



## **AUDIO CONFERENCING SERVICE**

### **TRANSCRIPTION REPORT**



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**Operator:**

Thank you for standing by and welcome to Q3 Investor Relation Conference Call presented by Mr. Sanjeev Bikhchandani. At this time all participants are in a 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 the telephone. Please be advised this conference is being recorded today.

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

**Sanjeev Bikhchandani:**

Thank you. Good evening, and welcome to our quarter three conference call. We have from the InfoEdge management our 3 fulltime directors that is Ambarish Raghuvanshi, our CFO and Hitesh Oberoi our COO, apart from me. And apart from that we’ve got Sudhir Bhargava and Rajesh Khetarpal from the finance team and Amit Gupta our Company Secretary.

It was a difficult quarter in terms of volatility and visibility. There was a slow growth in the economy. We saw credit squeeze in October and November which was really difficult for a lot of our client companies and which resulted in slower growth of top line over last year as opposed to what we had expected.

Demand for our services in Naukri is somewhat subdued in general as also in 99acres. Most sectors in the economy are affected as far as hiring is concerned although a few sectors are still hiring. By and large hiring is lower than last year.

Net sales in quarter three were at 58.9 crores, up from 54.8 crores in the same quarter last year. Operating top line grew at about 7.5% year-on-year. Given the kind of volatility, low visibility and uncertainty we are unable to give our guidance on numbers going forward and until the visibility improves we will not be giving guidance’s for the foreseeable future.

If you look at our results other income is higher because we had pre-maturely redeemed all our investments in FMP's this quarter which results in higher other income because this income would have been recognized perhaps in quarter four or perhaps quarter one next financial year. So whatever came was recognized this quarter. Hence other income went up.

Operating EBITDA was down by 3.7% over last year at 14.9 crores and it was 15.5 crores in the same quarter last year. This is on account of continued investments in new businesses as also launch of Shiksha, which did not exist a year ago. But operating PAT in fact increased 4% and was at 8.7 crores up from 8.4 crores a year ago. Operating PAT margin came down a bit at 14.79% from 15.27% a year ago.

If you look at performance by verticals, recruitment accounted for 84% of operating top line as opposed to 89% in the same quarter last year. This reflects the kind of slowdown in hiring which adversely impacted growth in our recruitment businesses a lot more than other businesses, which are much smaller younger. Other businesses, apart from recruitment, which is primarily Jeevansathi and 99acres and a small amount from Allcheckdeals and Shiksha accounted for 16% operating top line as compared to 11% the previous year.

The share of recruitment declined and share of other verticals went up. If you focus on the recruitment verticals which is and Naukri and Quadrangle the environment continues to be weaker as I mentioned. Recruitment top line grew 2.3% year-on-year. Naukri recruitment solutions grew at 5% year-on-year; Naukri candidates also grew at 15% year-on-year. This was a very difficult quarter for Quadrangle when Quadrangle declined by 48% over the previous year. This is largely because of October and November, was very difficult for our clients and therefore joining dates were postponed, some offers were withdrawn, some mandates did not come through. Candidates too were very risk averse and did not want to switch jobs.

In general Quadrangle faced a difficult quarter because of the environment. We are hoping the environment improves over quarter three in quarter four as far as Quadrangle is concerned, but we'll have to wait and see.

In Naukri the EBITDA margin continued to be robust. It was at 45.8% up from 41.7% a year ago. In earlier quarter this year it was 47% in quarter one and 45.3% in quarter two. So we continue to maintain margins though the growth has come down. *Please note that any businesswise numbers, financials or margins mentioned anywhere in this transcript are not audited numbers and are based on management estimates.*

If you look at the operating performance of Naukri as on December 31<sup>st</sup> 2008 there were 15.87 million resumes on the Naukri resume database. During quarter three 13,600 resumes were added daily and over 40,000 modified daily which is lower than the

number for quarter 2 in terms of new additions when there were 16,500 resumes added daily and 37,000 modified daily.

This reduction in new resumes coming daily is partly seasonal and partly is because in a slow down and a recession, in general candidates tend to be risk averse and if they are in a job many of them prefer not to be adventurous or take a risk and do not change jobs.

In quarter three around, 17,268 unique customers paid Naukri as opposed to 15,400 in Q3 last year and about 18,642 in Q2 this year. For year-to-date we have serviced 29,000 clients for Naukri so far versus approximately 26,000 clients in the same 9 month period last year. For the full financial year, last year, there were 32,500 unique clients in Naukri.

The share of IT in quarter three is down to 25.9% versus 29.7% in the same quarter last year. So there is still dependence on IT and the IT environment still remains weak. But we are hoping that after a quarter or two there are some hardening there, but we will have to wait and see.

