

Company	Info Edge India Limited
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Operator:

Thank you for standing by, and welcome to the Info Edge India Limited, Investors Conference Call presented by Mr. Sanjeev Bikhchandani, CEO and Managing Director, Info Edge India Limited.

At this time, all participants are in a listen-only mode. There will be a presentation followed by a question-and-answer session, at which time, if you wish to ask a question, please press "star, one" on 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. This is Sanjeev here. Thank you for joining in. I have with me Hitesh Oberoi, our COO; Ambarish Raghuvanshi, our CFO. And from our finance department we have Sudhir Bhargava and Rajesh Khetarpal and from our secretarial department, Amit Gupta.

We have had a good quarter, June to September. The total income was up by 80% over the same quarter previous year, net sales /revenue from operations was up 66%, EBITDA up 227% and net profit up 326%. If you look at net profit from operations, it is up by approximately 286%.

So by all accounts, it was a good quarter. This has largely been, you know, led by Naukri, which is the largest business and continues to grow fast. And 99acres has grown very well also. And JeevanSathi continues to grow at its regular pace. Also quadrangle has done well, so almost I think all our businesses fired this quarter.

Having said that, we are observing two things. One is the softening in IT hiring, which we are keeping an eye on, because there is a lot of talk about it. It has not got factored in our regular numbers yet. But we are being a little cautious on quarter three and quarter four as to what impact this slowdown, if any, will have on our performance.

The other thing we would like to highlight is that advertising in this quarter came in below budget largely because there was less competitive activity and therefore, we advertised less. Some of the profit performance increase has been because of that. It does not necessarily follow that therefore this will be repeated in Q3 and Q4. So we need to bear that in mind.

We are very heartened with the performance of 99acres, which if this quarter's trends continue over the next couple of quarters, you know, you may find that it breaks even faster than our earlier estimate of March '09. But of course, a lot will depend on competitive activity, competitive advertising and how revenue grows.

We made progress on the Naukri product with further improvement in algorithms with a revamp in the Job Seekers Section, which has produced good results in number of applications. Our resumes continue to grow at over 10,000 a day, which effectively we are adding approximately a million resumes a quarter. And I think that has been the steady rate of addition in Naukri.

In JeevanSathi, we continue to be the number three site with growth, which is in line with the industry. So we did not appear to have gained any share on revenue this quarter. We continue to more or less maintain the share.

We launched Brijj.com, which is a professional networking site. That site has got over 50,000 registrations till now. But we need about 600,000 to 800,000 to begin to get in the viral mode, which is when we will say we have got some traction. We expect that if we can/ once we are able to integrate Brijj with Naukri, and achieve optimization both at Naukri and at Brijj, the rate of new profile activation on Brijj will pick up.

If you look at our EBITDA numbers, our operating EBITDA improved by 171% over the same quarter previous year. And over the sequential quarter change, it was 36%. Our operating EBITDA to net sales was 30.77% in this quarter and in the previous quarter, that's April to June '07, it was 25.5%. So there has been a significant improvement, led to some extent by the savings in advertising.

I will end the presentation here and we will be happy to take any Q&A.

Operator:

Certainly, sir. At this time, if you wish to ask a question, please press "star, one" on your telephone and wait for your name to be announced. If you wish to cancel your request, please press the "#" or the "pound" key.

First question comes from Ms. Catherine from Citigroup.

Catherine:

Hi. Good evening. I have two questions. Firstly, could you please elaborate on Naukri's dominant position and recruiting market in India I think especially with increased competitive activity from, for example, Monster or TimesJobs?

And secondly, I know that you mentioned this in your presentation, but would you elaborate a little bit more on the demand outlook for the rest of the year, especially with regards to the IT services sector?

Sanjeev Bikhchandani:

There was reduced, the first half of this year has seen reduced competitive advertising activity as opposed to last year and which has led to us having some savings in advertising in this quarter. This could change in the coming quarters depending on what competitive activity is going to be and what our own plans are.

Now, as far as market share is concerned, you know, we look at traffic measures. And on traffic measures, we seem to continue to be at around 50% mark as far as comscore data is concerned on traffic. We don't have a clear idea of competition revenues, but we suspect they more or less mirror the traffic shares.

