



AUDIO CONFERENCING SERVICE

TRANSCRIPTION REPORT

RELIANCE Broadband

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Operator:

Thank you for standing by and welcome to the Analyst and Investors Conference Call, presented by Mr. Sanjeev Bikhchandani, MD and CEO, Infoedge India Limited, Mr. Hitesh Oberoi, COO and Mr. Ambarish Raghuvanshi, CFO.

At this time, all the 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 your telephone. Please be advised, this conference is being recorded today.

I would like to hand the conference over to your speaker now. Over to you, sir.

Sanjeev Bikhchandani:

Thank you, good evening everybody and welcome to our earnings call. We’ve had our board meeting and AGM today, and our Q1 results were out. Net sales were 63.1 crore rupees, which were up from 46.5 crore rupees in the same quarter the previous year.

Operating top line growth was up 35.6% within the range we’d indicated earlier of 35 to 50%. As of now, we are staying with that range. Other income is lower than the same quarter last year since, we have invested a more in fixed maturity plans that will mature after March 2009.

Operating EBITDA grew 41%, operating EBIDTA margin was at 26.5% up from 25.54% the previous year. Operating PAT grew at 40% and was at rupees 9.67 crores up from rupees 6.95 crores a year ago. Operating PAT margin was at 15.3% up from 14.85% a year ago.

If you look at the composition of the revenue from recruitment and other businesses recruitment as at 88% of operating top line (net sales) as compared to 91% in the same quarter last year. Other businesses accounted for 12% of the operating top line compared to 9% in the same quarter last year.

If you go deeper into the recruitment business, as far as the environment is concerned the economic environment, we are watching with some caution given what's happened in the first quarter in the environment, whether rising oil prices or inflation or higher interest rates. All this calls for a little bit of a slowdown in growth going forward in the Indian economy all that's happened in June, which led to clients, being a little cautious in June.

Recruitment top line in quarter one, grew at 32%. The Naukri recruitment solutions top line grew at 30%. Naukri candidate services grew at 66%. Quadrangle grew slower than the previous year at 16%. EBITDA margins however, in recruitment were up at 43% up from 38% for the same quarter a year ago.

In Naukri, EBITDA margins were at 47% up from 41% a year ago. The business wise EBITDA numbers are not reviewed or audited. You look at the operating metrics on Naukri as on June 30th, 2008 that number of resumes, we had on Naukri was upwards of 14 million.

During Q1 a total of 17,000 resumes were added daily and over 44,000 were modified daily. This is a significant improvement sequentially and over the same quarter previous year, we recon this is largely because of product improvements that we have made.

In quarter one about 18,500 organizations (corporates and consultants) used Naukri as oppose to 14,700 in quarter one the previous year. We believe that at least some of this because of our emphasis on dividing the sales team into key accounts, named accounts and retail and telesales.

So it looks like some of long tail of small clients seems to be delivering some of the results. The share of IT is down marginally to 27% versus 29.7% for the full financial year last year. We watch IT with some cautioned due to some of the volatility that's happened in the past and fact that IT companies are cautious in their expansion outlook going forward.

Some of the other sector they are responding well, for example infrastructure, which was about 21% of sales in Q1 grew by 36% in this quarter over the same quarter previous year. We continue to focus on product and technology innovation in Naukri. We recently re-ramped the recruiter section in quarter one and the results are encouraging though it's still a little early, but the results seem to be positive. But we know more about this in the days and weeks to come.

Overall our product improvements have led too significant increases in applications being made through the site, Resumes coming in, number of unique appliers etc so the overall matrix in the site has moved forward very well over the last 9 to 12 months. And this should be good for long term growth going forward. If you look at traffic share, while ComScore and Alexa are not necessarily the most reliable metrics, because they may have small sample sizes. Nevertheless, over the last four moths, we have seen continuous

improvement in our traffic share in Naukri and in Comscore it moved up to almost 56% for the last month, based on the data were received.

Coming to performance of other verticals, which comprise Jeevansathi, 99acres, Shiksha, Brijj, Allcheckdeals, almost all the revenue came from Jeevansathi and 99acres. Net sales grew at 71% in quarter one, over the same quarter the previous year. They were at 7.5 crores for the quarter up from 4.4 crores in the same quarter of previous year. EBITDA losses were increased and went to 7.4 crores up from 4.2 crores in the same quarter, the previous year. A little qualification here that this includes EBITDA losses on Brijj and Shiksha, which are yet to generate revenue and were non existent in the same quarter of previous year.

Coming to 99acres, top line grew at 112% in quarter one, over the same quarter previous year. EBITDA losses were at 3.2 crores up from 2.5 crores in the same quarter of the previous year. Again I'll qualify that, our businesswise EBITDA numbers are not reviewed or audited. Our EBITDA numbers by division or by business line are not reviewed audited by PriceWaterhouse. So these are internal estimates.

As far as the environment in the real estate business is concerned, once again, we remain cautious, while we are under penetrated and we should see growth anyway. Some of the feedback that we are getting from builders on how tough, it is to sell and how the liquidity situation is there are how much supply is coming on versus low demand. We remain a little cautious, but we are confident of getting high growth for 99acres anyway, because we are very, very under penetrated. We continue to focus on product in UI and technology improvements in 99acres and some of them are yielding good results.

Jeevansathi, net sales grew at 44% in quarter one over the same quarter of the previous year. EBITDA losses were at 1.8 crores up from 1.3 crores last year. Partially, this is because we've are moving into the offline center strategy and we've got four centers up and running and a few more in the pipeline and these offline centers will in turn incur some expense and therefore this may give you the breakeven a bit later. Profiles ever added increased to 2.53 million as on June 30 2008 versus 2.36 million as on March 31. We continue to do very good work in Jeevansathi on UI and once again, these are yielding very, very good results in Jeevansathi.

A little bit on Brijj, we currently have about of 1 million profiles. These are growing at about 5000 plus profile a day. Our principle milestones here, which we need to achieve, are to increase engagement, increase quality of network additions and on a few more product features. We've recently launched a contest in Brijj to encourage greater engagement and networking, the results are encouraging.

Shiksha, we launched the product in May. There are over 100,000 listing have got as of now. We have begun the online marketing campaign only about a week ago. We have excellent feedback on the product, the sales team is in place and some clients are already

in place. We would have more to report on this on the next quarter call. All check deals closed over 300 transactions in the last 12 months.

Some of these were when all check deals was within 99acres with the service operating under NRI branding, so the response here too is encouraging. We announced two days ago that we are investing in a company called Applect. We would be investing rupees 6.5 crores to take a 40% stake eventually in Applect Learning Systems Pvt Ltd.. The company was promoted by 2 IIM Bangalore alumni, who have roughly about 12 years experience each. They have been in education for long but largely in the content development and in the offline delivery space.

We are investing behind Applect for them to build a website, which will provide assessment based learning in the K12 space. So this is another entry into the education space from our side. We continue to evaluate other investment opportunities on an ongoing basis, but we don't have any announcement to make in this regard currently. So to summaries you know on our main business Naukri, as well as on 99acres, we continue to observe the economic environment at some caution.

We will take it in a quarter-by-quarter basis and we will have a better fix on things, maybe at the end of the quarter two. We are staying with our earlier indications of top line growth between 35 and 50% for this financial year. On Naukri we will continue to focus on product improvement, technology and analytics. And we shall extract greater efficiencies from our sales system, in order to get new clients and bill more from current clients. And as far as new businesses are concerns, we shall continue investing in new businesses both internally and externally.

Thank you for listening, we will be happy to take any questions now.

Question-and-Answer Session

Operator:

Certainly, sir. At this time participant who wish to ask a question kindly press "start" "one" on your telephone keypad and wait for your name to be announce. If you wish to cancel your request please press the "hash" or the "pound" key. Our first question comes from Miss. Catherine from Citiore.Please go ahead.

Catherine:

Hi, good evening. My first question is the near-term demand outlook for the IT service, in fact you had referred to this earlier in your presentation. Actually in the IT service, the companies you have had a typical first quarter in the fiscal year '09. But it seems like the general consensus is for the growth to accelerate in '09. That being said they seem to

remain unsure due to the delay in budgets. And especially on this fiscal year '10 budgets, maybe determined in the more challenging environment. Could you please elaborate a little bit more? Because your outlook or your feel in terms of how cautious you are currently versus say three months ago on your last results call?