Apart from IT other sectors too have been impacted by the slow down. Infrastructure grew marginally by about 3.7%. On traffic share trends continue to be encouraging as traffic share remains as per Comscore in quarter three in month of December 2008 we got 58%. What this traffic share tells us is that our position in the market is strengthening vs competition or it remains strong versus competition. Shine launched and spent a lot of money but did not make much impact. Monster continues to be between 25 and 30% traffic share approximately. So we are pretty much able to hang on and hold or perhaps even increase our traffic share. As and when the recovery comes we expect to emerge in the stronger position as opposed to competition.

We have begun to release Jobspeak, which is an index of job listings on Naukri, analysis by sector etc with the base as the month of July 2008. And this is based on volume and number of jobs and is not based on revenue. This index shows that job listings declined by over 30% in December over July.

We will keep monitoring this index and releasing this index every month to get a sense of when the market is bottoming out. If you look at verticals other than recruitment, net sales grew 49% though of a much smaller base. They were at 9.1 crores for the quarter up from 6.1 crores the same quarter previous year.

And as compared to quarter two they were more or else flat which was at 9.05 crores. EBITDA losses in the new businesses that is other than recruitment was lower at 4.9 crores as compared to 8.6 crores in quarter two, primarily because of lower ad spend. But they were up from 3.2 crores over same quarter last year. To some extent this is due to Shiksha which is a new business which does not exist last year.

Moving onto specific new businesses. If you look at 99acres, top line grew at 37% over last year in quarter three. Now, if you recall in H1, top line in 99acres grew 98% and we were hoping earlier that if this performance continues we should be approaching breakeven by this financial year end.

But what has clearly happened in quarter three is that the builder community, the broker community the real-estate market has been really badly hit in terms of liquidity, in terms of availability of cash. And that is reflected in lower growth in quarter three over the same quarters previous year. If this trend continues in quarter 4 it is unlikely that 99acres will breakeven in March this year. And but we will have to wait and see how it goes, we don't have visibility of the real estates market, but we are hoping the credit situation improves and builders have more liquidity going forward.

So the environment in 99acres remains a challenge having said that online media remains very under penetrated in this sector. So there is still some growth coming in but it's not what it was being in the first half. We continue to focus on product improvements. We continue to focus on the sales team and servicing better. And we will take it quarter-by-quarter.

Jeevan Sathi the net sales grew at 27% over the same quarter previous year. The EBITDA losses went down to 30 lacs i.e. 0.3 core rupees. Profiles ever added increased to 2.84 million as on December 31, 2008 versus 2.69 million on September 30<sup>th</sup>, 2008. The experiment with offline centers the pilot project continues. There were a total of 10 centers as on December 31.

Investment in offline centers we will take a little longer to breakeven and they will cause the vertical a little longer to breakeven as we mentioned last time. Improvements on the site continues the product the UI the analytics, algorithms that is an area where we have emphasis on.

Brijj today has 1.6 million profiles growing about 3000 plus per day. The situation in brijj remains the same at last quarter in terms of challenges we need more engagement. We need more users coming back. We need people building networks. So the focus on improving product and viral marketing continues. But monetization would take longer as reported earlier.

Shiksha was launched in May. There are over 85,000 listings and entries on the site. The sales team is in place. We are continuously tweaking the products to address market needs and the product is improving and it seems to be in place now. Some clients are in place and the sales team is going out and selling so we are hoping that Shiksha delivers some revenues next quarter. But it will be too small to move the needle for the overall company.

Allcheckdeals closed over 110 deals in quarter three, business has slowed down because of weak real estate market and fewer buyers being available. Especially newer developments however some lower price projects have come out and these could deliver some sales in the coming quarter.

We are in advanced stages of working on the launch of firstnaukri. It will be launched in next few days or couple of weeks. The purpose here is to connect first time job seekers and campuses to potential employers. The site proposes to eliminate the current pain points of an offline recruitment model, of the campus visiting model, that exists for entry level hiring.

There is no further news to report on other external investments. We continue to evaluate projects but there is no new investment to be announced as yet.

Given the recent developments in the India market we have a couple of comments on corporate governance. The three promoter directors have given a declaration to the audit committee that none of their shares ever had been or currently are pledged to take any loans. We also conducted a special audit through a third party auditing firm which is different from our statutory auditor, different from our internal auditor to confirm the cash and bank balance and investments as of 31<sup>st</sup> December 2008, in addition to the usual audit procedures performed by the statutory and internal auditors. This report was tabled at the Board meeting this morning.

I will end the presentation here and I will wait for question-and-answers.

**Operator:** Certainly sir. At this time if you wish to ask a question please press star one on the telephone keypad and wait for your name to be announced. If you wish to cancel your request, please press the hash or the pound key. First in line we have Mr. Jason, from Citi Group. Please go ahead sir.

