

Operator:

Thank you for standing by and welcome to quarter two investor relation conference call of Info Edge India Limited presented by Mr. Sanjeev Bikhchandani, MD and CEO, Mr. Hitesh Oberoi, COO and Mr. Ambarish Raghuvanshi, CFO. At this time, all participants are in a listen-only mode. There will be a presentation followed by the question-and-answer session. At which time, if you wish to ask a question, please press "star" "one" on the telephone.

I would like to hand the conference over to Mr. Ambarish Raghuvanshi now. Over to you, sir.

Ambarish Raghuvanshi:

Good evening and welcome to our conference call, where we are going to talk about our second quarter results. Sanjeev will hopefully join the call a little later and which is why I am starting the call right now. And I have my colleagues, Hitesh who was mentioned and Sudhir Bhargava, who Heads Corporate Finance and Investor Relations amongst other responsibilities, Amit Gupta, who is the Company Secretary and Rajesh Khetarpal, who is Head-Finance and Accounts in the company.

I think our results are pretty good given the fact that the entire environment continues to be uncertain and which has affected hiring trends quite significantly with our clients. And given that the market have been volatile, I think the result have been pretty good. I guess most of you seen the results, but I would still sort of just point out some of the highlight.

The sales were up to INR 65.4 crore (1 crore = 10 million), which is about a 24% growth in top line. Other income is slightly higher than the same quarter and this is the result of some of the instruments, which matured during the quarter and the way some of these instruments are accounted for that is they are booked at maturity and therefore there is a certain blip in this quarter through other income.

At the operating level the EBITDA was down marginally to about 15.5 crore and this is largely because we have invested in new businesses and we have one new business to invest in compare to the same quarter last year, which is the education business Shiksha.

And we have continued to make investment in businesses like 99acres and Jeevansathi. We will discuss these in a little more detail further down in the call.

At the profit after tax level its up 5%, compared to the same quarter last year and although the margins are slightly down and that's largely to reflect the investment in new business. The margin at profit after tax level that is.

The recruiting accounted for 86% at the top line level and opposed to 90%, which basically demonstrate largely the traction in 99acres. Because 99acres continues to grow well and therefore the proportion of recruiting businesses has reduced, which is pretty much inline with what should be happening, but clearly the downtrend in hiring is something, which was unexpected. The Other businesses accounted for the remaining 14% of the top line.

Looking forward in recruiting, the environment continues to be uncertain and we therefore remain cautious on what is likely to happen. In the second quarter, top line grew at about 19% in recruitment, of that Naukri the business from client, which is the hiring solution from recruiters, grew at about 15%, whereas candidate services grew faster at about 43%.

Quadrangle grew at again a good rate of about 38% and EBITDA margin in recruitment were up 43% from 41% a year ago. In Naukri, the EBITDA margin was again up at 45% from 43%. So, these are good trends, otherwise difficult environment.

Continuing on Naukri, some of the operating metrics, which we have been talking about in the last few calls, so the number of resumes was around 15 million. We are adding about 16,500 resumes a day and we are seeing about an average of 37,000 modification or updates on resumes a day.

18,600 unique clients paid us during this quarter, as compared with 15,400 in the corresponding quarter last year. Some of you would recall that, we serviced 32,500 clients last year and the year prior to that is 2006-07, we serviced about 27,500 clients. So, the number of customers we are servicing has been going up and this is largely through some of the new sales channels we have adopted for example telesales for selling to Naukri clients.

IT, the share of IT is down to 25.4%, as opposed to 27.16% in the quarter one of this year and 29.7 in the same quarter last year. So, clearly demonstrates that IT is slowing down the fastest, it's probably seeing the greatest in terms of slowdown and it is an area of concern and we expect that the slowdown will last through definitely this financial year. For the next financial year, it is still uncertain, but this financial year we are going to continue to see slowdown.

Other sectors are impacted, although infrastructure has also seen some impact, where it continued to grow at about 24% year-on-year. We are continuing to invest in product and user experience. We have launched a recruiter section on the site and that has had very good impact in the market. We have got very good feedback on that.

One other good feature about trends, I think our share of traffic has gone up to 53% on Comscore media metrics, although it has ranged between 53 and 59% in the last three to four months and this is up between 5 to 9% compared to say about 6 or 8 months back. What this means is, that I think we are delivering better user experience and that is leading to higher traffic.

It is possible that when the turnaround does happen in the market and we don't know how long that might take, we should be in a good position to monetize some of the increase in traffic. As far as the other verticals are concerned, sales across all the other verticals grew at 71% and it was up to 9 crore from 5.3 crore in the previous year.

Losses or the investment (at EBITDA level) in these businesses was 8.6 crore, which was up from about 2.9 crore, a year back. Basically demonstrate greater investment in all our businesses, but especially in Shiksha, which is brand new and in AllCheckDeals and 99acres.

In 99acres, we grew at about 98% and as I mentioned in the beginning of the call, and losses at the EBITDA level were up at 3.2 crore vs 1.5 crore. But I think the business is definitely responding to the investments, we have made and the effort put in by our sales team, but the environment continues to be slightly uncertain, because the underlying the specially the developer market seems to have been impacted. We are continuing to sell largely because we have a value for money offering, which seems to be finding takers because we give genuine leads / business to the people, who are buying our solution.

In Jeevansathi, sales grew at 37% profile ever added have increased. As we have mentioned in the last call, the investment in offline centers has commenced and we now have 9 centers. This would mean that breakeven would probably get pushed out a bit because the investment in offline centers will mean that breakeven is going to take longer. We are continuing to work on in areas like user -- UI, analytics, algorithm, which will hopefully lead to great traction.