Sanjeev Bikhchandani:

Quarter three last year was a pretty difficult sort of outlook at that stage because that was just when the rupees had gone to 39 rupees to 1 USD and you know a lot of our clients, a lot of the IT company were blind sided by that. And there was a fair bit of caution there. In quarter four things improved, right now what's happening is that, the company's we have spoken to many of them, they are saying okay, so we are keeping lateral hiring where it is and we may increase a fresher hiring a bit. So there some more caution there. But the body language seems to be positive and we are expecting demand side increases to take place in quarter 3 (Oct – Dec) this year. And that's a kind of any anecdotal evidence I can give you. But we just wait and see, but we will continue to observe caution and we will take it quarter-on-quarter, the good news is that IT dependence is down to 27% of Naukri corporate sales.

Catherine:

Okay. So that's the pretty good way to answer. And to the next question which is for the demand on non-IT service sectors, which we thought it as a pretty strong core driver for the business and leading to lowering the exposure to IT service sector. What is the demand environment that you see for the non-IT service centers? Are they being impacted by the rising inflation or...

Sanjeev Bikhchandani:

Okay. So in non-IT, you see a lot of things happened in June, which should have otherwise been a very strong driver for us. There was interest rates going up or inflation hitting double digits or a prospect of the government being unstable or and oil price hitting USD 147, now when all that happened in June you know clients intended to become very cautious. Over the last 15, 20 days or so we have seen some easing up on oil prices, we are seeing that the government has survived the trust vote. There is some expectation that there might be some measures, the economic reform going forward from this government in the remaining months that it's in power. Oil prices have eased up a bit. So given all this and RBI has put the statement, that look inflation should be down at 5% at the end of six months from now, five months from now. If all this pans out, we can expect an easing of the situation and we expect things to be fine. But really we can't predict because it depends on these things happening. So like I have said we are waiting and watching with some caution on quarter two to see what happens.

Catherine:

Okay. Okay. Thank. I'll get back in the queue.

Sanjeev Bikhchandani:

Okay.

Operator:

Thank you, ma'am. Our next question comes from Mr. Rahul from Lucky Securities. Please go ahead.

Rahul:

Yeah. Sir, I had a questions, did you -- what's the headcount right now?

Sanjeev Bikhchandani:

About 1,790, about 1,800 you can say.

Rahul:

1,800, right?

Sanjeev Bikhchandani:

Yeah. That's right.

Rahul:

And how many of this would be on the Naukri site of the business with other new business that you have?

Sanjeev Bikhchandani:

Between 12 and 1300 on Naukri. And there will be some corporate and the rest should be on other businesses.

Rahul:

Okay. Just 12 to 1,300 Naukri, some corporate and that's in new business, right?

Sanjeev Bikhchandani:

That's right.

Rahul:

That is my first question and the second question is on the advertisement and promotion expenses side. Is there a rough plan or sometime on how much do you plan to spend this year on your different businesses including Naukri?

Sanjeev Bikhchandani:

I'll let Hitesh to take that.

Hitesh Oberoi:

Well, I think we spend about close to 48 crores in advertising in last year.

Rahul:

Correct.

Hitesh Oberoi:

While we have initial budget for our 25 to 30% increase in ad expenses this year.

Rahul:

Okay.

Hitesh Oberoi:

But what we are seeing is that we're already getting a lot of traffic on Naukri CV registration and all.

Rahul:

Okay.

Hitesh Oberoi:

Because of a lot of product improvement we have done and continue to do, also competitive activity is low in advertising. So I think we will come substantially lower than 63 crores. So maybe ad expense will go up between 10 to 12% this year compared to last year. However, having said that, you know, we will look at the situation quarter-to-

quarter. And if you know, growth is looking good and competitive ad increases then we might have to change that.

Rahul:

Okay. So roughly 55 crores what we can expect out here?

Sanjeev Bikhchandani:

As of now, but we'll review quarter-to-quarter.

Rahul:

Yeah. I did need a rough percent out there. Okay. And on these 55 crores, is there a rough break up? How much you will spend on Naukri and the other businesses?

Hitesh Oberoi:

So Naukri would be about 55 to 60% of this.

Rahul:

Okay. 55 to 60%, this will be Naukri.

Rahul:

And my last question is when you say the -- when you give us the EBITDA losses on 99Acres, Jeevansathi and other new businesses, I am assuming here that you would remove the employee expenses as well as the advertising expenses, correct? Anything you would include, in the cost structure you would include employee, as well as the advertising for those new businesses?

Hitesh Oberoi:

Yeah. They are being allocated there.

Rahul:

Okay. Okay. Thank you. Thank you very much.

Ambarish Raghuvanshi:

In fact, the substantial portion of the EBITDA expenses relates to advertising and people call there.

Rahul:

Right. That is what I wanted to have a breakup of.

Ambarish Raghuvanshi:

That's right.

Rahul:

Thank you.

Operator:

Thank you, Mr. Rahul. Your next question comes from Mr. Zamil Ansari from Lehman Brothers. Please go ahead.

Zamil Ansari:

Yeah. Hi. Good evening, everyone. I just wanted a few data points. Sir, what were a number of paid transaction in Jevansathi this quarter?

Hitesh Oberoi:

22,600.

Sanjeev Bikhchandani:

About 22,600.

Zamil Ansari:

22,600. And average revenue, sir?

Hitesh Oberoi:

Was about 1,600.

Zamil Ansari:

Sir, it just come down correctly or quarter-on-quarter, any reason for that?

Sanjeev Bikhchandani:

No. It has actually increased. Last quarter was about 1,490.

Zamil Ansari:

Okay. And sir, similar numbers on 99Acres, I mean what are the paid customers that you have on that side?

Hitesh Oberoi:

See that were 2,300 approximately paid transactions and paying customers 2,170 or 2,200 you can say, in quarter one.

Zamil Ansari:

Okay. And I am sorry that you must have given that early, but I missed that. But what is the recruitment -- I mean breakup of sales within recruitment non recruitment?

Ambarish Raghuvanshi:

88% and 12%.

Sanjeev Bikhchandani:

Sir, 88% recruitment which includes Quadrangle and Naukri.

Zamil Ansari:

Right. Are you giving a breakup of that too?

Sanjeev Bikhchandani:

We're not giving it separately for a competitive reasons. But the majority is Naukri. You know, Quadrangle is a small part of the business.

Zamil Ansari:

Correct. And sir, one more thing, you report a deferred sales revenue. I mean it has come down quarter-on-quarter this time is that an indicate or something?

Ambarish Raghuvanshi:

No. This is Ambarish here. I will just answer that. The deferred sales revenue in quarter one always comes down because quarter four is a very strong quarter in terms of

collections. So this is a natural phenomena, which happens every year when our deferred sales revenue dropped at the end of quarter one. And then it starts climbing up again from quarter two, quarter three and then again quarter four it reaches the max. Because that's the way the business cycle and the collection cycle works and the revenue recognition works in tandem with that.

Zamil Ansari:

Okay. And sir this deferred sales would be largely from the recruitment side right? Because other two...

Ambarish Raghuvanshi:

No. Actually we do collect some from 99 acres but you're right. The bulk of it would relates to Naukri.

Zamil Ansari:

Okay. Correct. And sir, you had given growth in infrastructure, the similar number for services? I mean how is that kind of in this quarter? The services part of your revenue?

Ambarish Raghuvanshi:

The growth from recruitment consultants, search consultants was fairly robust at 36%.

Operator:

Thank you, sir. Our next question comes from Mr. Ankit Kedia from Centrum Broking. Please go ahead.

Ankit Kedia:

Yeah. Sir, you spoke about the demand environment, just wanted to know on the pricing environment. How is the pricing been, this quarter have you reduced prices ?

Sanjeev Bikhchandani:

No. we haven't reduced prices. But what we are doing is pushing some of the lower prices packs, which are put into smaller companies/ retail clients. So when you do an average price for a customer, you may see average price for customer actually come down, but as because they're adding more customers at lower end. What we're going to see is did the same customer pay more last year ? Or pay less last year or pay the same last year for the same product. So on a per customer basis, for individual customer the

average pricing is not coming down but is going up, if the customers are paying as much or more than last year for the same product.