**Jason:**

Thank you and good evening Sanjeev and everyone else. I have a maybe just a question about your advertising expense to begin with. You cut the advertising spend looks about little bit more than 30% sequential and I think that's probably really appreciated by lot of investors because you are helping to protecting your margins. And my question is can you maybe comment on the nature of the competitive landscape right now? Are you key competitors also cutting their advertising expend and do you see that you have a lot of flexibility. Do you think you need to keep the advertising spend at kind of a lower level than traditionally without risking your market share. And could you give us an outlook just generally speaking on what we should be expecting for the margins going forward? And then I have a couple of follow-up questions too, thanks.

**Sanjeev Bikhchandani:**

This is Sanjiv here ad expense was down in quarter three. The fact is that every quarter three we spend less on advertising we tend to spend less due to of festive season and because of which fewer sales are happening. Having said that there has been some amount of reduction and we will take it quarter by quarter. I would let Hitesh handle the competitive bit.

**Hitesh Oberoi:**

So we did see a decline in competitive activity in Q3. Monster cut down their ad spend heavily. The times group, which we compete with in many spaces cut down their spend drastically. On the matrimonial side a couple of our competitors have issues in terms of cash in bank they also cut down on their ad spends. So generally speaking ad spends for all the categories we operate in were much lower in Q3 and which is why we also cut down on our spend without losing share, in fact we gained share in some categories. In Q4 right now it's difficult to say what will happen but I don't think ad spends will go back to the levels we use to see one year ago, but we would wait and watch and decide our spend plans quarterly based on our competition does.

**Sanjeev Bikhchandani:**

So basically on ad spend you would do an absolute amount since you want to do to achieve your goals and the same time there is a share of voice imperative and competitive spending going down has really helped us in the share of voice – in some cases increasing the share of voice. What we also expect over time is as ad spends decline and ad markets move into for slowdown or a recession we expect to get better terms of trade as well. So that would help.

**Jason:**

Right. And maybe just a thought to this first question. You kind of indicated that you're going to be closely monitoring I think was Jobspeak to try to understand when the market bottoms. Should – that a concept how we think about your business and your strategy and how we might model this? When you guys see the bottom or you see the bottom form should we just expect that you guys may increase your spending and your sales and marketing efforts kind of early at the bottom so that you can maybe be beat some of the competitors with your message and would be gaining in market share from that, is in your strategy? Would you expect that there would be kind of permanent gains which might encourage you to do such a strategy or – so we do think that maybe the bottom is going to be more down and flat for a while and therefore we really have to look more for maybe that be up tick in the market demand rather than just a bottom in the demand for you guys to really kind of push the pedal back to gain more share ?

**Sanjeev:**

So look, we don't know if it will be a U or a V or L, I mean there is all sort of alphabets bring thrown around but what we do know is that our strategy is to cutback on ad spend but maintain share of voice going into the slowdown but coming out we want to step on the pedal. And we'll probably do that earlier in competition, and but the truth is we don't know if we will be skimming the bottom for a while or it will be a V. We'll be monitoring it closely and as soon as we believe we are getting traction we'll up the investment.

**Jason:** Great. And then one last question, could you guys maybe talk a little bit more about the pricing environment around Naukri. It seems like revenue growth is slowing faster than I picked the client growth. It seems to be pulling pretty well. Are competitors cutting prices and you having to match it or are you cutting prices to kind of keep your key clients on board and kind of what should be just a general outlook for pricing environment. Is that have we had a significant price fall already which look it to happen further or are we most half of the way through what could be pricing pressure, any color you could give around pricing will be helpful ?

**Hitesh Oberoi:**

Well, definitely in this quarter pricing came under pressure but what we see happening more is clients down grading to different products rather than putting pressure on us to cut prices. At the same time there was some clients who put pressure on pricing as well, so pricing also took a beating in this quarter compared to previous quarters. But largely because clients are cutting down on hiring requirements, they're cutting down on the number of licenses, they're cutting down the number of listings, they're cutting down on branding products and think we don't want to buy branded products. So we have seen many people downgrading but pricing also did come under pressure, this quarter. The competition, this is again hearsay and picked up from the market, is that they are under severe pressure as well.

**Jason:**

All right, thanks guys. I'll get back in queue.

**Operator:**

Next on line we have Mr. Nikhil Pahwa from Medianama.com. Please go ahead, sir.

**Nikhil:**

Thanks. I was just wondering given that hiring is down what is the rationale for investing in a whole new business Firstnaukri and what kind of an investment can we see in this business in the coming quarter?