Regarding smaller vertical Shiksha, I think the launch has been pretty good, considering it at a very early stage, I think we are very happy with the kind of product and the user experience. And we have also commenced making some sales though too small to really talk about, but I think given the fact that it is a new business, it's reasonably good progress. In Brijj we have number of profile is now a little over 1 million growing at about 5,000 per day and we kind of find, where is and how we can get create greater stickiness around that product.

AllCheckDeals again in a difficult real estate environment if continue to do well, we closed about 300 deals over the last 12 months. We are in the process of launching a product for fresher hiring or entry level hiring, which is called FirstNaukri. So, we will hopefully have a Beta site launched in the next month or two and a full-fledged full scale product, which should be launched by the end of this year. We are also looking at solution for senior management hiring, but that is still at the drawing board stage at the moment.

We had made another investment, this was announced to the market earlier, in Etechaces, which is a startup for distributing and selling and search/ comparison of financial product online, as of now they are offering insurance products through their site PolicyBazaar.com. It's a good market, but far too early to talk about it, but hopefully it's going to become a big opportunity. We are continuing to evaluate other investment opportunities, but given the current environment we will be cautious about given the business operating environment.

And to summarize, we are looking at the economic environment with some caution as I mentioned the traffic share growth is an encouraging sign. Our innovation pipeline is still strong and given the environment I think it would be hazardous and difficult to try and give a number in terms of growth targets for the year, but at this point of time, we are not giving a guidance because it just far too uncertain.

The other thing, which is we are talking about is that margins have expanded in the Naukri business so far and despite us growing at a far slower rate as compared with last year and that's again a good sign. But in the uncertain environment it's not clear on what it will do to margin if growth were to slow down from current levels, which is we grew at about 24%.

And Sanjeev has also joined the call and Hitesh is here, so hopefully Sanjeev will be in a position to take some of the Q&As.

So, we can open up the floor for Q&As. Thank you.

Question and Answer Session:

Operator:

Certainly, sir. At this time, participants, who 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 Brueschke from Citigroup. Please go ahead, sir.

Jason Brueschke:

Great, thanks everyone and good evening guys. I have three questions. First of all Ambarish I realized that the environment maybe such that it hard for you to give kind of a full year expectation, but how should we be thinking about the next quarter you are pretty much a month in to it and I'm just wondering are we are going to -- what kind of the maybe some ranges for where we will see revenues either grow or flat or decline and the same with profit. We will start with that and I have two more general questions.

Ambarish Raghuvanshi:

Jason as I was mentioning, I think the difficult part is that, I think a very little clarity on what is going to be GDP growth. If GDP continues to grow at somewhere between 7 and 8%. I think we will probably see a marginal slowdown from where we are currently, but it may not be very significant. But if growth were to slowdown to sub 6% or so I think there will be a deeper impact what exactly it will be an exact correlation is extremely difficult at this stage.

Jason Brueschke:

Yes, okay. What I was trying to, just like maybe you're answering the same thing, but just for the fiscal Q3, the quarter that we are in, not the fiscal year end. But just say the current quarter that we are now in, is it should we be thinking it's more kind of flattish or should we just to be conservative, be thinking that there is going to some slight decline given clearly unprecedented macro environments that we are dealing with?

Ambarish Raghuvanshi:

Hitesh, do you want to say something.

Hitesh Oberoi:

Clearly, we expect our other businesses to grow because they still grew at 70%. But Naukri the growth has come down in Q2 from Q1 and we do feel that growth may slowdown even further in Q3 and Q4.

Jason Brueschke:

Okay. All right. Great. I mean, I'm going to be just kind of shift. I wondered maybe, have you guys talk about competition. I mean, clearly the environment that you guys are facing is nothing that you are doing the entire country almost every industry is facing similar type of headwinds.

But one of the things that, I think, we are tracking about this story, is that you guys so dominate the market. Can you maybe talk about it? And I know, Ambarish in the prepared remarks talked about your traffic going up. But when you think about your key

competitors and you think about the fact that India maybe in a protracted slowdown for the next, I don't know, two, three quarters, whatever it's going to be?

How do you as the management team think about trying to basically pickup market share versus your competitors? And maybe, if you could share with us, I don't want you to reveal any competitive secrets. But would you be in an investment mode to try to plan for coming out of this slowdown or should we be thinking that you as the company will be more maybe in a defensive pasture trying to protect your margins and maybe the profitability at the expense maybe of some of your market share. I mean, if I can paint there is just two opposite extremes that would be helpful?

Ambarish Raghuvanshi:

I think Sanjeev will respond to this one.

Sanjeev Bikhchandani:

Jason, we are not significantly or infact we are not cutting marketing expenditure as opposed to last year and that itself will have ensure, we have our higher share of voice as opposed to last year because competition is already being hit harder, we believe some of our competitors may actually growing negatively and we know as far as another one is concerned, we are not sure. But anecdotally we know that they are facing serious challenges.

So, while, we are not growing our marketing expenditures significantly, which we believe that alone, when keeping it where it is will be adequate for us to be in market share plus we are investing in the product and technology. And we are also looking at spending the money smarter by looking at analytics, by looking at optimizing our expenditure.

So, what we believe is that our market share will go up as a natural consequence of, if clients have to choose, which one jobsite and there are two, which one to take, chances are it will be Naukri.

So and also if you look at Monster, they have the higher independence on IT, which has really hit hard. And therefore they will be in a greater trouble that we know than we are. And if you look at TimesJobs, it is the number three site. So, I'm not sure that competition will be at all able to fight in this environment.

Jason Brueschke:

Okay. That's very helpful. And maybe just one last question. I know that you guys have talked in the past, you are one of the few listed Indian internet companies and for

probably the bulk of the last two or three years, the cost of acquiring private companies probably was astronomical given the way the markets were, given private equity.