Ankit Kedia:

Okay. And sir, just to know on the progress of Jeevansathi opening centers. How is the progress doing in the first center, which is started and what there's now going forward?

Sanjeev Bikhchandani:

We've got four centers right now. It's a little early. And but we spend about 1.5 lakhs to 1.25 to 1.5 lakhs rupees percent in a month on operating basis per centre. None is yet to breakeven, but it's just the oldest one has been operating just for two months. So would be in a better position to tell after atleast six months as of operation. And we don't expect all to do equally well, so that's when we saw a mix and match there where we cannot -- which are doing well which is the best better location, which are not doing well and there will be some dropping and training maybe, may be a year later.

Ankit Kedia:

And sir, on Shiksha you said we have around 100,000 listings. Have we paid this listing with this inventory?

Sanjeev Bikhchandani:

No. These are not paid listings. Shiksha, large parts of Shiksha's value come from the fact that we are positioning it as, the starting point for your college and core search. So you can come here and find out what the options are, then you can go to various websites. And so it's really like a search engine in that sense. And around that search engine, we've got some paid products. So, 100,000 listings and entries in the index, is actually in the search engine. A few of those were paid for the overwhelming majorities will not be paid. Remember in Shiksha, the basic product is a free product or free listing. Because we want to have massive aggregation, so we create value for the surfer. And, if you want to come higher up or if you want to a permanent position, there are some paid products. The sales team is in place. And we are expecting some small revenue has started coming, we are expecting greater revenue to come in and go forward. And now that we've began to invest in the the online marketing campaign. You know we are seeing some results. But it's too early to say. We'll, have a better picture, may be next quarter or the quarter after maybe six months from now.

Ankit Kedia:

Sir, you just said that most of the listings are going to be free going forward, as well only the premium listings...

Sanjeev Bikhchandani:

That see the basic listening is free so anybody can take a free listening. Okay. You really will pay for being more permanent, being visible, being at the top, getting more leads. And that's going to be the revenue model of this one.

Ankit Kedia:

All right. Thank you, sir.

Operator:

Thank you, sir. Our next question comes from Raunak Nagda from ValueQuest. Please go ahead, sir.

Raunak Nagda:

Yeah. Sir, can you tell me what would be the tax rate in FY '09 because last year it was around 27% and this time is around 32%.

Ambarish Raghuvanshi:

So it will be about 30% you can take and the new you know we've also you know acquired some land right now in Noida on which we are paying some wealth tax. So that added a little bit to it. But you can roughly for you know calculate for estimate purposes assume 30%.

Raunak Nagda:

So sir, this land is how many acres?

Raunak Nagda:

1.25 acres.

Hitesh Oberoi:

1.25 acres nearly and the price was approximately I think 18 to 20 crores.

Raunak Nagda:

18 to 20 crores.

Ambarish Raghuvanshi:

20 crores.

Raunak Nagda:

20 crores. Okay. And sir, one more thing you join the con call, if you can you give me the breakup of your revenue? I have joined the con call late. So sir, can you give me the breakup of revenue, because I didn't get that figure? Naukri and all that. Naukri...

Hitesh Oberoi:

So recruitment is 88%. And the other verticals together are 12%. And this is operating revenue and other income is separate.

Raunak Nagda:

Okay. And sir, if I am not wrong then you had EBITDA losses in Jeevansathi at 99acres?

Ambarish Raghuvanshi:

And also in Shiksha and Brijj basically in all our new businesses.

Raunak Nagda:

Okay. Thank you, sir.

Hitesh Oberoi:

Yeah.

Operator:

Thank you, Mr. Raunak. Next in line, we have a question from Mr. Viju George from Edelweiss. Please go ahead, sir.

Viju George:

Have a question relating to IT in this environment. Are you seeing a reluctance of clients to engage with your spend more with you at the higher end or is it more that the lower end of the long tail clients where you are seeing particular weakness or you know stretching of sales cycle?

Hitesh Oberoi:

Obviously we have a challenge where we are highly penetrated. So where ever clients are spending a large part of the budget with us already, there we have a challenge but where ever clients have not spending a huge amount of there recruitment spend with us we still have scope for growth.

Viju George:

So its not biased towards you know top 10% of the clients that you're seeing its very clients specific. Is that the answer?

Hitesh Oberoi:

Yeah. It's client specific.

Viju George:

Okay. My second question you know relates to something estimate on the balance sheet where do have an increased in investment in subsidiary. I think it's gone up from I think 2 crores to above 5 crores. Can you just explain that please?

Ambarish Raghuvanshi:

You know the increase is largely because of two crore we sent to the Mauritius entity which has further invested in Studyplaces business which we had committed to invest \$1 million in. So that is now complete. And in this quarter we have also invested in Applect 1 crore.

Viju George:

Okay. And I mean here Sanjeev did you know mentioned at a beginning of the call you know very briefly about this, but could you just take us to the logic and does it and you know are you just looking into the an experiment in terms of you know getting into a new space because I see that you have 40% in stake, but not higher then that. Would you have an option to increase in this case, you know things didn't spend out well.

Sanjeev Bikhchandani:

So we are serious about this space and which is why we are investing 6.5 crores in it. We believe that they have a huge market there, K12 education, K12 learning. And we believe online is going to the big channel going forward, if we do it right. We like the team a lot, we think they are going to do a good job that they have very good chance for succeeding, which we are backing them. Now the reason why you know we've taken 40% stake, when we talk to entrepreneurs who are starting up but somewhat seasoned, many of them are

reluctant to give majority stake. Yeah, so you know, we are happy to take significant minority stake with right of first refusal on the further round of capital raising. The truth is many of these companies will require next second round of capital raising and we take it as it comes. And you know, if the business succeeds but this rolls down, we can always, you know, see if we can take it whether it is an independent life or if it comes in.

Viju George:

Okay. Have you bought this stake over in part of full from an existing investor, be it, you know, be your VC or is it completely a dilution?

Sanjeev Bikhchandani:

We don't know, it's a complete dilution. This company did not have any external investors, you know, when we invested in it. It's taking into completely new line of business and move away from it's old lines of business pretty soon. You know, they were doing some offline business, they are doing some content especially for overseas client which may continue on a small scale, but by and large, the focus of this business is going to very, very different from what we had focused earlier.

Viju George:

Sure. Thanks. One last question pertaining to the debtors, I think the debtors position for this quarter is rather high, you know, is this for the quarterly phenomenon especially when it compare it to, you know, the change in working capital or change in receivables position and entire year.

Ambarish Raghuvanshi:

Well. If you see, you know, our data's position is largely represented for our Quadrangle business and, you know, so it's up about a crore over the, you know -- and then also basically there is no real reason why it's increased. So, you know, the collection days of increase by maybe 10 days or something like that. It's something which is seasonal.

Sanjeev Bikhchandani:

You know we also have some debtors contributed by Allcheckdeals, which is our new business which has come in, which wasn't there last year. At this time of the year, really doing a lot of business, from the debtors also, credit business. So we now have two businesses that you give credit to our client, one is Quadrangle, the other is Allcheckdeals.

Viju George:

Yeah. Okay. Thank you.

Operator:

Thank you, sir. Our next question comes from Mr. Sagar Thakkar from ICICI Securities. Please go ahead.

Sagar Thakkar:

Sir, can you just share your outlook on Quadrangle where given the challenging macro environment, this is reluctant to move towards executive search firm -- it will be reluctant to move towards than kind of more online?

Sanjeev Bikhchandani:

Yeah. So the Quadrangle growth was dampened in quarter one largely, because one or two larger clients postponed some of their joining dates and hirings and that's really our reflection of the environment that has stand out in June.

Sagar Thakkar:

Okay.

Sanjeev Bikhchandani:

But, you know, the team at Quadrangle is confident who making it up in the remaining nine months. But, of course, this is something that we have to wait and watch and see how it goes. But they are finding new clients, some of the old clients who have postponed the hiring again and, you know, so let's see.

Sagar Thakkar:

Okay. Sir, can you just share your contribution from the top client, the revenue contribution from the top client?