**Hitesh :**

Nikhil so first Naukri is not a real big investment for us reason being that it is going to be sold to the same sales team and the same customers. And basically what we have right now is maybe 2-3 people working on the technology and the product. It's a different concept we don't expect any significant revenue out of it in the first year, but don't expect significant costs either and but if done well, this is a market segment we don't target at all. The Naukri side does not serve for this segment at all but it's a big segment that is growing yet there maybe temporary slowdown in campus hiring for a year or so. But we feel that it will take a year for this one to get attraction also and by the time that happens hiring may look up again and therefore it may become a useful product to have at that point in time.

**Nikhil:**

Okay and how was the matrimonial that has been doing and how was the market doing overall. Could there be a situation that you might actually decide to cut your losses and actually exit the market also together because Sanjeev said that in a downturn that number one and number two essentially are the one that survived and I would assume that you're number three right now in that market?

**Sanjeev Bikhchandani:**

Well, no we're number three on an aggregate revenue basis but if you look at market segments this is the matrimonial market is highly segmented and it's about communities, castes and religions. And you want to be number one for a few communities and that's where we're making progress, we are number one in several communities in North India and in the Maharashtra. And we're heading towards number one in several more. So the issue here is not to be number one, two or three in aggregate revenue. It is for your target costumers are you number one and is that segment is large enough for you run a viable business and clearly we have seen good progress on that front on the product on analytics on the predictive modeling on the selling and marketing, which is one reason why we were able to grow at 27% and at the same time reduce losses to 30 lakhs only in Q3.

**Nikhil:**

Thank you. Also have you made any changes to your sales strategy when it comes to Naukri, are you offering clients anything different in terms of time for which they might be picking packets?

**Sanjeev Bikhchandani:**

We haven't but as Hitesh said what does happen however in a slowdown is that look a client may say okay so what I'll do... I think I will take the six month product instead of one year product or renew every three months every quarter because especially the cash short situations and the credit squeeze in October, November. Client will renew for shorter period of time and keep on renewing. But no we have not made or done any different products right now.

**Nikhil:**

Okay, and we also wondering about what is the status of the investment that has been made in the external companies over the last fiscal. How are those companies doing because I believe that's fairly small how they are faring in the downturn and therefore what are the status of the investments in those?

**Sanjeev:**

Well Applect just launched its site called meritnation.com. We're quite excited by the products, it just launched a week or ten days ago, it's called meritnation.com, take a look at it. And we're quite excited by the product but you know it's very, very early and... that will... will unfold over the next few months. Policy bazaar launched a few months ago and they are still figuring out the sale strategy and the marketing strategy and there is some progress happening there. Studyplaces continues to sell to its clients, lead generation and some advertising. We have a small stake there.

**Nikhil:**

Thank you. I guess I'll ask [inaudible] more questions, thanks.

**Operator:**

Thank you Mr. Nikhil. Next in line we have Mr. Ajay Nandanwar from Indea Capital. Please go ahead, sir.

**Ajay:**

Good afternoon. Hi I was wondering if you could just give details of losses in other verticals ?

**Sanjeev:**

Okay, so in 99 acres loss was 1.7 crores at that EBITDA level down from 2.4 crores last year. Jeevansathi EBITDA losses were 30 lakhs, and the other businesses we don't have break ups of losses but brijji, shiksha and the rest about 2.9 crores so a total of 4.9 crore vs 8.6 crore in Q2 so losses declined by over 3.5 crore vs Q2.

**Ajay:**

And what has been your share of IT in Naukri revenue this quarter.

**Sanjeev:** It is 25.9% as opposed to 29.7% in the same quarter of last year.

**Ajay:**

Also some color on what have your collections been for the part of the January till now, last quarter probably was the worst for almost everybody and how the revenue the collections have been in January. How is Jan panning out?

**Sanjeev:**

It's little early to say about Jan particularly first months of any quarter are weak for us. So we don't reveal the numbers by months but we don't really how quarter 4 will pan out this year. Is that there is a very, very poor visibility given the volatility. Traditionally quarter 4 has been the strongest quarter for us because a lot of people use their lapsing budgets. We do not know to what extent that will happen this year given the fact that clients are under pressure and may not have lapsing budgets. So we have to wait and see it.

**Ajay:**

Thank you so much.

**Operator:**

Thank you Mr. Ajay. Next in line we have Mr. Ankit Kedia from Centrum.

**Ankit Kedia:**

I just wanted to know you said we don't know whether it will be a U, V or L type recovery. What is the goal post you are looking at to see that this is the last leg of what we call the slow down or recovery and when we see recovery happening.

**Sanjeev Bikhchandani:**

Our ability to predict is poor. But fact of the matter is we will know the bottom 3 to 4 months after it has happened. But clearly we do not see the situation improving dramatically improving this quarter over what happened in the last quarter.

**Ankit:**

Thanks do you get a feeling in that six months or nine months we feel of talking of second half being better.