Has the cost that you think, you might be able to acquire private entities that would be strategic - have they come down and is that something that you guys, if they are coming down, as we look over the next 12 months in light of the economic difficulties that might be one of the things that, that we could hope that you guys maybe are out there being a little bit more active with our cash towards maybe pickup something that maybe two years ago or a year ago, was likely expensive ?

Sanjeev Bikhchandani:

So, the cost of private companies stayed up for a while, but I think now they headed south. It may take a few months more for them to come to a level, where we would consider acquiring. But right now, several of the entrepreneurs may want to raise venture capital into the company rather than get acquired by us. And so, we will be competing with venture capitalists and we are not sure that they fit us right now. But six months from now, nine months it might be a bit different story.

Jason Brueschke:

All right. Probably that's the information I need. Great. Thanks guys. I will step off and get back with you.

Operator:

Thank you, Mr. Jason. Next in line, we have Mr. Vishal Shah from Allard Partners. Please go ahead sir.

Vishal Shah:

Hello sir. Can you just share the loss numbers for the other businesses ?

Ambarish Raghuvanshi:

We lost / invested 8.6 crores in total across all the businesses...at the EBITDA level, these are unaudited numbers, compared to 2.9 crores in the corresponding quarter last year. In 99acres, the investment was about 3.2 crores. In Jeevansathi, it was about 1.8 crores. And the rest was in across Brijj and Shiksha and allcheckdeals.

Vishal Shah:

Okay. Just regarding the dependence in banking sector like you said that IT is around 25% like?

Ambarish Raghuvanshi:

So, banking is currently at 5%.

Vishal Shah:

Okay. Like last year, what was that number like?

Sanjeev Bikhchandani:

If you look at, it's about the same. It hasn't moved significantly up and down.

Vishal Shah:

Okay. And just regarding the outlook on margin that can we see the margin on Naukri will grow further or that do you have any...

Ambarish Raghuvanshi:

In this business, we will have high operating leverage. But it works both ways. So far, despite the growth slowing down, there is growth. We had seen margin expansion and that's largely through controlling marketing spend and so on. Now at some point of time, if growth were to slow down even more significantly, it might impact margins adversely.

So, we would again be going into uncharted territory and then we would have to see on what exactly the optimal level of advertising at that stage. So, to be honest with you, we don't have a complete sense for what the margins were going to look like. If they continue to, if growth comes in the sort of range in the first half, we grew it about 29%.

The second half maybe slower than this. I think, we will probably be able to defend these margins. But like as Sanjeev mentioned, we will be looking at the business in terms of being able to acquire more market share during this slowdown phase. So, there are two or three sort of trends, which will determine on how we are going to look at margins.

Vishal Shah:

Okay. So, like in all the sites and maybe like Naukri, Jeevansathi that do we have this market share number like currently and what it was...

Sanjeev Bikhchandani:

The thing is that we don't know our competitors numbers because they are private companies. What we do have is traffic share and stuff, but that may or may not mirror revenue.

Ambarish Raghuvanshi:

The businesses apart from Naukri, I mean, it's very, very difficult to try and forecast market share based on traffic share because those are much smaller least stage business, where the correlation is not clearly identified or established.

Vishal Shah:

Okay. And when can we expect a breakeven in the other business like or at least Jeevansathi and...

Hitesh Oberoi:

So, we are happy with the growth in 99acres and 99acres revenues have been doubling. Now, if this trend continues and growth remain strong, then we are hoping to breakeven in 99acres by either fourth quarter of this year or the first quarter of next year.

But again, we have to look at we have to wait and see how the markets in the real estate continue to be. So far, so good, but we don't know.

In Jeevansathi, we are optimizing our spends; but we have started investing in off line centers. So, while we are trying to cut costs there and see how we can generate more from the site. But it looks like the breakeven will go into next year. The Shiksha and allcheckdeals these are very, very new businesses. I mean, they would remain in investment more for at least two years, I think.

Vishal Shah:

Okay. And this is my last question is more on the staffing side like you said Monster would be more effected because of more exposure to IT and even TimesJobs like how that the Naukri would differentiate itself and planned to come out of this slow growth phase ?

Hitesh Oberoi:

So, the way we can see that this year market, the companies first cut, if I want to reduce hiring they first cut print and take some consultant and then they start looking at internet portals because internet portals are still the cheapest way to hire. And when they look at internet portals previously, when we needed to hire a lot of people they would take not one, but two or three portals. But in a slowdown situation, if they want to reduce

expenses, they are likely to cut the number three player, which is TimesJobs first, and maybe Monster later and Naukri in the end.

So, what we expect to happen is that and given the sites they are going to give bulk discounts and there are clients, who would rather sort of buy more from us, then buy two or three sites because that is cheaper and effective. We feel that, we will be the last one to be cut by any company. So, as a result, we think our market share will move up simply because we have the more resumes, we have the most traffic and we generate the best response for all our clients.

Vishal Shah:

Okay. Thanks a lot.

Operator:

Thank you, Mr. Vishal. Next in line, we have Kunal Sangoi from Edelweiss. Please go ahead sir.

Kunal Sangoi:

Yeah. Thanks for taking the question. The question is with regards to the broader outlook over the next two, three quarters. You did mention that some of the key areas that you will be focusing at this point and time would be technology, investments, and innovation. And third, would be maybe increasing the market share. Now, my question is, how do you plan to increase the market share in say Jeevansathi and 99acres?

Hitesh Oberoi:

So 99acres, we are the most aggressive player in the market. We have not cut our ad spends at all. We have 150 people in sales. We are adding new customers every quarter. Our competitors are mostly small companies, private companies, who are at this point and time challenged on funding. And we believe that, the fact that we have 300 crores in the bank and that we can invest at this point and time, it help us to become the clear leaders in the space.

As far as Jeevansathi is concerned, we are not going to be spending foolishly in this environment to gain market share. What we want to focus on Jeevansathi is breakeven and we are going to achieve that next year sometime.