Sanjeev Bikhchandani:

For?

Sagar Thakkar:

For Naukri?

Sanjeev Bikhchandani:

To the top clients. The top 10% of our clients last year contributed 63% of the revenue last year.

Sagar Thakkar:

Okay. Thank you, sir.

Operator:

Thank you, sir. Our next question comes from Mr. Sudhanshu from Baroc Capital. Please go ahead.

Gaurav:

This is Gaurav from Baroc Capital. Your employee cost was up 50% year-on-year this quarter, what is the reason for that?

Sanjeev Bikhchandani:

Okay. Two reasons, one is of course, we've added a lot of headcount. Second is, April is the month we give increments.

Gaurav:

Okay.

Sanjeev Bikhchandani:

So really, you know, you see a kink in the population curve in April and, you know, then it sort of as revenue grows, it gets to be a lower percent of revenue over the year.

Hitesh Oberoi

Additions have been in our new businesses like Shiksha, 99acres and Jeevansathi offline centers and so on.

Sanjeev Bikhchandani:

We have not yet giving revenue, but bets on future revenue.

Gaurav:

I miss the EBITDA losses at the other businesses, what were the numbers?

Sanjeev Bikhchandani:

Yeah. So all other verticals other than recruitment put together, EBITDA losses were at 7.4 crores in quarter one this year as oppose to 4.2 crores in quarter one last year. This includes EBITDA losses in Brijj and Shiksha which did not exist or did not have significant expenses in quarter one last year.

Gaurav:

On your strategy you have ventured into social networking, education, housing, and Quadrangle which is of you know not online recruiting, again too many things on your plate right now?

Sanjeev Bikhchandani:

When actually it depends on the quality of leadership we are able to build on different roles in the company, so if you look at the amount of time that one can pay for me or I will spend on an Allcheckdeals, it's minimal, on Quadrangle, its minimal. You know there are strong business leaders \who are heading those verticals and who are making the business happen in a strong teams that. As far as Brijj is concerned you know it's, you know, it doesn't take up from whatever time either. So if you look at what the top management of the company spend their time on, it's on the business that count today. Having said that you know these are businesses, which we expect will grow in future, and we'll begun the quarter with more and more in revenue. So we don't bother about you know right now what the asset has do with it's about as long as we are good strong leaders to compensate them well, incentivize them with good ESOP, you know, and allow them give them space to run their businesses, although we believe we can make it work.

Gaurav:

When you compensate the leaders in this business, these businesses, are you compensating them in Naukri stock or is there some what added value?

Sanjeev Bikhchandani:

There is only one company, there is only one stock, so they get stock in Info Edge they aren't separate companies just yet. And they have a variable link to their performance in that vertical. Every performance and other performance and then the ESOP is compensated is in the Info Edge, which is the only company that is listed.

Gaurav:

Thank you.

Operator:

Thank you, sir. Our next question comes from Mr. Abneesh Roy from Edelweiss. Please go ahead, sir.

Abneesh Roy:

Yeah. I have a question on Brijj. We are competing against a strong site like LinkedIn. So I wanted to get a sense on how many profiles we have currently and since I don't see any marketing of Brijj, so what exactly is the target and what's the strategy behind Brijj?

Sanjeev Bikhchandani:

Typically professional networking sites don't spend on advertising. Having said that you know we haven't spent on Brijj so far, maybe we will go forward if required, but as of now we don't have plans to spend on advertising and marketing on Brijj. We've got 1 million profiles there. We crossed a million a few days ago. And these are growing over 5,000 a day. So getting new registrations is not a challenge for Brijj because of all the traffic we get on our sites. You know and you know big market estimates, three estimates for LinkedIn profiles from India are roughly about a 1 million. So in terms of number of profiles you know when we believe, we can push in quantities. But really the challenge for Brijj is going forward is going to be on in terms of physical milestones. Number one, increase the networking and engagement, basically come back to the site and build the networks, two, increase the quality of the network, three, you know add some more product features which will be significantly differentiated from all offerings in the market. And once we achieve this is when the next challenge is start which is okay, how do you monetize. But you know I think we are pretty happy with the momentum we've got so far. And we recently you know we're looking at efforts to market to our current registered database, so as to get them to engage more. So due to the marketing on Brijj is to current registered users. It's not to external users right now. Because a site like this either becomes viral or you have a problem.

Avinish Roy:

How is the quality of profiles on Brijj different from say LinkedIn. Could you give us a sense on that?

Sanjeev Bikhchandani:

We don't have quantitative measure, but on impression is that, so we to work in that direction. While we can you know we have caught up with the LinkedIn on number on

registered profiles pretty easily or pretty quickly. I won't say easily, but pretty quickly because of the traffic we get on other sites. You know we now need to push in directions to improve the quality of our senior managers, higher paid managers. You know and better qualified people from the better institutes that's what we are ultimately going to focus on also.

Avinish Roy:

Current to the ranking of 99acres, see Naukri is number one, while, Jeevansathi is number three, and 99acres is an industry in which little measurements are available. But what's your sense of where do we stand in the property portal market?

Sanjeev Bikhchandani:

See the data available is not that reliable because ComScore is a small sample size in India and Alexa is a self selected sample. You know our sense is that in traffic terms while 99acres is number one, it's not that far ahead of its competitors as Naukri is. And so I wouldn't be surprised if the kind of share that exists traffic share would be in a 35, 36% in 99acres and next one at 32 -- 30 to 32% and the next one at 24 or 25%. So this is a task in 99acres is to while you continue to engage with the builder-broker-developer, while you continue to increase these things and while you continue to improve product. It is also to, you know ensure that your traffic share goes up and you get the kind of dominance over a few periods that Naukri enjoys today, because that's when you really get your EBITDA margins picking.

Avinish Roy:

And the last question is on new launch of Shine.com, it is probably a media company HT media and they have really spent a lot of marketing on IPL. So what had been your trade perception from Shine.com and what is the potential? What do you see of Shine.com in this?

Hitesh Oberoi:

Well, right now we don't see them in the market at all, you know 15 crores or so they may have spent is less than half what we spend in Naukri in a year. And really we have big advantage in Naukri has on other site is that database of 1.5 crore CV's. And I would like to mention early we get about 45,000 mods everyday and 16,000 new CVs everyday. I think Shine is still in a fraction of that. So really, we are not see anything in the market place as yet, related to Shine.

Avinish Roy:

No, but we have media support of in-house vehicles like Hindustan Times, Fever FM and all that. So -- what, can't that be a very serious competition?

Hitesh Oberoi:

No, we don't think so if you look at our database, for example, we have 1.5 crore CVs. Total readership of even the Times of India, forget Hindustan Times, is estimated at 75 lakh people. Okay. So we have double the number of CVs in our database as to the estimated readership of Times of India. So I think Hindustan Times is a much smaller player basically consigned to the North. So I don't see the media power of Hindustan Times being useful to Shine anyway. Having said that there could be stuff they can do on the product side, but we are watching that even.

Avinish Roy:

Okay. Thanks. That's from my side.

Operator:

Thank you, sir. The next question comes from Ms. Mythili Balakrishnan from JP Morgan. Please go ahead.

Mythili Balakrishnan:

Hi, couple of questions. First on the growth profile could you give us, earlier you had given a spread between what you expect in recruitment such as non-recruitment? Could you just update us on that? Earlier, you had mentioned something about the recruitment growth been around 35% 40% and non recruitment would probably grow at 70%?

Sanjeev Bikhchandani:

Yes. The recruitment grew at about 31% in quarter one or the same part of previous year. Okay. And other verticals were 71%.

Mythili Balakrishnan:

So you are holding on to your 35 to 40% kind of growth in replacement?

Sanjeev Bikhchandani:

We are holding onto in the 35 to 50% growth rates for the company.

Mythili Balakrishnan:

Okay.

Sanjeev Bikhchandani:

Okay. But you know, like I said we will find out more at the end of quarter two given the fact that the external environments many, many companies are very tough in June. I know it eased off a bit from the perceived risks. So let's see what happen in quarter two and we will be taking on the call then.

Mythili Balakrishnan:

Okay. And in terms of the recruiters what is the number which you gave for this quarter?

Ambarish Raghuvanshi:

18,700 metrics, so we did.