**Sanjeev:**

No when we talk to clients you know they say not now, but they are not able to say when, okay. So even the clients ability to predict is poor today.

**Ankit:**

Have you had any problems in a debtor days increasing or clients deferring payments?

**Ambarish:**

No, actually in our principal business Naukri as you know our accounting policy is that we account only on collection, so you know the debtors reflect quadrangle and allcheckdeals business and there is no significant change there.

**Ankit:**

And the third question is since we are sitting on 300 crores of cash or probably more wouldn't it be prudent to returns some of the money to the investors in a high dividend pay out?

**Sanjeev:**

Not really. We believe that in an environment like this it is good to keep cash. You may be able to pick up some cheaper assets and use the cash for growth so I know we don't look at cash as something to be returned because you couldn't use it for a couple of quarters or years. It is a bloody important strategic asset for us and will decide winners from losers in this industry.

**Ankit:** I am just asking because the IPOS came two years and we have only utilized 48 crores, so what is the thought.

**Sanjeev:**

So if we would have utilized most of the cash a year ago I don't know how wise we would be looking right now, so I think it's a very good thing we did not end up utilizing it it's not that we don't want to utilize it, we want to utilize it for the right asset at the right price.

**Ankit:**

And just one question on the other income as well, so going forward what could be the benefit of the other income if you are going to share with us?

**Ambarish:**

We got about 323 crores of treasury assets and the break up I guess is in the balance sheet right there on the site, you will note the larger portion is in fixed deposit and there is a smaller component in liquid overnight schemes and you know so the return on that will reflect what is the short-term interest rates in the economy which are going to be continue to trend down.

**Ankit:**

Thank you.

**Operator:** Thank you sir. Next in line Asshi Anand from Kotak. Please go ahead.

**Ashi Anand:**

Hi your employee cost has comedown on a quarter-on-quarter basis. What had driven that ?

**Sanjeev:**

Okay, so we are not laying off anybody but what we are doing is that we are using natural attrition to not replace everybody. When we need somebody we look within the company. If we cannot find anyone inside then we look outside. If we start a new department or a new team which requires a specific competency that's not available inside we will hire. So it's deft usage of natural attrition which has lead to head count coming down over the last quarter. Secondly, the cost growth is lower since sales incentive payout has been lower than it was perhaps budgeted that has also caused our saving in employee cost. So these are the two factors.

**Ashi:**

I miss the number you had mentioned and also number of recruiters in the Q3? How much is that?

**Sanjeev:**

So in quarter three we had got 17,268. Okay and it is around 29,000 in the nine months YTD.

**Ashi:**

So also what about the numbers for transactions in Jeevansathi and 99acres and corresponding average revenue.

**Sanjeev:**

Yes so if you look at number of average revenue for paid user in Q3 is 1,640. And if you look at total profiles ever added was 2.68 million as opposed to 2.18 million a year-ago. Okay the number of paid users is 24,290 for the quarter.

**Ashi:**

Could you give us some of the numbers for 99 acres?

**Sanjeev:**

So for December '08 quarter ending there where about 240,000 listings. Of which 209,000 approximately were paid listings. About number of unique paid customers is about another 3300.

**Ashi:**

And what was the average amounts?

**Sanjeev:**

We are not revealing that for 99acres for competitive reasons.

**Ashi:**

Okay, thanks so much.

**Operator:**

Thank you sir. Next in line we have Ms. Divya Nagarajan from JM Financials. Please go ahead ma'am.

**Divya Nagarajan:**

Hi Sanjiv, congrats on a good performance in a tough quarter. Just wanted to check, your jobs page shows that the IT software jobs are actually had a small up tick this quarter

about 3%, the index. Could you just give us a sense of where these jobs are coming from, which segment of the...?

**Sanjeev:**

So this may be in this month. That's not in this quarter because we produce this index on a monthly basis. So I would not look at this index on a month-on-month basis I would look at more trends over time, because in a month we get extra jobs and it could impact that month. It would impact the index. But what is significant is that the Index from July to December is down 31% and it declined from Nov to Dec. So therefore we don't know where the bottom is.

**Divya Nagarajan:**

Thanks alright. And this is my inference that the maximum pressure that you are seeing currently today is in the banking and insurance space ?

**Sanjeev:**

Insurance I think is the all right of the sector as far as hiring is concerned. But your banking is under pressure, IT is under pressure. There are a large number of sectors under pressure, some that do not seem to be under pressure our spaces like insurance, telecom, health, pharma FMCG as well as education. Those are, I mean everything is down from last year but these are not down and obviously hiring.

**Divya Nagarajan:**

All right and when you say that your visibility remains you know very low what does that translate into. You are not able to translate into the listing that you might have or...commitment from customers?

