we have continued to grow at 100% in the second half also then we would have been close to breakeven but unfortunately the second half has not been so good. So if the real estate market recovers in about a year or so then may be 99acres will do well then. As far as Shiksha is concerned it is early days we have launched the site. So Shiksha will at least take two or three years to breakeven I guess.

Vishal Shah

Okay and like when these businesses do get breakeven say two to three years down the line, what sort of profitability are you expecting from this business?

Sanjeev Bikhchandani

Okay so site like Shiksha and 99acres will have similar cost structures to Naukri because they will have B2B sales force, will require brand advertising and then the technology and product team. However, this is a high operating leverage as we

move and profitability really will depend on our market share and the size of the market at that stage. So if we get dominant market shares the way we have in Naukri and the market does scale up the way the job markets scale up. They will have similar profitability as Naukri. Jeevasathi has got different cost structures and in Jeevasathi our market share is lower than that of Shaadi and Bharat Matrimony. So our first task will be to get our market share up and then look at the profitability.

Vishal Shah

Okay and what is market share of Jeevasathi as of now? Have we had any increase in the market share?

Sanjeev Bikhchandani

This market is segmented really and if you look at the Hindi belt and Maharashtra and we do not have a large offline retail outlet presence and you look at you know pure online sales. You know we will have one market share and if you look at it just pure revenue, total revenue including outside India including the retail outlets then we will have our 15% to 20% market share.

Vishal Shah

Okay and in terms of profitability it says that recruitment business would be optimum profit you know would be around 40% to 45% range.

Sanjeev Bikhchandani

EBITDA margin in Naukri are between 45% and 50% for the last quarter and for the year it is above 40%. So that is a good EBITDA margin for a business like Naukri. Naturally had the hiring market been booming it will be in higher but you know we have to wait for market to come back to see really where the EBITDA margin can go but as of now it is about 40%.

Vishal Shah

Okay and needed some data points like what is the contribution of you know candidate revenue in the recruitment business and the percentage of total?

Sudhir Bhargava That is a small percentage about 5% to 6% or so.

Vishal Shah Okay and this sectoral you know you did give out the IT numbers what about the infrastructure percentage for this for a four year and the last two quarters.

Sudhir Bhargava 20% to 21%

Vishal Shah And the last year it would be?

Sanjeev Bikhchandani Last year was 21% but then it is more or less static.

Vishal Shah Okay and I did miss out you know revenue and EBITDA loss number for 99 acres and Jeevasathi so if you could repeat this again.

Sudhir Bhargava For the year Jeevasathi did top line of 17 Crores and lost 4.7 Crores as EBITDA level

Sanjeev Bikhchandani For 99 acres in top line for the year was slightly on the 14 Crores and the EBITDA loss was around 9.5 Crores.

Vishal Shah And would it be possible to get the same number for Q4?

Sudhir Bhargava No we have not disclosed quarterly numbers. What we have disclosed this time is the annual number.

Vishal Shah Okay and the contributions of the top 10 clients.

Sanjeev Bikhchandani In Naukri?

Vishal Shah Yes.

Sudhir Bhargava Top 10% would have contributed about 63% of revenue numbers.

- Sanjeev Bikhchandani** But top 10% were about 3,400 clients.
- Vishal Shah** Okay and just one last question to make if you can give me a broad number of what has been the investment till now in all the other non-recruitment business which we have made.
- Ambarish Raghuvanshi** Yes at the EBITDA level it would be close to about 60 Crores from inception.
- Moderator** Thank you Mr. Shah. The next question is from the line of Anurag Purohit of Religare. Please go ahead.
- Anurag Purohit** You commented on the recovery coming in H2FY10 in economy but my understanding is that job market always tends to lag behind the net economic recovery. So how has been your expectation in fast driving despite after the slowdown when exactly and how much lag is there between the recovery and...
- Sanjeev Bikhchandani** Well our experience is that in the past has been that we have led the recovery and have led the slowdown so we are lead indicator not a lag indicator but you know but we only had the experience of one slowdown in the past.
- Anurag Purohit** Okay so the job index, does that show some trend of recovery at this point in time?
- Sanjeev Bikhchandani** But it did show recovery after December but again March was down and we will have to wait and see what happens in April and May but you know I suspect it will be up and down, up and down for a while.
- Sudhir Bhargava** Yes just a minute Vishal you know you have to ask regarding 10% of the customer from Naukri. They contributed about 61% I am correcting myself from the 63. 10% was 3400 odd customers.