Mythili Balakrishnan:

Right. And sir, in that case isn't your per client realization sort of coming off slightly?

Sanjeev Bikhchandani:

Yeah. That because our retail strategy is working to go after the long tail of retail clients. You know, each client the way to look at a billing for client is to see how many clients are billing the same, how many are billing more, how many are billing less as oppose to for the same product last year. And then how many upgraded and will be know this is something we track but we don't really reveal for competitive purposes. And as of now, we don't see serious cause for alarm there. But you know, we -- like I said we'll see quarter-on-quarter as we go along. Given the kind of fluctuates in the external environment.

Mythili Balakrishnan:

Okay. And sir, your seasonality in terms of what is slower addition of clients, which happens in the first quarter and maybe faster towards the end of the year?

Sanjeev Bikhchandani:

You see what is happening in quarter four is that clients who got budgets left over, they tend to pre-buy. Okay, so there is between of quarter four ends up being a bumper quarter. Also our sales team incentive wise it could be end of quarter four to rarely push and make up for any targets they missed in the first 9 months. And you know there are super jackpot incentive and the international incentives, it's all for the push very hard. So

for both these business quarter four 10 which is, you know, which is completing a financial year ending tends to be above the quarter and quarter one tends to be our slowest quarter. And really we do not measure hirings on behalf of clients quarter more quarter because that's not how we get paid.

Mythili Balakrishnan:

Okay. Lastly the question was more about margin expansion in the footprint business. Any -- I mean you have obviously mentioned something about the fact that you might sort of cut back on add spending if required. Any other things that you could think of that possibly could expand your margins further or do you think that the current level?

Sanjeev Bikhchandani:

Okay. Let me clarify. We will not cut back on ad spend in order to defend any margins. We will cut back on ad spend if with that lower ad spend we can achieve our objectives anyway.

Mythili Balakrishnan:

Correct.

Sanjeev Bikhchandani:

Now for us, share of voice is very important. So if competition is cutting back on ad spend, we can achieve our goals with lower add spend. If our products are improving which it has and it genuine that, you know, vast distributors are as oppose to two year ago, which it is. You know, we are -- we have added over 17,000 resumes daily in Naukri in the last quarter on an aggregate basis, which is, you know, significantly higher then -- it's a highest we have added, okay? And all this in spite of the fact that we have not been in media for last few weeks. And this is largely because of product improvements. So its about -- we will spend appropriately to achieve objective whether that's higher spend or lower spend than we had anticipated. So that's where we are. We will not cut back to different margins.

Mythili Balakrishnan:

No. what I wanted to understand was not so much about cutting back on advertisement spend, but so much is to understand what could be further leverage that you see in the case of Naukri? Do you think that you can sort of, you know, increase your revenue without really getting too much into the cost side of being, because obviously right for example network charges is something, which can probably, you know, stay largely flat or just given the cost, which workout in India? I mean in terms of salaries also I think there should be some amount of movement that's possible, right?

Hitesh Oberoi:

Yeah. So this is Hitesh. So there are two other leverages you know possible in Naukri. One is, you know, our sales force will hopefully get more productive time. So the revenue per sales person will increase the time and two, you know, we are looking a new verticals in the job space. So hopefully as in when we launch these verticals, we will be able to sell them through same sales force, again and, you know, that will also give us some operating campus.

Mythili Balakrishnan:

Okay. That's all for me. Thanks.

Hitesh Oberoi:

Thanks.

Operator:

Thank you, ma'am. Our next question comes from Ms. Divya Nagrajan from JM Financial. Please go ahead.

Divya Nagrajan:

Yeah. Hi. Just wanted to get in terms of the sector break up that you have exposure to given the current economic scenario. What are the sectors that you most comfortable about in terms of achieving the targets at the year? And where is the lease comfort coming from?

Sanjeev Bikhchandani:

So you know there are sectors still doing very well. There are sectors like insurance, there are sectors like telecom services. These are still growing healthily, these are sector that may be under penetrated. These are sectors where there are new companies entering. So these are, you know, and these are sector which had a lot of people. So we are still bullish about some of these sectors retailing another one. We are basically uncomfortable about sector, I mean, not just sector but clients where we are already a large part of recruitment spend. So that is basically some IT companies and some very, very few non- IT companies. In most of the companies, you know, we are still a very small fraction of the recruitment stand, so we still expect our share of requirement wallet to go up. So -- and -- but as per the sector are concerned, we are bullish about sectors like insurance, telecom services. There are new licenses been given out. Insurance, there are new players

entering. Retailing is still opening up. Hospitality is still okay. So some of these services sectors, you'll still find it.

Divya Nagrajan:

Right.

Ambarish Raghuvanshi:

So at one line, you know companies where you are fully penetrated, you know, and then the cost cutting exercise going on, we will be part of the problem. And in companies where we under penetrated, you know, will be part of the solution, when it comes to cost cutting.

Divya Nagrajan:

Right. Again coming to your Applect acquisition. I am trying to understand how it ties in with your online creating marketplaces kind of exercise that you embarked upon education asset?

Ambarish Raghuvanshi:

Yeah. So it's not an acquisition. It's an investment. You know so we got a minority stake. And no it is not a marketplace. I mean inside this company, we do have serious content creation capabilities, a team that has got very serious content creation capability. This was a compelling concept we felt. It's assessment based learning in the education space. It's a large market. The teams does know what is doing. And its also – yes it is a departure for marketplaces. But we found this compelling enough to go after anyway.

Divya Nagrajan:

Yeah. Thanks and all the best.

Operator:

Thank you, ma'am. Once again participants who wish to ask a question kindly press "star one" on your telephone keypad and wait for your name to be announced. We have a next question coming up from Mr. Nikhil from Media Nama. Please go ahead.

Nikhil:

I think, you, Hitesh, I was just wondering about the ARPU for the recruitment side of the business?

Sanjeev Bikhchandani:

Yes.

Nikhil:

Could you give me a number?

Sanjeev Bikhchandani:

Okay. So when you look at, you know, revenue per recruiter, you got to look at it for a full year and not quarter-on-quarter because, you know, -- is not fully, you know, it is not fully realized. Now, the second is that as we add more clients in the long tail -- as we now got a retail sales to Delhi sales team, right. You may -- actually ARPU going down but that's accurately healthier for this, because you go to look it each clients rather than an average, so we have two things that I want to mention. So we expect clients to be more this year as compared to last year but on aggregate basis, average basis if your retail strategy [technical difficulty]and you add on many more clients [technical difficulty]your average will go out.

Nikhil:

I think, in the third quarter you've actually started a new team for small accounts?

Sanjeev Bikhchandani:

That's right.

Nikhil:

[technical difficulty]how that team is doing now, in terms of revenues?

Sanjeev Bikhchandani:

Yeah. Hitesh, will take that.

Hitesh Oberoi:

So you know, we made little progress in that direction. Initially there were issues like attrition etcetera but those are not behind us. We've set up one as [technical difficulty]team which looks at small account in the branches and two we have made some progress in setting up our central telesales team which is going to focus on low value customers. So I think over a period of time what will happen is that our very, very big customers will be handled by a key accounts team, our mid size customers which are just

starting out of that but are spending significant amounts and can be healthily upgraded, will be handled by the retail sales team in [mid] and our very, very low value customers who don't expect to progress significantly over a period of time would be handled essentially by our telesales team.

Nikhil:

Okay. And any numbers in terms of revenues?

Hitesh Oberoi:

Well. We don't reveal any revenues by channel or by separately for competitive reasons.

Nikhil:

Okay. Also what kind of growth have you seen in terms of the revenue from IT? And it must be initial portion of the call.

Hitesh Oberoi:

Well. I think, growth in this quarter...

Sanjeev Bikhchandani:

16%.

Hitesh Oberoi:

16% in revenue.

Nikhil:

16%. And what are the total number of clients in business?

Hitesh Oberoi:

Well. 18,000 odd.

Sanjeev Bikhchandani:

18,536.

Hitesh Oberoi:

18,536 in quarter one. As oppose to 18,000 odd in terms of [multiple speaker].

Sanjeev Bikhchandani:

Of 14,760 the same quarter last year.