Kunal Sangoi:

Okay. Maybe for Jeevansathi, you are talking about the last few quarters. What are the few key differentiators from say Shaadi or Bharatmatrimony you would want to highlight?

Hitesh Oberoi:

What has happened in the last few years in the online matrimony market in India is that they have got segmented on the basis of community. Arranged marriage happens mostly within community and our product, we believe works very well for people in the north.

So, we have become, a very, very strong players in the north because of the database we have from people in the north and other product features, which work well, the dropdowns and menus especially for people in the north. Our centers also now will be opened mostly in the north and western parts of the country.

Bharatmatrimony is a very, very strong player in the south because they are based on Chennai. They started in the south. They have a good understanding of that market and Shaadi is a very strong player with NRIs and in the west. So, that's how the market has got fragmented / segmented overtime. Our advertising spend is focused on the north. Our centers are in the north. Our product is geared more for north Indians and our database is stronger in the north. So, that's the differentiation strategy for us.

Kunal Sangoi:

Okay. And maybe, if you can talk a little bit about Brijj, what has been the progress and how the resumes -- actually how the profiles that have more than just, what, how does it look going forward?

Sanjeev Bikhchandani:

Okay. So, Brijj, we crossed more than -- we crossed 1 million profiles a while back and it's total 1.2 million now. And so, we have got a large number of profiles. The challenge however in Brijj is getting people to come back and engage more and build their own networks and there's not enough of that happening.

So, our next task is to make that happen and to this end, we are launching our new product features in the next month or so. And so, Brijj really is about trying new things different things and making them work to get more traction. If we are able to achieve that is when we would be able to monetize, but first is achieve this milestone.

So, Brijj does not takeaway any marketing expenditure. It is a pure headcount kind of -- and a small headcount kind of business. It is the essential defensive move for Naukri that should linkedin type of model become popular in India. And therefore, We will continue to put efforts behind it to make product features work and get traction on site.

Operator:

Thank you, Mr. Kunal. Next in line, we have Mr. Srivatsan from Spark Capital. Please go ahead sir.

Srivatsan:

Hi. I just wanted to get some sense in terms revenue in Naukri that could be broken up between and resume and the other services, because, given that some of these companies, especially IT companies are cutting down on the number of logins they are having. Just wanted to gets some sense on how it's going.

Sanjeev Bikhchandani:

The resumes services revenue is about, it's slightly less than 10% now, approximately 10% of the total revenue of Naukri.

Srivatsan:

Okay. And then in terms of numbers of logins, has there been any fall that you've been seeing from some of your top clients.

Hitesh Oberoi:

Yes, some of our clients have cut down spends on Naukri, but we have so far more than made it up by adding new customers and getting more revenues from our smaller accounts. So let's see how it goes going forward.

Ambarish Raghuvanshi:

So in IT for example, you know, there has been a reduction in the kind of revenues we've got in IT. That is partially due to, you know, few of our hoarding being bought by IT clients. Although, you know, Branding solutions would have probably got more affected than number of password being sold.

Srivatsan:

Okay, sure. And then just wanted to get some sense in terms of looking at somewhere in a year, year and a half perspective, what kind of growth opportunities you see now created there. Are you looking at something beyond, because from a resume database point-of-view, we are almost 16 million, 17 million resumes -- we are adding up a lot of resumes from this point of view, so is it pricing the main growth for us from a two year, three year view or is it something else more that we can do to generate growth?

Sanjeev Bikhchandani:

It's not pricing. The price pressure will continue. We'll have to innovate, launch new products, penetrate more and look at sectors outside IT which is what we are doing and make our mid-size accounts grow, and upgrade, and that what's been happening. So if you look at our key accounts, they have been not growing fast. It's the second rung accounts which we are growing much faster in terms of revenue.

Srivatsan:

Okay. Sure. I'll come back later for other questions.

Operator:

Thank you, sir. Next in line, we have Mr. Ankit Kedia from Centrum Broking. Please go ahead, sir.

Ankit Kedia:

One question on the tax-rate. Is it because of the other income going down -- other income going up, sorry.

Ambarish Raghuvanshi:

It's partially because of, you know, some of the investor instrument were in the, you know, where we get a double indexation tax benefit, so partially due to that, and then was a wealth tax amount which we had provided for in the last quarter which we have written back. It wasn't really payable.

Ankit Kedia:

Sir, my question is regarding any new client addition. We are talking about 18,600 unique clients we served, but, did you get any clients in this quarter?

Hitesh Oberoi:

At the bottom of the pyramid there is a lot of churn, so routinely get a lot of new customers, so we've been adding a lot of new customer this year as well.

Ankit Kedia:

Okay. And sir about the new two portals which you mentioned, Fresher's Hiring and Senior Management Hiring, is the portals going to be footfalls for Naukri? Or in sense,

they are going to be the sister portals which are going to -- or they themselves are going to be very big?

Hitesh Oberoi:

The Senior Management portal is just at a concept stage. We have not really started work on it as yet. The Fresher portal is a slightly different concept from Naukri. It basically is about enabling companies to hire from campuses and also about enabling campuses to market their students to companies.

So the search will be slightly different, but it will be sold to the same customer base through the same sales team.

Ankit Kedia:

Okay. Coming to the sales team, so have you increased the headcount? Employee headcount?

Ambarish Raghuvanshi:

Not in this quarter compared to to quarter one, but compared to last year, yes. For example, we've added a new sales process in terms of tele sales, and in some of the markets, you know we had added people. But in second quarter there has been no significant increase over the same.

Sanjeev Bikhchandani:

I mean this is in Naukri. I mean there have been of course changes -- movements ahead in 99acres and Shiksha.

Ankit Kedia:

And future plans of any hiring? Are we hiring?