Moderator Thank you. The next question is from the line of Rishi Maheshwari of Enam Asset Management. Please go ahead.

Rishi Maheshwari I would like to know will more color on the IT segment as of now from what we hear from the large cap players are we all aware that at this point in time they kept hiring on free for this entire or it may spill on to the first quarter of next year as well. With that in mind what are your remarks? What do you hear from most of these customers?

Hitesh Oberoi Well the IT sector is you know still not hiring that much. So you know they do not expect the recovery in the US to happen for the next six months at least.

Ambarish Raghuvanshi Well we you know had a lot of renewals in Quarter four from large clients and quite a few of them were in IT and we definitely face a little bit of resistance in terms of you know how much they were willing to pay but there is some selective hiring which is happening which is why they are continuing to you know buy some of our services albeit at a slightly lower rate.

Rishi Maheshwari Fine so if also you can color a picture on say at last year same time and this year same time what were the contracts like are the contracts built in for a larger period of time last year and we see the contract size and the contract time period are shrinking smaller.

Ambarish Raghuvanshi No, I think what is happening is on volume. So you know people used to buy let us say 50 licenses to use a resume database. We probably have been buying 35 licenses. They had a more expensive position on the homepage. They probably are downgrading it to a slightly less expensive position on the

homepage. You know that is the sort of stuff which is happening.

Rishi Maheshwari Okay and any of these large customers that you have seen has pulled out from your client list?

Ambarish Rahguvanshi None of the really large clients have pulled out completely. Yes, they have downgraded but they have not you know completely gone off the site.

Sanjeev Bikhchandani When you have a 25,000 to 50,000 strong employee base it is not as if you will do zero hiring. You know certainly you would not hire 30,000 but you will definitely hire 5,000 just for replacement and for special skills and for a project that is coming in and so on.

Ambarish Raghuvarshi And so on and you know what happens in a slowdown is that you cut back on the number three sites for sure and you probably cut back on the number two site but if Naukri is your number one site you continue to you know sort of do some business in Naukri but may be at a slightly lower rate than you were doing in the past.

Rishi Maheshwari And just to defer a little on that one from what we hear from most of these guys they are as it is pressurized to honor their commitments towards the pressures in the first place and may be they are cutting on their existing base also so would not that completely shave off your recruitment cycle in the next year to come.

Sanjeev Bikhchandani That is not what we are experiencing. I mean people have renewed, they will continue to renew but sure they downgrade a bit but sometimes you know it is not about honoring commitments to pressures. It is about business needs so if you

need lateral hires of a certain skill set, you will have to hire them to complete your project.

Rishi Maheshwari And our clients have upgraded as well.

Sanjeev Bikhchandani Yes I mean that might be a small percentage but yes there is a select you know list of clients who have upgraded even in this you know the down cycle in IT.

Moderator Thank you Mr. Maheshwari. The next question is from the line of Nikhil Pahwa of Media Nama. Please go ahead.

Nikhil Pahwa I was just wondering about the state of renewals for the company what you had mentioned last quarter was that you defer the pay and payments over the entire year that was the impact of renewals or decline is entirely shown in terms of revenue have the renewals now improved in this quarter?

Sanjeev Bikhchandani Okay so we do not defer payments. We defer revenue recognition so basically if somebody pays us for a 12 months subscription on 1st April and pays the money 100% advance the entire sale is not taken as revenue in April. It is spread over. It has been divided equally over 12 months and spread over 12 months so that is the way we do it. You know we have not seen a significant change in the renewal rate or either up or down what we have seen however is that companies are being cautious about how much they will spend and therefore like Ambarish or other they may downgrade a bit instead of taking 50 passwords if they have downside the recruitment team to 25 people they take 25 passwords and therefore pay off less money but they will take the product. So you know what is happening is that you know among key accounts among our annual subscribers and Naukri is more or less an essential requirement

for the recruitment in HR Department. What will vary is how much you spend on it and what product mix you take from us.

Nikhil Pahwa Okay the other thing is that you started fairs for Shiksha during the quarter.

Sanjeev Bikhchandani The Shiksha sale was not in the last quarter. It was in April. So it was in the first quarter of 09 -10.

Nikhil Pahwa But these sales have been a component for you I was just wondering about better these are marketing expenses or these are seen as sources for income.

Hitesh Oberoi Well they are not big revenues generator for us but we primarily try to break-even in them and as a result we also get the marketing exposure in the market. So you look at them as quasi-marketing expenses.