**Sanjeev:**

We are unable to predict how many would renew for how much? And will they upgrade, downgrade, and stay the same. Will some of them say okay, I am going to...I want deferred payment schemes? Some of them say, I will renew for the quarter not for the year and I will...if somebody can take a gap for the quarter. So because of uncertainty in their own hiring plans, they have in their own businesses. They can't give us visibility on this. And when the time comes only then we get to find out.

**Divya Nagarajan:**

Thanks. And just lastly could you just give me a sense of the market share gains that you have got in need to favor businesses?

**Sanjeev:**

So if you measure market share by revenue the truth is we don't know what are companies are doing. Especially the change has been rapid we know even less because it's changing rapidly. What we ... we do have traffic measures for naukri from Comscore which is in December 58%. It has been fluctuating between 50 and 59% for most of the year. So it's a fairly robust market share.

**Divya Nagarajan:**

Right, and in your other segments Jeevansathi and 99 acres.

**Hitesh:**

In 99 acres, as per Comscore we hover in the 30 and 35% mark and in Jeevansathi we are in the 15 to 20% range.

**Divya Nagarajan:**

Right, thanks. All the best.

**Operators:**

Thank you ma'am. Next in line we have Mr. Vijay Maheswary from VK Capitals.

**Vijay Maheswary:**

Just wanted some inputs on the trends in new sales booking, vis-a-vis the reported turnover?

**Sanjeev:**

Can you repeat that question please?

**Vijay Maheswary:**

I mean that is some amount which goes into deferred sales, right? So I wanted to know like new sales booking, are they moving at the same category as the reported turnover or is there some difference in that?

**Ambarish:**



See, that tends to move slightly differently from what happens in the deferred sales revenue, I would give the figures on the deferred sales revenue, if you see the balance sheet there on the liability side and you can see and what they were on March '08 and what they were on June and September and currently in December, you'll get a picture for what's happening there?

**Vijay Maheswary:**

Sir but typically the deferred sales are what six months of turnover or three months of turnover?

**Sanjeev:**

The thing is that, that is changing now because a lot of clients are taking products for a shorter time frame, the client who paid for year may now pay for six months and therefore the revenue, that collection which you gives us is to deferred over 6 months and not 12 months and that collection may be lower than year right now but he will renew after 6 months, maybe. So the deferred sales number, it is about 48 crores as of December end and our balance sheet too is on the site and those interested can download the balance sheet from there.

**Vijay Maheswary:**

Right. Sir, my question is either the fresh deals a little lower than the kind of growth or I mean the turnover that you are seeing in reported sales?

**Sanjeev:**

Yes, it will be because, that's why the revenue growth is coming down. So therefore the deferred sales would also be coming down.

**Vijay Maheswary:**

So when sir, when we the benefit of deferred sales which had happened last year keeps coming down will we see as more deceleration in sales overall for the company?

**Sanjeev:**

It is possible but a lot depends on the tenure of the subscription. If everybody is paying us every week, you may get the same revenue but you will not have deferred sales because if people are paying weekly but then nobody pays us weekly, I just took an example to illustrate a point, if people are paying us for three months instead of nine months or 6 months or 12 months, and then renewing after three months and paying again, you will

see a lower deferred sales figure but you may still see the same revenue. So it all depends on the way it pans out, we are not able to say just yet.

**Vijay Maheswary:**

Okay, great, got that. Thanks a lot.

**Operators:**

Thank you sir. Next in line we have Mr. Nikhil Pahwa from Medianama.com. Mr. Nikhil please go ahead.

**Nikhil:**

Thanks. I just wanted to clarify one number, in case of Naukri, what has been the revenue contribution by the top 10% of clients?

**Sanjeev:**

We have got that number since we look at that annually.

**Nikhil:**

Okay.

**Ambarish:**

When we last looked at it, it was a little over 60%.

**Nikhil:**

You intend to give that every quarter and....

**Sanjeev:**

It more or less remains steady but we haven't done that for this quarter.

**Nikhil:**

What are total numbers of clients for this quarter for Naukri?

**Sanjeev:**

17,268.

**Nikhil:**

And what could be the headcount? For the company? And in case of Naukri?

**Ambarish:**

For the company it's close to about 1700.

**Nikhil:**

Okay.

**Ambarish:**

And we are not revealing by business at the moment.

**Nikhil:**

Great.

**Operator:**

Thank you sir. Next in line we have follow up question from Mr. Ajay Nandanwar from India Capital. Please go ahead sir.

**Ajay:**

It seems like your other vertical revenues are roughly 8.5 crore, right?

**Sanjeev:**

9.1 crores.

**Ajay:**

9.1 crore, and roughly and you said in, I missed it some of the Jeevansathi topic about 24,300 paid for?