Ambarish Raghuvanshi:

I think we are going to align it with growth trends. It looks like if growth is, you know, looking at you know slower growth; we will be slowing down our hiring. I don't think it look like we are going to be doing very significant increase in hiring for the rest of this financial year.

Ankit Kedia:

Okay. Thank you, sir.

Operator:

Thank you, Mr. Ankit. Next in line we have Mr. Rahul from Lucky Securities. Please go ahead, Sir.

Rahul Bhangadia:

Sanjeev, I wanted some feel on the total size of the recruitment market and the percentage share of the online thing.

Sanjeev Bikhchandani:

I don't know what's happened this year in print but if you look at last year...again these are private companies, mostly similar private companies, and they don't reveal the numbers by segment. But the estimates for print advertising varied from 500 crores to 800 crores, you know, and online would have been last year about, maybe 320 crores. And then there is all thing of, you know, placement consultants to whom companies us access fee. That again is hard to estimate but the numbers range from, 1000 to 2000 crores.

Rahul Bhangadia:

Okay. Sanjeev, last call you had mentioned that online is just 5% of the market right now.

Sanjeev Bikhchandani:

No, I hadn't. Online is much more than 5%. That may have been for one of the other businesses but certainly not recruitment.

Rahul Bhangadia:

So online would right now be approximately already 20% of the market?

Sanjeev Bikhchandani:

Well, it depends if we include consultants or not and the consultant range is very wide, but you know right now, I would say, print may have actually declined, so we don't know this year numbers.

Rahul Bhangadia:

Consultants would anyway go through sites like Naukri, right?

Sanjeev Bikhchandani:

Not necessarily so, but you know, the point is what they bill their clients is much more than what they pay the sites.

Rahul Bhangadia:

Sir, last call it was mentioned that share of online will go from 5% to 10% and the overall market itself will double something.

Sanjeev Bikhchandani:

No, no. That was share of online in the total corporate recruitment budget of India. Okay, and not share of online in relation to print.

Rahul Bhangadia:

So total budget, out of that, online is 5% right now?

Sanjeev Bikhchandani:

You see that is anecdotal and impressionistic. It's certainly not very large. If you add up the total recruitment budget of corporate India, you will see that online would have not been more than 5% to 7%, but that's not a documented figure.

Rahul Bhangadia:

That is including cost of HR professional and all that, is it?

Sanjeev Bikhchandani:

Not salaries, I am talking about other expenses.

Rahul Bhangadia:

That market is 8,000 crores, potentially?

Sanjeev Bikhchandani:

I don't know. It's hard to say.

Rahul Bhangadia:

Okay. Great. Sir, one more thing. This 99 acres, where do we see our market rank right now.

Ambarish Raghuvanshi:

Market rank?

Rahul Bhangadia:

Yeah, I mean --

Hitesh Oberoi:

We believe we are number one in this space. We are number one on revenue, we are number one on traffic, we are number one on coverage, we are number one with the number of customers.

Rahul Bhangadia:

Who is our top competitor there?

Sanjeev Bikhchandani:

Well there are at least four or five players. We don't know who is really number two at this point in time but there is Magicbricks, there is Makaan, there is India Properties, there is Sulekha.

Rahul Bhangadia:

Isn't Magicbricks on par with us or giving us very tough competition?

Sanjeev Bikhchandani:

Well, they were a strong player last year but this year, you know, there have been other players also. But, you know, the point is, we don't know the numbers of the others, but our sense is that, we have moved ahead of the others significantly this year.

Rahul Bhangadia:

What is the potential size of that market, sir.

Sanjeev Bikhchandani:

The real estate market in print in a good year which was maybe last year was about -- print plus, you know, outdoors etcetera was about 1,000 crores. We don't know how much of this market will move online over a period of time.

Rahul Bhangadia:

So, China, this real estate is half of recruitment almost?

Sanjeev Bikhchandani:

We don't know. We have not measured Chinese markets.

Rahul Bhangadia:

Okay, okay. Great. And sir, Jeevansathi, what was the hurry to breakeven. Why not -- I mean do we see that market as so small, why not grow it and create value there?

Sanjeev Bikhchandani:

The thing about matrimonial sites is that, the lifetime value of the customer is not very high. Okay? Now if you look at the competitors, Shaadi and Bharatmatrimony, our sense is that, on a larger revenue base than us, they are making losses. Okay?

Rahul Bhangadia:

Okay.

Sanjeev Bikhchandani:

So, we are trying to figure out the right model to scale up.

Rahul Bhangadia:

Okay.

Sanjeev Bikhchandani:

So which is why we want to get the right model and then scale it up.

Rahul Bhangadia:

Okay, great. Thanks.

Operator:

Thank you, Mr. Rahul. Next in line we have Mr. Amit Bagadia from Angel Broking. Please go ahead, sir.

Neha Idnany:

Good evening sir. This is Neha here. One of my question is, could you give me the number of logins that you have for Q1 and Q2?

Sanjeev Bikhchandani:

We don't reveal that.

Neha Idnany:

Okay, so what is the growth that you expect for the logins?

Sanjeev Bikhchandani:

We actually don't project login growth. We are give our sales team revenue targets.

Neha Idnany:

Okay. Sir, if you see a slowdown in growth coming in, would that -- I mean where would you see it coming in terms for realizations first or would it be in terms of login growth?

Sanjeev Bikhchandani:

I don't understand the question.

Rahul Bhangadia:

Okay. As in, like you charge your clients a certain amount and right now, I mean if the discount packaging moves up, then do you see that kind of, leading pressure to your growth or is it because a numbers of logins is reducing?

Sanjeev Bikhchandani:

Okay, I'll tell you. We see our Branding Solutions getting soft first, okay? Which is your homepage products, your panels and the campaigns and banners. We don't see logins moving south unless the number of recruiters in a company goes down.

Neha Idnany:

Okay.