Nikhil Pahwa Okay great sir. Sir thanks I will ask again if I have more questions thanks.

Moderator Thank you Mr. Pahwa. The next follow up question is from the line of Rishi Maheshwari of Enam Asset Management. Please go ahead.

Rishi Maheshwari There is a few book keeping ones what is the CAPEX that we have incurred in FY09 or estimates for FY10.

Sanjeev Bikhchandani They are about 5.5 Crores of Capex during the year.

Rishi Maheshwari So what was it in this year?

Sanjeev Bikhchandani 5.5 Crores.

Rishi Maheshwari Okay and next year what is the intended CAPEX.

- Ambarish Raghuvanshi** We do not think we have any significant CAPEX on the annual. You know we have postponed our building plan at least for the next you know two or three quarters and you know since we are not looking to add head count you know there is not going to be too much of CAPEX on either computers or software or on you know interiors. So I guess it will be marginal.
- Sanjeev Bikhchandani** So this is as of now and if there is a recovery you know obviously we will keep on resume our clients and so that would change.
- Rishi Maheshwari** And what are the debtor days in Quadrangle as of the last March 31st.
- Ambarish Raghuvanshi** Debtor days at the end of 90 odd days for Quadrangle and our other business is 100% advances. Allcheckdeals is the other business which has some you know debtors but that were very small sledging business right now. It is between 90 and 100 days for Quadrangle but this quarter was slightly lower. I think they you know focused lot more on collection.
- Rishi Maheshwari** Okay at the cash and debt position.
- Ambarish Raghuvanshi** For debt we are close to zero debt. Well cash and cash equivalent which we include fixed deposits and debt mutual fund is about 330 Crores so about 30 Lakhs of you know debt which is really auto loans here.
- Moderator** Thank you Mr. Maheshwari. The next follow up question is from the line of Ankit Kedia of Centrum Broking. Please go ahead.
- Ankit Kedia** Yes sir we have seen one of the best EBITDA margins in the last two to two and a half years in this quarter so going forward

can we look at the same run rate because the cost saving measures which you have taken be it in on the advertising or the employee front also on the admin side will continue next year?

Sanjeev Bikhchandani

Well a lot depends on you know how we see revenue moving and how we see you know recovery setting in. Clearly we will invest more once we see recovering coming and but yes you know the intent to you remain a high EBITDA margin business but we cannot sort of put a precise number to it.

Ankit Kedia

And I think Miten asked a very good question as to what point of time will the leverage come in. 60% market share you know is predominantly like monopoly situation. So if your market share continues to improve say 65% to 70% at what time can you know you really increase your pricing and charge the premium to our customer?

Sanjeev Bikhchandani

First of all I said that the market share is fluctuating between 53% and 61% as per ComScore so it will be in mid 50% it is not 60% and it tended to trend up over the last 12 months which was sign to the fact that competition is weakening. Now having said that you know if companies are hiring fewer people and if your companies are hiring or the market is softening it is not going to be a great idea for us raise prices because we want usage. You know without usage and volume of CVs and volume of clients and volumes of jobs and resume searches is you know we tend to weaken our own value proposition. So we rather defend the operating value proposition first and we will take advantage of more operating leverage once the recovery sets in.

- Ankit Kedia** Right and will the same go for the other website as well be it Jeevansathi or 99acres.
- Sanjeev Bikhchandani** So the other website we have far lower market share and dominance where we have in Naukri. So our first task there is to gain market share until then we do not have pricing power.
- Ankit Kedia** And just one number on Jeevansathi for last three to four quarters our average paid you know is around 1,700 but for the annual it comes to around Rs. 2,000 so how does that happen?
- Ambarish Raghuvanshi** By quarter-by-quarter it is about 1,700 to 1,800 and for the year it is 2,000.
- Sanjeev Bikhchandani** Yes because the repeat client if you divide by unique customer you know you will get a higher number because guys pay you.
- Moderator** Thank you Mr. Kedia. As there are no further questions I would like to hand the floor back to the management of Info Edge India Limited. Please go ahead sir.
- Sanjeev Bikhchandani** Yes thank you for joining in and we will put up the fax sheet in a couple of days in the website and we look forward to talking to you again next quarter thank you.
- Moderator** Thank you gentlemen of the management. Ladies and gentlemen on behalf of Info Edge India Limited that concludes this conference. Thank you for joining us on the Chorus Call Conferencing Facility and you may now disconnect your lines.