**Sanjeev:**

Yes, that's an approximate number.

**Ajay:**

And paying 1,600 rupees.

**Ajay:**

But I would imagine that in Other Verticals Jeevanstahi and 99acres are the two primary revenue contributors.

**Sanjeev:**

That's correct.

**Ajay:**

Okay, thanks very much.

**Operator:**

Thank you Mr. Ajay. Next in line we have Mr. Shivachand Ramchand from Spark Capital.

**Shivachand Ramchand:**

Yeah, hi, just was wondering if we are looking at expanding in any geography in an organic business?

**Sanjeev:**

We are not looking at expanding outside India apart from Middle East operation which is Naukri gulf as of now. And we are not looking at any either organic or inorganic expansion in any of those areas.

**Shivachand Ramchand:**

Any other new offerings area like, something like 99acres or any other new sources or vertical that you would focus on?

**Sanjeev:**

We will continue to stay in the same four verticals for now, however we are launching firstNaukri, which is a jobsite for entry-level campus hiring which is a segment that is underserved by the current Indian job sites. And Shiksha we are doing education, so there are four verticals we are in.

**Shivachand Ramchand:**

Okay, sure. Thanks a lot.

**Operator:**

Thank you, sir. Once again participants who wish to ask a question please press star one on your telephone keypad and wait for your name to be announced. We are having the follow up questing from Mr. Nikhil Pahwa. Please go ahead sir.

**Nikhil:**

Thanks. Could you give an idea of how Shiksha has being doing over the last three months?

**Hitesh:**

Well, Shiksha, we put a sales team in place then we are getting the product right, the number of users have gone up, we are getting about 15,000 users a day on the site, we're getting about 500 registrations every day, so the numbers on the traffic side are encouraging. On the revenue side, we have put a system and we have put a sales unit in place, they are going out, meeting customers, we are getting some sales, it will be the sales are not material right now to make, they do not make a difference to our books but we are hoping that sales will pick up in this quarter and the quarters going forward.

**Sanjeev:**

So Nikhil, typically what happens when we launch a new website or a new vertical is that, it gets us about 12 to 18 months to keep on experimenting with the product is really right and I think we are getting the product more and more right in Shiksha as we go along. And that is when we put big marketing muscle behind it till then we invest small amounts in online promotion, so, which is where Shiksha is today.

**Nikhil:**

Could you give an idea of what of the nature of this particular vertical in the sense, neither be attached and...?

**Sanjeev:**

So we are still discovering that, we are new in this business, we expect there will be some seasonality in the months preceding the admission dates because that's when you pass out of school or you are just preparing for your exams around that time but you know, this is something that we are still to experience.

**Nikhil Pavar:**

Okay. Thanks and all the best for the next quarter.

**Sanjeev:**

Thanks.

**Operator:**

Thank you, sir. Once again participants who wish to ask a question please press star one on the telephone and wait for your names to be announced. Next in line we have Mr. Vishal Shah from Allard Capital, Alhad Partners. Mr. Vishal, please go ahead.

**Vishal:**

Hello, I just missed out a number; Jeevansathi had losses of 30 lakhs this quarter last year this quarter, what was that number?

**Sudhir:**

One second, it was positive about 6 lakh.

**Sanjeev:**

It was breakeven, six lakhs positive but since then you have got into offline centers, which are once again over in the cost and so therefore obviously is a good performance.

**Ambarish :**

So they are not comparable in a sense? Because we've just upped our expenditure level to the offline centers.

**Vishal:**

What have been the investments in these offline centers?

**Hitesh:**

We have opened about 10 so far and another five on the pipeline. So the CapEx for per centre is about five to seven lakhs when we open it. The running cost per center are in the region of 1.5 lakhs per centre, per month on the average.

**Vishal:**

Okay. And this Naukri has been maintaining the margins from 45%, what do you think would be the outlook going forward?

**Sanjeev:**

We have very little visibility and a lot will depend on our top line numbers and that's where we have the least visibility, we can predict our expenses, they are more controllable but we can't predict top line numbers in the next one or two quarters given the uncertainty. So we really can't say anything about that.

**Vishal:**

Okay, thanks a lot.

**Operator:**

Thank you Mr. Vishal. Once again participants who wish to ask a question please press star one on the telephone keypad and wait for your names to be announced. I repeat, if you wish to ask a question please press star one on your telephone. We are having Ms. Neha Idnani from Angel Booking. Ms. Neha, please go ahead.

**Neha:**

I just needed for you to give me some sort of color on the acquisition front and that you would be looking for, do you have anything in mind terms of the vertical and...

**Sanjeev:**

We have no announcements to make here at the moment but yes, we keep looking at any potential investment, early stage, mid stage in areas that are allied to our current scene which is classified, market places or information exchanges, online, India.