Sanjeev Bikhchandani:

Okay. So if a company is to downsize it's recruitment team...

Neha Idnany:

Right.

Sanjeev Bikhchandani:

Before logins moved down according to us.

Neha Idnany:

Okay. So basically, can I assume that, first the discount packaging would increase?

Sanjeev Bikhchandani:

Well no. See, the thing is that. No client is asking for the same product at a cheaper price than last year.

Neha Idnany:

Okay.

Sanjeev Bikhchandani:

Some clients would be maybe downgrading from a panel to a homepage link.

Neha Idnany:

Okay.

Sanjeev Bikhchandani:

Or clients may be saying, okay, I'll take it for three months and while last year he might have said, I'll take it for a year and now he said, I'll take it for three months and I'll renew and I'll see.

Neha Idnany:

All right.

Sanjeev Bikhchandani:

So clients are -- some clients are not willing to commit for a year for a very expensive product.

Neha Idnany:

Okay.

Sanjeev Bikhchandani:

But you know the database is pretty much a bread and butter product for most of our clients.

Neha Idnany:

Okay.

Sanjeev Bikhchandani:

And it's pretty much as essential way of hiring now in corporate India, okay? And they probably reduce competition logins first.

Neha Idnany:

Okay, fine. Sir, you've been saying that your market share would increase, but I mean, what is your take on the fact that the market essentially could be shrinking and with an increase in market share, how would that affect you?

Sanjeev Bikhchandani:

I depends. First of all we don't know the market is shrinking as such, and the total recruitment market maybe be shrinking but whether job sites are part of the solutions or part of the problem remains to be seen. And there are a large of client's number of clients and segments where we are under penetrated. So it's basically, we've seen softness in those companies where we are fairly, reasonably well penetrated with our branding solutions.

Neha Idnany:

Okay. Sir, what is your take on it, and do you think that the online market would be more affected in comparison to say the classified in the newspapers?

Sanjeev Bikhchandani:

No, no. Print will lose out before online loses out.

Neha Idnany:

All right. Okay. Sir, can you tell me -- can you give me a revenue for Naukri for between the people who look for employment and the people who want the employees?

Ambarish Raghuvanshi:

That we said earlier. Candidate Services which is people who are looking for jobs is between 7% and 10% of Naukri revenue. The rest is from clients.

Neha Idnany:

All right. And sir if you could just give me one explanation as in why is the tax low QoQ as well as YoY?

Ambarish Raghuvanshi:

Well, we just answered this question, it's largely because there were some of the other income was that was through instruments such as fixed maturity plans where you know we have a tax-benefit and which lowered the tax-rate, and there was a wealth tax amount which we had provided in the previous quarter which we've written back on the fact that we don't actually need to pay it.

Neha Idnany:

All right. Okay. Thank you so much.

Ambarish Raghuvanshi:

No, problem.

Operator:

Thank you, Ms. Neha. Next in line we have Mr. Nikhik Pahwa from Medianama.com. Please go ahead, sir.

Nikhil Pahwa:

Hi, I am sorry. I came in a little late on the call. I was just wondering if you could tell me about the share of Naukri and also some updates on numbers which I'll follow-up with.

Sanjeev Bikhchandani:

Okay, so -- you know, Recruitment Solutions, I think this time was 86% or 87% of the operating revenue. The bulk of that was Naukri.

Nikhik Pahwa:

Okay, and what kind of ad spends have you seen for this quarter?

Sanjeev Bikhchandani:

About 13.7 crores across all business.

Nikhik Pahwa:

Okay, and what's the number of job posts on Naukri in the quarter?

Ambarish Raghuvanshi

87,000.

Sanjeev Bikhchandani:

We don't reveal the job posts received you know in a quarter, but steady above 80,000.

Nikhik Pahwa:

Okay, and what was the numbers of recruiters and the contribution of 10 ten?

Ambarish Raghuvanshi:

The number of recruiters we mentioned was about 18,600. As opposed to 15,400. Top 10 clients or top 10% of the clients. What was the question?

Nikhik Pahwa:

Top 10%.

Sanjeev Bikhchandani:

About 62%.

Nikhik Pahwa:

Okay. And what's been the growth in terms of infrastructure clients?

Ambarish Raghuvanshi:

Infrastructure clients grew at you know, about 24%.

Nikhik Pahwa:

And have you reduced prices on the quarter or are you looking to reduce.

Ambarish Raghuvanshi:

Prices have been stable. They have not come off. As of this point of time, we are not looking to reduce prices.

Nikhik Pahwa:

And what is the status of small accounts team.

Hitesh Oberoi

So, the retail business grew much faster than our big accounts business this quarter. And you know that's definitely helping a lot of the increase in number of new clients through the small sales operations.

Nikhil Pahwa:

Okay and just going on to Jeevansathi, what would be the total number of users, total number of paid users?

Ambarish Raghuvanshi:

So close to 24,000 customers.

Nikhil Pahwa:

And how many profiles.

Sanjeev Bikhchandani:

A total profile ever added is about 2.58 million.

Nikhil Pahwa:

2.58 million. Okay. In case of 99acres, what was the total number of listings and how many were paid this time?

Sanjeev Bikhchandani:

So number of listings on the site was about 1,53,000 and early September peak was about 2 lakhs. Page listings are 1,28,000. And number of pay transactions were 5,000 and number of unique paid customers were 3,900.

So Nikhil, the way to look at this is, while the total listings may look like they are coming off that because we reduced our free trials. The paid listings are climbing and that is the healthy part of this business.

Nikhil Pahwa:

There is one more thing about Jeevansathi, what was the average revenue per user?

Hitesh Oberoi:

1636.

Nikhil Pahwa:

1636? Thanks. Thanks.

Operator:

Thanks you, Mr. Nikhil. We are having a follow up question from Mr. Ankit Kedia from Centrum Broking. Please go ahead, sir.