Nikhil:

Okay. And what kind of top line growth have you seen for the other verticals?

Hitesh Oberoi:

Well. I think IT has grown by 16%, infrastructure grown at 37% and all other verticals that including recruitment consultant has grown about 33%.

Nikhil:

Okay. And the -- I mean, I was talking about the top line growth in the non-recruitment business?

Hitesh Oberoi:

In non-recruitment, so Jeevansathi grew at 44% and 99acres has grown to 112%.

Nikhil:

And what kind of an investment have been made there at the EBITDA level?

Ambarish Raghuvanshi:

7.2 crore in all.

Hitesh Oberoi:

So 7.2 crores in this quarter between Jeevansathi, 99acres, Shiksha and Brijj.

Nikhil:

Okay. That's all I had. Thanks so much.

Sanjeev Bikhchandani:

Sorry, I'll correct that, that is 7.4 crores in quarter one in the non-recruitment vertical is the investment at the EBITDA level as of -- 4.2 crores in the same quarter last year. But last year, you know, Shiksha and Brijj did not absorb much.

Nikhil:

Okay. This is now a follow-up question, what kind of base transactions have you seen at 99acres?

Sanjeev Bikhchandani:

One second, Hitesh will take that.

Hitesh Oberoi:

So we had about 2,318 base transactions from over 2.71 unique customers in quarter one of this year.

Nikhil:

And what the number of listings there?

Hitesh Oberoi:

Well. Listings are about 2,53,900 of which paid are 1,20,618.

Nikhil:

Okay. And similarly for Jeevansathi, what were its total number of profiles and total number of paid profiles?

Hitesh Oberoi:

Paid user this year -- this quarter is 22,604, average revenue per user is (inaudible) in this quarter, as of -- yeah.

Nikhil:

Okay.

Sanjeev Bikhchandani:

20,000 paid users in June 2007 at an average revenue of 1380 per paid user.

Nikhil:

Okay. Great. Thanks. Thanks.

Hitesh Oberoi:

Okay.

Operator:

Thank you, sir. Next question comes from Mr. Vaibhav, from Trust Capital. Please go ahead.

Vaibhav:

Yeah. If I wanted know what is that traffic share and revenue share in the recruitment business?

Hitesh Oberoi:

Yeah. So ComScore it was our last month that data was out, ComScore gave us a traffic share of 56%.

Vaibhav:

Okay.

Hitesh Oberoi:

This is -- when you -- I said the -- the market consist of job ahead Monster, Naukri and Timesjobs.

Vaibhav:

Okay.

Hitesh Oberoi:

And other sites and your defined traffic has number of unique system into average paid use per visitor.

Vaibhav:

Okay.

Hitesh Oberoi:

Yeah.

Vaibhav:

Is there anyone else know in the traffic rank on Alexa or ComScore or Monster, Indian operations?

Sanjeev Bikhchandani:

Yeah. That is publicly (inaudible).

Vaibhav:

Okay. So where is there number, sir? Also some 700 or something like that, right?

Hitesh Oberoi:

Ours is 200 something.

Sanjeev Bikhchandani:

Ours is now about 270, 280 and on Alexa for example, our traffic as for Alexa is about 1.5 times that of Monster, I think.

Vaibhav:

Okay. And in terms of revenue share, sir?

Hitesh Oberoi:

We don't know.

Sanjeev Bikhchandani:

We don't know Monster's revenues.

Hitesh Oberoi:

We don't know times of exactly they haven't you know September, August you know financial year and I know they include you know job fair revenue which is very offline and within significant part. And they have all some bundles sale you know that the same

festival can print also. So its hard to isolate, we reckon that we have a 50% revenue share but this is a very rough estimate, which we gain from street you know people will run in the sale force of the various companies.

Vaibhav:

Okay. And out of the other 50%, Monster would be the 80, 90% of the competition in revenue share?

Sanjeev Bikhchandani:

We estimate Monster about 30, 35%, you know maybe 30% and you know Timesjobs is about you know maybe 15%.

Vaibhav:

Okay. Okay.

Sanjeev Bikhchandani:

These are very rough estimates and undocumented. This is just estimates.

Vaibhav:

Okay. Now, is a -- Monster is a certain segment of the in terms of seniority level with based target vis-à-vis what we target or what's happens actually?

Hitesh Oberoi:

So Monster is strong in IT.

Vaibhav:

Okay.

Hitesh Oberoi:

You know, so and in the non IT, they really dominate but we know I reckon we are mechanical maybe we are somewhat ahead in IT.

Vaibhav:

Okay.

Hitesh Oberoi:

Clients gives us feedback that look Monster has got better senior profiles and Monster has got better profiles.

Vaibhav:

Okay.

Hitesh Oberoi:

However, in our estimation that is more because default revenue search we are tracking everything what perfectionist like Monster in on relevance.

Vaibhav:

Okay.

Hitesh Oberoi:

So it is actually about relevance default you know we'll be show the best profile on the top and you know we'll create visual impression that we have got a very good profiles. But you know when you do MISs and you ask client who hired how many, the fact that is when you rank on reverse funded order that is the pressures on top.

Vaibhav:

Okay.

Hitesh Oberoi:

You get guys on to,p who are willing to switch right because they just want the seat.

Vaibhav:

Okay.

Hitesh Oberoi:

Okay. When if you rank on relevance, you will get very good profiles. But many of those will be in fact the older profile and guys who don't want to switch.

Vaibhav:

Okay.

Hitesh Oberoi:

So in terms of productivity of recruiter...

Vaibhav:

Right.

Hitesh Oberoi:

You know its better to rank professional when you do refocused on...

Vaibhav:

Okay.

Hitesh Oberoi:

But yes, you can create a very good impression of high quality profile when recognized if you put most relevant and high quality on the top.

Vaibhav:

Okay. Okay. So longer what were determined the site between Monster and Naukari, internationally what is the experience how does Monster move and stuff like that?

Hitesh Oberoi:

Over the last four months you know that on ComScore data, our traffic share has increased every month from 47% to 50% to 53% and now 56%.

Vaibhav:

Okay.

Hitesh Oberoi:

So having said that you know ComScore data is frequently relevant to the small, sample sizes.

Vaibhav:

Okay.

Hitesh Oberoi:

Believe this is a trend.

Vaibhav:

Okay.

Hitesh Oberoi:

And you'll believe this is because of the many improvement, we've made to the product, to technology, to algorithms, to the UI...

Vaibhav:

Okay.

Hitesh Oberoi:

To new features, we added basically the algorithms, whether its view similar jobs algorithm, where there is job recommendation engine, whether it's a improved jobless algorithm, job search result tracking algorithm, (inaudible) algorithm.

Vaibhav:

Okay.

Sanjeev Bikhchandani:

Whenever -- we view some resume algorithm.

Vaibhav:

Okay. Okay. Right.

Sanjeev Bikhchandani:

But international Monster's largely grown you know two acquisitions and...

Vaibhav:

Okay.

Sanjeev Bikhchandani:

You know they and in India you know they acquired job ahead now they hasn't anything else to acquire, its going to be difficult for them to you know sort of grow. We haven's seen that happening in any other international market.

Vaibhav:

Okay.

Sanjeev Bikhchandani:

Largely, you know sort of grown through acquisition. They doesn't seem to be any scope to you know really grow much more in India through acquisition so...

Vaibhav:

Okay.

Sanjeev Bikhchandani:

There is difficult for them to.

Vaibhav:

Great. Fantastic. Sir, on the Jeevansathi site, what do we estimate the total size of the market to be in terms of revenues online?

Hitesh Oberoi:

We don't look for sure, but if you take a top three sites Sandeep...

Vaibhav:

Yeah.

Hitesh Oberoi:

Shaadi, BharatMatrimony and JeevanSaathi.

Vaibhav:

Yeah.

Hitesh Oberoi:

We recommend that it would have been about between 110 and 120 crore last financial year.

Vaibhav:

And what is our traffic sales sir, in that segment?

Hitesh Oberoi:

Okay. Here again you know months....

Vaibhav:

Approximate?

Hitesh Oberoi:

You know, ComScore and Alexa give different results.

Vaibhav:

Yeah.

Hitesh Oberoi:

You know, and frankly this is one segment, where we are not sure about traffic shares.