**Neha:**

Okay. So I'm sure you have come across like a lot of acquisition targets that you decide and test, I mean what is it exactly that is, the times, why it is taking so much time for you?

**Sanjeev:**

No, so we are looking at early stage, we are looking at early stage stuff on an ongoing basis. The fact of the matter is that mid stage companies in India are very few and therefore there aren't so many targets out there.

**Neha:**

And early stage, are there a lot of targets available and it's so like...

**Sanjeev:**

Well, there are lot of early stage entrepreneurs who are looking for the first round of funding and in this environment they have a hard time getting it and a lot of people who got first round may have a difficult time getting second round. So there what you are going to do is put the bar really high because we don't want to make too many investments, then we can't manage them, so we'll be very, very selective.

**Neha:**

Okay.

**Sanjeev:**

So this is the time to be selective.

**Neha:**

Okay, fine, thank you.

**Operator:**

Thank you Ms. Neha. Once again participants who wish to ask a question please press star one on the telephone. I repeat if you wish to ask a question please press star one on the telephone keypad and wait for your name to be announced. Next in line we are having Krupal Maniar from ICICI securities. Please go ahead.

**Krupal:**

Hello Sir, can you provide the breakup of the recruitment revenues into different verticals like how much from IT, Infra, edu and you know...?

**Sanjeev:**

Yeah, so if you look at the Naukri performance, I think I have already said it, I think 25.9% was from IT



**Sudhir:**

IT is about 25.9%, BFSI is about 4.5%, Consultants are around 25% and infrastructure is about 22.5%.

**Operator:**

Thank you sir. Participants may press star one to ask a question. I repeat if you wish to ask a question. Please press star one on the telephone. Next in line we have Zahara from ASK Investments.

**Zahara:**

Just wanted to know that when you're looking at making acquisitions or investing in new businesses, has anything changed in terms of how you would evaluate your investments financially and surviving the down turn?

**Sanjeev:**

So, there are two aspects to this. One is given the environment now, we can afford to and we must be a lot more selective and put the bar higher because, not so many early-stage companies are getting funding. Earlier there was a lot of money chasing many of these companies, so there is one thing that has changed. The other thing is look as we go along, even we are learning about judging, judging teams and so we are also improving in that and otherwise the standard evaluation metrics apply, quality of team, size of market, size of opportunity and somebody has done it abroad earlier, are you taking money from an existing budget of the client or are you asking to spend money for the thing he does not do, is there IPR being created, is it online is it India those kinds of things we look at.

**Zahara:**

Okay, all right. And is there any kind of, I don't know, do you even consider paybacks and stuff like that when you sort of because clearly you are investing in completely new business, and you may not have the visibility I get that.

**Sanjeev:**

That is true.

**Zahara:**

But nonetheless do you know the hazard; I am asking it when you will do it or you just...

**Sanjeev:**

See, it's very hard to make I mean any sort of prediction of revenue three years out or five year out, with prediction of cost and therefore profits would be a form filling exercise but really you look at size of markets and you look at the defendability of revenues, you look at need gap, you look at competition and you look at that this is the company that we would like to acquire, should it begin to succeed, so you may start off with a minority stake but you know you will have right of first refusal, you will, if the company does well, we have to be putting more money. So we don't look at exits but we look at the company potentially becoming a big business.

**Zahara:**

But in, as a parallel do you also look at worse case scenarios and is that how you approach it because you typically now start looking at a portfolio approach, right, because the kind of blockbuster, if you will that you got with Naukri may or may not necessarily happen. So is that how you look at it, I am going to do four deals out of which one might turn out be a great one.

**Sanjeev:**

We don't look at ROI in the sense that we don't want to exit.

**Zahara:**

Right. But what will happen...

**Sanjeev:**

We look at can this become a big business which you would like to own and make a part of our company and if the answer is yes then we would like to move ahead.

**Zahara:**

Okay, all right, fair enough. Thanks.

**Operator:**

Thank you, ma'am. Participants who wish to ask a question please press star one on the telephone keypad and wait for your name to be announced. I repeat if you wish to ask a question please press star one on the telephone. At this time there are no further questions from the participants. I would like to hand the flow back to Mr. Sanjeev Bikhchandani. Over to you sir.

**Sanjeev Bikhchandani:**

Yeah, if there are no more questions we would like to end the conference call here. Thank you very much for attending. And some of you may not know but we've been putting up quarterly balance sheet on our website from the last seven quarters, even though it's not mandatory and in case if you want to look at the balance sheets then they're available on our website at [infoedge.in](http://infoedge.in). Thank you.

**Operator:**

Thank you sir. Then that concludes our conference for today. Thank you for participating, you may all disconnect now.