Ankit Kedia:

I just wanted to clarify one thing in the opening remarks and as you said, the main recruitment business of ours totaled to 19%. But of this 15% growth was in the databases and the corporate defined businesses. Is that right?

Sanjeev Bikhchandani:

Yes, from clients. Yes.

Ankit Kedia:

From clients, okay. What was this growth figure last quarter?

Sudhir Bhargava:

Ankit, I don't have it readily with me. I will need to send it to you.

Ankit Kedia:

No issues. Thank you.

Operator:

Thank you, Mr. Ankit. 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. Next in line we have Mr. Krupal Maniar from ICICI Securities. Please go ahead.

Krupal Maniar:

First, I just wanted to know like what is the scene on the recruitment portal like what are the client exactly saying? They are not willing to spend now or they are postponing their budget or what exactly would be their views, both on the IT and the non-IT side?

Hitesh Oberoi:

Well recruitment has definitely slowed down and therefore hiring numbers have gone down with clients. So some are playing a wait and watch game. Some are saying look, we know, we will buy but lets see what happens in the next three, four months and then we will take a call. However normal hiring is still happening? It is not as if attrition rates have gone down drastically or companies have shelved new projects. They need to just -- need to even if companies are laying off, they are still hiring in some other places. So our revenues are up compared to last year, still.

Krupal Maniar:

Okay. So like in this scenario, are we planning to reduce our sales on advertisement costs or the HR cost and -- some sales incentives or something like that.

Hitesh Oberoi:

Sales incentives, we should -- I don't think we are going to reduce it and that is because we are going to be incentivizing the sales force to sell more if possible. Certainly, we will be optimizing on the advertising side because like we mentioned, we are facing less competition in terms of share of voice. Some of competitors have not been advertising that much. So therefore even we can live with lower advertising.

As far as headcount in the company goes. Yes. No, if we did hire for a while -- assuming that we would grow much faster, but if numbers don't happen that way, then we will not replete few people if they leave.

Krupal Maniar:

Okay, like are we going to plan or is there any business model where we can charge the group deal like instead of recruiter, we may charge the -- I mean the.

Sanjeev Bikhchandani:

Yes, we just mentioned about 9% of our revenue comes from resume candidate services.

Krupal Maniar:

Okay.

Sanjeev Bikhchandani:

But we have not drastically overdone our model. I mean this already exists and will continue to exist.

Krupal Maniar:

Okay. Thank you. That's it.

Operator:

Thank you, sir. Once again, participants who wish to ask a question, please press "star" "one" on your telephone and wait for your name to be announced. I repeat if you wish to ask a question, please press "star" "one" on your telephone.

We are having a follow up question from Mr. Rahul from Lucky Securities. Please go ahead, sir.

Rahul:

Wanted to check, would we consider buying back our shares?

Sanjeev Bikhchandani:

There is no such plan.

Rahul:

Okay. Thanks.

Operator:

Thank you, Mr. Rahul. I repeat participants who wish to ask a question, please press "star" "one" on your telephone. Next in line we have Miss Namita from Mint newspaper. Please go ahead.

Namita:

Sanjeev, I am not sure if you have answered this already. I am sorry. I came in late on the call. Your release mentions that you have -- the -- your revenues have appreciated considerably on 99acres. Can you give me a little bit of detail on that?

Sanjeev Bikhchandani:

99acres grew 98% over the same quarter last year. So growth continues to be very close to double.

Namita:

Okay, do you expect that to continue?

Sanjeev Bikhchandani:

Well, it is a volatile environment and we can't say for sure. But we are hoping it does because we are fairly under penetrated in the real estate market.

Namita:

Okay. What is the rough split of revenues between your different properties now?

Sanjeev Bikhchandani:

So recruitment was 86%. And the rest was 14%.

Namita:

Okay. Thanks.

Operator:

Thank you, ma'am. Next in line, we have Mr. Ashish Kacholia from Lucky Securities. Please go ahead, sir.

Ashish Kacholia:

Sanjeev, can you talk a little bit about your plans to enter any further new vertical?

Sanjeev Bikhchandani:

There are no plans as of now. We would as of now like to focus on management of bandwidths on the stuff we certainly have. But we are certainly launching an entry level hiring site which we have talked about. And we continue to look at investing in external startups. So, we have done, done three already and we will keep on looking. But, naturally in this current environment, our bar for quality of entrepreneurial quality of ideas has gone higher and sure the valuations have softened.

Ashish Kacholia:

Right. Thanks a lot.

Operator:

Thank you, Mr. Ashish. We are having a follow-up question from Miss Namita. Please go ahead ma'am.

Namita:

Sanjeev, you have invested in study placements. Is this any kind of move to sort of integrate that with the education portal that Naukri has?

Sanjeev Bikhchandani:

As of now, no. They continue to exist separately and they will do so, I think.

Namita:

Okay.

Operator:

Thank you, Ma'am. There is a follow up question from Mr. Nikhil Pahwa. Please go ahead, sir.

Nikhil Pahwa:

Yes, I was just wondering what's the plan for FirstNaukri, what will be the model?

Sanjeev Bikhchandani:

The revenue will come from companies who are looking to hire entry level people. The campuses can market their students or build a brand of the institute. The students can enter directly also and naturally the resume form will be slightly different from what is there on Naukri in order to enable companies to be able to do an appropriate search of the resume readily.

Nikhil Pahwa:

Has there been any indication from clients that they will be looking more towards recruiting freshers ?

Sanjeev Bikhchandani:

No, there has been not, not that they will be looking more towards recruiting freshers like, it is a slightly softer recruitment environment now. So it is unlikely a client will recruit more -- most clients will recruit more freshers than last year. In fact many will recruit fewer freshers than last year.

But we are getting this for a medium-term long-term play and it is not about one season or two seasons.