Vaibhav:

Okay.

Hitesh Oberoi:

Okay. But, you know, really it's not about overall traffic share, it's about which all three sites make arrange marriages happen.

Vaibhav:

Right.

Hitesh Oberoi:

Okay. And, you will do 98% of arrange marriages happen in within your religion, within your caste, within your community, within your linguistic groups. So India is not one market its 3,000 the other micro markets.

Vaibhav:

Okay.

Hitesh Oberoi:

And, so really it's about which communities you are number one in.

Vaibhav:

Okay.

Hitesh Oberoi:

In terms of size of data base and therefore you'll get the traffic in those communities. So we are -- so Bharatmatrimony dominates three states of South India and diaspora from there.

Vaibhav:

Right.

Hitesh Oberoi:

Shaadi dominates NRIs who are not from South India and within India they are strong in Punjab and Gujarat and among Sikhs.

Vaibhav:

Okay.

Hitesh Oberoi:

You know, JeevanSaathi is strong in the Hindi build in Maharashtra. So I would say the market is segmented.

Vaibhav:

Okay.

Hitesh Oberoi:

And therefore the different sites are strong in different segments.

Vaibhav:

Sir, what is are -- is I say much lower in the international segment the NRI segment in this say and anything that you are planning to do in that?

Hitesh Oberoi:

Yeah. We are not very strong in NRI segment. As of now we have no plans to enter any other markets except India. We are focus more on north and western parts of the country like Sanjeev just mentioned.

Vaibhav:

Okay. Great. And sir, what will be the margin secure for the full year for the recruitment business?

Ambarish Raghuvanshi:

You know, we will have to wait and see, but you know, if you look at what happen in quarter one, we have upwards of 40% margin recruitment business EBITDA margin.

Vaibhav:

48%, right.

Ambarish Raghuvanshi:

47% Naukri, but overall recruitment is upward the 40.

Vaibhav:

Okay.

Ambarish Raghuvanshi:

Okay. But even in the Naukri at 47%, you know so long as we are able to get growth which is around 40%, 35% in Naukri.

Vaibhav:

Yeah.

Ambarish Raghuvanshi:

We will defend that but you know...

Vaibhav:

Sir, we will be able to defend last year's fully of margin or this first quarter can be maintained in Naukri, just in Naukri?

Sanjeev Bikhchandani:

Just in Naukri, we believe that the first quarter margins can be maintained.

Vaibhav:

Okay.

Sanjeev Bikhchandani:

If we get 35 to 40% growth in Naukri.

Vaibhav:

Okay. Got that. Fantastic. Thanks a lot sir.

Operator:

Thank you, sir. Next question comes from Mr. Ashi Anand from Kotak. Sir, please go ahead.

Ashi Anand:

Well, just both for 99acres and JeevanSaathi, the number of pre transactions that actually falling basically in the fourth quarter of the last financial year. I just wanted to understand is there any fall of seasonality which is that play or any other reason why?

Hitesh Oberoi:

In 99acres, we don't get it in terms of Naukri with quarter four being our biggest quarter because of the sales centralized and because of budgets are run in the among the client

segment. And also 99 acres the lot of projects and lot of the marking for projects happen picks up towards the second half of the year.

Ashi Anand:

Okay.

Hitesh Oberoi:

March, April to July is one of great season but you know from Diwali (inaudible) in west and Diwali set in the North -- been a lot of projects and launch in other marketing as such.

Ashi Anand:

Okay. And about JeevanSaathi?

Hitesh Oberoi:

JeevanSaathi, we just took a bright hike in last quarter about three months ago.

Ashi Anand:

Okay.

Hitesh Oberoi:

So that's probably made some impact and also, JeevanSaathi our marketing expense vary from quarter-to-quarter.

Ashi Anand:

Okay.

Hitesh Oberoi:

That will make a difference to the number of paid users in a particular quarter.

Ashi Anand:

Okay. Thanks so much.

Operator:

Thank you, sir. Sir, we have a follow up questions, so would you like to take it.

Sanjeev Bikhchandani:

Yes, sure.

Operator:

Okay. Our first question comes from Mr. Raunak from Value Quest. Please go ahead.

Raunak:

Sir, I would just like to know about where have you acquired the land for Noida?

Hitesh Oberoi:

Yeah. So this is there in IPO document, we have -- we are operating out of six different offices in Noida now all rented. We want to put the core team you know in the distance of one place in one building for better operational work into one building. So which is all acquired and it is already mentioned in the IPO, in our IPO prospectus, it will time for a while.

Raunak:

Sir, and I would like to know, sir, what do you expect from the gulf segment like do you expect any major growth from there?

Hitesh Oberoi:

Gulf segment, are you talking for NaukriGulf.

Raunak:

Yeah.

Hitesh Oberoi:

Yeah. Okay. In the NaukriGulf business is doing very well. We expanded our operation, we set up shop in Saudi Arabia and Bahrain, we have expanded our 30 days operation in out of Delhi. Then those economics are growing rapidly and you know, we are also going with them. Its still very early days, but that business is going randomly this year. Yeah. But the base is small so it won't move the need as significantly, but on the standalone basis it is very effective business.

Raunak:

Sir, and I would like to know some around six month back you have made an announcement that you would be investing in Naukri Mauritius. Do you have any updates on that?

Sanjeev Bikhchandani:

In Naukri Mauritius is investing entity into overseas investments and we have made one overseas investment into study places, which was routed through Mauritius. So Mauritius is really just an entity to invest in overseas businesses. So far we have invested in just one which is study places and we've routed a \$1 million to Mauritius, which in turn has been invested in study places US. So although the company is incorporated in the US study places business is largely, you know, in India.

Raunak:

Okay. Sir, and I would like to know about, are you facing any major competitions on the new players like Shine.com or something?

Hitesh Oberoi:

You know, in fact we just took this question sometime ago, we are not seeing any attraction on -- with recruiters that sees on Shine. So we are not taking any competition marketplace as yet.

Raunak:

Okay. Thank you, sir. All the best.

Hitesh Oberoi:

Thank you.

Operator:

Thank you, sir. The next question comes from Mr. Ankit from Centrum Broking. Please go ahead.

Ankit Kedia:

Yeah. Sir, I just wanted to know what was the number of job postings on Naukri for the quarter?

Sanjeev Bikhchandani:

Yeah.

Sudhir Bhargava:

We have about, yeah, this is Sudhir and we have typically between 85 to 90, 92,000 times?

Hitesh Oberoi:

No, (inaudible), see our emphasis over last three years has been to ensure that small consultant don't put up, you know, duplicate listing and also really want for better user experience we want unique listings and no duplicate listings and no listing just to the database. So we are happy to maintained job listings at this level. So long as we are improving the quality of the database, job database.

Ankit Kedia:

Okay. And just with the backend calculation, did we actually make losses in quadrangle in this quarter because of 47% was the margins for the Naukri and you said quadrangle grew only by 16%?

Ambarish Raghuvanshi:

We didn't make loss in quadrangle, it generated a positive returns.

Ankit Kedia:

Okay. And my third question was regarding 99acres. You said totally transactions were approximately 2,300 and totally paid listings were approximately 126,000. So per transaction we approximately do 50 listings?

Hitesh Oberoi:

Yeah. We have to get the listings going on the site. We have some unlimited listing impacts on the site.

Ankit Kedia:

Okay.

Hitesh Oberoi:

And so some lot of other brokers were really big to put up a loss on our listings. The average maybe coming to 50, but its basically some brokers maybe few hundred clients who put up loss on our listing.

Ankit Kedia:

Okay. Thank you.

Operator:

Thank you, sir. We have the next question coming up from Viju George from Edelweiss. Please go ahead.

Viju George:

Yeah. Thanks. My questions have been answered. Thank you.

Operator:

Thank you, sir. Our next question comes from Mr. Rahul from Lucky Securities. Please go ahead.

Rahul:

Sir, I have just one thing, could you given the sense what is your expectation as to what is the probable sizes of these real estate, 99acres domain business and matrimony business in India. More over period of four five or maybe 10 years, what your estimate or what is the size, what could be the size after five years?

Hitesh Oberoi:

You know, honestly this is the question we cannot answer because we don't know ourselves and to be cross speculations. You know, it simply because when you create new markets and you create new concepts is very hard to predict. But, you know, the assumption that we are been making is that look if the Indian economy grows at 9% per annum over the three years which till year ago it looks very, very durable. You know, so if it is that, if it goes in that rate then you know we expected that its possible that recruitment budget across corporate India will double in three years time. And you know if we maintain our market share our revenue share at 50% and you know if e-recruitment goes up from an estimate of 5% or 10% of the overall recruitment on it, we should go up three to four times, in three year times but having said that, you know, now it looks that the Indian economy will not grow at 9%. So these are kind of fluid things. But definitely a lot will in Naukri, we are in, -- a lot depends on the economic growth likewise in

99 acres, okay. So these -- so you know we will have to, you know, really we cannot predict, we'll wait and see how it plans out.

Rahul:

Okay, but on -- and on Jeevansathi I am sure, when you started all these ventures, you would have sense of what size you want to get to because you usually you won't be happy 15, 20 crore size, right?

Hitesh Oberoi:

You want, actually the truth is -- we don't, when we start new businesses we do not project 5 years, 10 years.

Rahul:

No not 5 years, 10 years. Just a sense of the size that we want to prove to, that's all.

Hitesh Oberoi:

No, no the proxy variables that we look at, the proxy variables that we look at, when we enter a business, is okay, is that a print advertising market here, what is the size.

Rahul:

Okay, okay.

Hitesh Oberoi:

Okay and apart from that, is there an intermediary market here and what is the, what is the money between intermediaries, whether to brokers or to placement agencies or in education to -- education agents.

Rahul:

Okay, okay.

Hitesh Oberoi:

Okay, and so we looked at existing revenues streams, in that space and who's spending, what for kind of marketing.

Rahul:

Okay.

Hitesh Oberoi:

And then we take and call that okay, can we roughly curve out a decent size business that will be profitable and growing.

Rahul:

Okay, okay. I got the sense. I get the sense. Thank you. Thank you very much.

Operator:

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

Nikhil:

Just wondering, what's been the impact of Makaan on the 99acres business and on the real estate business as a whole?

Hitesh Oberoi:

Not really I think Makaan is still listed number three in the marketplace or may be a number four player. So, while they were aggressive on the advertising front, I don't think there is much impact on the sale side. Having said that, this the natural market with -- its all the sites are very, very new in this market and we just trying to educate the customers, about how to use this medium. So it's mainly scenario based we showed, to assist the impact of Makaan or for that matter on either site.

Nikhil:

Okay. Thanks.

Operator:

Thank you, sir. We have a next question coming up from Mr. Vaibhav from Trust Capital. Please go ahead.

Vaibhav:

Yes, sir. Wanted to know, you had mention that, you may be doing one or two more acquisitions over the next six or nine months, does this improve?

Ambarish Raghuvanshi:

Investment not acquisition, yes it include the afflict.

Vaibhav:

Okay.

Hitesh Oberoi:

So afflict was under discussion, when we indicated that and there was term sheet and so and so forth. So there may be one or two more in the next six to nine months, but this is only evaluated ongoing basis and you know...

Vaibhav:

Sir, what is the (inaudible) on acquisitions and creating value through that?

Hitesh Oberoi:

But it is a investments not acquisitions.

Vaibhav:

Okay.

Hitesh Oberoi:

Okay. These are early stage business.

Vaibhav:

Okay.

Hitesh Oberoi:

Okay. So, you know, we look at various things, you know, the kind of opportunity that attract us, look the market must be large, it must be good, you know, we like to be early in a space rather late and you know, we like this is a high operating leverage, we like businesses which idea getting revenue from businesses and you know, there is a consumer at the other end.

Vaibhav:

Okay.

Hitesh Oberoi:

Okay. And then, so on, but having said that, these are not written on stone.

Vaibhav Ajolia:

Okay.

Hitesh Oberoi:

You know, Applect for example it does not have a business something in the revenue. But education is such a large space and demographic on its side that you know, we believe we'll be getting the opportunity there.

Vaibhav:

Right.

Hitesh Oberoi:

Okay. So these are some of the thing we look at...

Vaibhav:

Sir, this APLEC would be something similar to the Educom kind of thing in the long run?

Hitesh Oberoi:

Look, we don't know, how the model we'll plan out, but definitely this delivers leaning to school students.

Vaibhav:

Okay.

Hitesh Oberoi:

Online.

Vaibhav:

Okay. So what does the K-12 sir? What does K-12 stand for?

Hitesh Oberoi:

No, K-12 -- is the industry we having for Kindergarten to class 12.

Vaibhav:

Okay.

Hitesh Oberoi:

So actually it's going to be, you know, class six onwards.

Vaibhav:

Okay.

Hitesh Oberoi:

Okay. But industry is having K-12. So, you know, we've also use without question I gues.

Vaibhav:

So would they also get into actually setting up schools, colleges and staff maybe?

Hitesh Oberoi:

That is not only annual as of now and it's unlike to be in the foreseeable future.

Vaibhav:

Okay.

Hitesh Oberoi:

You know, this is going to be an online play.

Vaibhav:

Okay.

Hitesh Oberoi:

That's what we know best, and that's what we invest behind.

Vaibhav:

Okay. Great. And sir, what -- any plans for the cash that we have line on your balance sheet?

Hitesh Oberoi:

Well. More such investments perhaps, you know, acquisition of course are optimistic and lumpy.

Vaibhav:

Right.

Hitesh Oberoi:

But most of the investments and let's take it from there.

Vaibhav:

But sir ideally, we would like to do some large investment to use the 2 to 300 crores of cash kind of stuff?

Hitesh Oberoi:

Yeah. We want right investments at the right price. So, you know, if we had been a very aggressive investment shortly after this Singapore IPO, on the last two years we may have made some very high price investments, but you know, we would kind of uncomfortable the valuation that people are asking for.

Vaibhav:

Okay.

Hitesh Oberoi:

So, you know, we believe that, you know, it will serve us well, that we've got 300 crores of cash, you know, markets are iffy, you know, there are new IPO maybe not be possible for a next two years.

Vaibhav:

Okay.

Hitesh Oberoi:

In the dot com space.

Vaibhav:

Okay.

Hitesh Oberoi:

Even the cash we have it put us in the different strategic space.

Vaibhav:

Okay.

Hitesh Oberoi:

There are weeklyfunded.com's, which have got the first round, someone of them even got second rounds and you know, they still not be making money, but they may make a good team and good asset and if we can make a difference we can step in.

Vaibhav:

Sir, any spaces which look exciting like travel or media or...

Hitesh Oberoi:

We are unlikely to do an online travel agencies extremely unlikely.

Vaibhav:

Okay.

Sanjeev Bikhchandani:

We are, you know, we will, you know -- but having said that, you know, Applect if you would ask me six months ago, would you do a business like this, we will say no.

Vaibhav:

Right.

Sanjeev Bikhchandani:

But we make this team, we like them. They had -- they have a compelling idea. They were able to persuade us and we believe the team is good and space is large.

Vaibhav:

Okay.

Sanjeev Bikhchandani:

We are doing it. So some of these are, you know, unexpected.

Vaibhav:

Okay.

Sanjeev Bikhchandani:

If you ask us too rationally there will be spaces, we will say, okay, regular classified spaces.

Vaibhav:

Okay.

Sanjeev Bikhchandani:

Okay. But having said that, we're open as Applect is demonstrated.

Vaibhav:

Automobiles and stuff like that, sir?

Sanjeev Bikhchandani:

Yeah. We would look at it. I mean, we may look at it but, you know, the thing is that, you know, we obviously have to evaluate each team and each company.

Vaibhav:

Right, right. Great. Thanks. Thanks a lot.

Operator:

Thank you, sir. Once again, participants who ask a question, kindly press “star” “one” on your telephone keypad and wait for your name to be announced. At this time, there are no further questions from the participants. I would like to hand the floor back to Mr. Sanjeev Bikhchandani for final remarks. Over to you, sir.

Sanjeev Bikhchandani:

Yeah. So thanks to listening in and incase you have any further questions, please do email us or call us up. Now you have our contact information. Thank you so much and good night.

Operator:

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

END