Nikhil Pahwa:

Okay. Okay.

Ambarish Raghuvanshi:

But the fact is that we will be adding value to companies on how they currently recruit from campuses and we will be making the process more efficient. So, it is not a question of whether there is going to be more hiring from campuses. It is a question of basically making the process more efficient.

Nikhil Pahwa:

Okay and there is no plan to actually charge the colleges instead of?

Sanjeev Bikhchandani:

The colleges will be charged for branding on the sites to reach out to recruiters but individual students will not be charged.

Nikhil Pahwa:

Okay. Thanks.

Operator:

Thank you, Mr. Nikhil. I repeat participants who wish to ask a question, please press "star" "one" on your telephone. There is a follow-up question from Mr. Krupal from ICICI securities. Please go ahead, sir.

Krupal Maniar:

Hitesh, just like -- I believe that recruitment revenues have grown in the range of like 19% to 20% Y-o-Y in this quarter. So, do we expect this rate to continue or the growth rate can be slower or lower than?

Sanjeev Bikhchandani:

Okay, Krupal the environment is really volatile. And therefore it is very hard for us to say. It's almost like asking what will the Sensex be tomorrow. I mean really nobody knows. But having said that -- having said we are indexed to the economy and the if the real economy grows at 7% plus as the government is saying, we should maintain this rate. If it grows at 6%, it will be slightly lower and so it will depend on how the economy does.

Krupal Maniar:

Okay and is there any like one-item in the heading miscellaneous income?

Did you see like one-time item like non-recurring one-time item?

Sanjeev Bikhchandani:

No. no, no. There isn't any one-time item. They are all recurring. It is largely composed of return on investments which is a mix of fixed deposits, liquid mutual funds and SLPs.

Krupal Maniar:

Okay. Okay. So thanks a lot.

Sanjeev Bikhchandani:

There is not one-off item.

Hitesh Oberoi:

Okay. Thanks a lot.

Sanjeev Bikhchandani:

But Krupal, the Q3 other income will be nowhere near what the Q2 one is.

Krupal Maniar:

Okay.

Sudhir Bhargava:

Because the loan maturities that happened in Q2 were on the higher side.

Krupal Maniar:

Okay. Okay, thanks a lot.

Operator:

Thank you, sir. Once again, participants who wish to ask a question, please press "star" "one" on your telephone. I repeat if you wish to ask a question, please press "star" "one" on your telephone.

We are having a follow-up question from Mr. Ankit Kedia from Centrum Broking. Please go ahead, sir.

Ankit Kedia:

Just one question on guidance on the advertisement budget. Previous quarter we said we will do approximately 55 crores of advertisements, the budget is that much for this. Currently now what are we looking at?

Hitesh Oberoi:

So Q3 will not be very big for advertising. And our spend for Q4 will depend on how the economy and therefore how business moves in Q3 and now what competition does. We are not expecting advertising to be significantly higher than last year this year.

Ankit Kedia:

Thank you.

Operator:

Thank you. There is a follow up question from Mr. Nikhil Pahwa from MediaNama. Please go ahead, sir.

Nikhil Pahwa:

In cases of the matrimonial segment, we have seen some of your competitors move on to TV, move on to mobile with an operator tie up. Do you have any plans on that and how do you view these moves? Thanks.

Hitesh Oberoi:

See we have been experimenting on the mobile phone. We have not done -- we have in fact experimented on the mobile phone some while ago and we don't believe that this one time, the mobile phone can add too much value.

There are some service, various stuff that we do all day. We verify phone numbers. We keep people informed about, contacts through SMS and so on and so forth. We don't think that any of these differences will make any difference -- any of these things will make any difference to any business in the short run.

Nikhil Pahwa:

Yes, thanks. Thanks.

Operator:

Thank you, Mr. Nikhil. We are having a follow question from Miss Namita from Mint Newspaper. Please go ahead ma'am.

Namita:

Sanjeev, I am not sure if you have answered this before. But are you cutting back on costs in any specific way. You mentioned earlier that you may not hire as many people as you thought you would. Are there other costs that you are cutting in terms of marketing and advertising. So will you give me specifics?

Hitesh Oberoi:

Well, a lot will depend on what happens in Q3? But yes, if growth continues to slow down, then ad expenses will probably be, maybe the same as last year, maybe 5% or 7% more. They will not grow significantly.

Hiring, we have already sort of reduced our hiring. Our hiring is still up compared to last year. But in the last one or two quarters we have not hired too many people.

Namita:

Okay, what is the total strength of your -- across all your properties segment.

Sanjeev Bikhchandani:

A little less than 1800.

Namita:

Okay. Thank you.

Operator:

Thank you, ma'am. There is a follow up question from Mr. Rahul from Lucky Securities. Please go ahead, sir.

Rahul:

I wanted to know, do we get online advertising on our site?

Ambarish Raghuvanshi:

Yes, we do. It is a mix of some stuff which we get from Google AdSense and some which we sell directly to publishers.

Rahul:

Okay.

Sanjeev Bikhchandani:

So it is a mix of both advertising.

Rahul:

Do we see any traction and possibility for growth in that segment?

Sanjeev Bikhchandani:

Yes, that segment is growing, but it is a very small part of our total business, so that I mean it is not major driver of revenue for us.

Rahul:

Okay. Okay. Thanks.

Operator:

Thank you, sir. I repeat, participants who wish to ask a question, please press "star" "one" on your telephone. Participants may press "star" "one" to ask a question.

At this time, there is no further questions from the participants, sir.

Ambarish Raghuvanshi:

So thank you everyone for participating in the call and look forward to catching up with you after our quarter three results and Happy Diwali to everyone. Thank you. Good night.

Operator:

Thank you, sir. That does conclude the conference for today. Thank you for participating. You may all disconnect now.

END