Now, on the other hand, at the bottom end of the non-IT market, the smaller clients who are not in IT, there we have witnessed a lot of price undercutting from TimesJobs and this has led us to believe is that there is an opportunity there for launching products that are stripped-down versions of our current products at price points that are competitive as also intensifying our retail selling efforts by hiring more people.

So we are moving in these two directions, and we believe there is an opportunity to monetize to a greater extent these smaller non-IT clients who were perhaps under-monetized earlier. And there were hidden opportunity there. And if we succeed in doing that, it will to some extent mitigate any future slowdown in IT hiring. That's as far as competitive activity is concerned.

What was the second part of your question, Catherine?

Catherine:

The second part of the question is on the demand outlook, which you mentioned regarding IT services, especially with regard to rupee appreciation and any impacts that you are seeing?

Sanjeev Bikhchandani:

Now, see we are not sure as yet. It's not clear to us what the net impact will be in Q3 and Q4. But clearly, the talk seems to be and all the media seems to be talking about the fact that IT hiring will be impacted. Having said that, you know, there are three or four trends that some experts are saying may emerge or are emerging.

One is that the smaller and mid-sized IT companies maybe hit harder than the big IT companies. Two is that even if they cut back in IT hiring there maybe cost savings that

companies would seek, whether they would seek to cut e-recruitment first or other forms, we believe it maybe other forms. But nevertheless, it may impact the pricing power and clients may negotiate harder.

At the same time, eventually adjustments would take place in a quarter or two where in order to protect total profits, companies may actually resort to increase their headcount and operate on reduced margins so they can deliver the same absolute profit. At the same time, some companies that have pricing power, the larger companies, are passing on to some extent at least the impact of the exchange rate, the rupee appreciation on to clients to the extent that they can.

So what we are getting over here is a mixed bag, and it is not clear yet, the situation that would evolve. As far as what we are trying to do is try and monetize better from non-IT clients while at the same time trying to improve the products further, so that you are able to get the new clients.

But really, the situation will evolve, and we are unable to sort of, even internally, get a good fix on how demand from the IT segment will move over the next few quarters.

Catherine:

Okay. See you.

Ambarish Raghuvanshi:

Related to this, some of the other operating metrics, Sanjeev mentioned a few. So for example, the size of the database has gone up to about 11 million resumes from 10 million. And the number of resumes we get a day has gone up to about 11,600 a day compared to 10,700 last quarter.

So we are seeing increases. The number of clients, which we serviced, was about 15,300 unique clients in this quarter as compared to 13,000 a year back and 14,700 in June. So we are not really seeing signs of a slowdown. What we are seeing is that there could potentially be a slowdown.

Catherine:

Okay. I understand that. Thank you.

Operator:

Thank you, ma'am. Next question comes from Mr. Ruchit Mehta from HSBC. Please go ahead, sir.

Ruchit Mehta:

Yes. Hi. Good evening. Congratulations on a great quarter. Just to understand, how much of your revenues would be coming in from the small IT customers or how much should be from the large invoice like Infosys et cetera?

Sanjeev Bikhchandani:

Our revenue model is based on number of clients. And it is not per hire. It is per client, the entry fee. Then you have various logins and you have various types of solutions with the price at various price points. Some of the large companies take larger solutions.

Ruchit Mehta:

Okay.

Sanjeev Bikhchandani:

So for us, we want a large number of companies to do well so that we penetrate more into a large number of companies and get your basic product, your resume database access plus some hot vacancy listings into every company. And then to the bigger companies, you can sell your value-added solutions.

So while there would be a skew towards the larger companies on a per capita basis we do want a good, robust large number of companies in the IT sector doing well. So if there is a slowdown, if say there are 4,000 software companies in India and if you add the captives, maybe 4,500 or above that number, then we want as many as possible to be doing well.

So it will be of a potential damage to us if there is a slowdown among these smaller-sized companies.

Ruchit Mehta:

But it can't be that much if you skew towards larger ones, because large ones trend that we see seem to be hiring quite robustly, you know, fresher hiring they have done for next year. Okay. Just on the...

Sanjeev Bikhchandani:

I'll just interrupt there, Ruchit. It seems like this. E-requirement does not work for fresher hiring.

Ruchit Mehta:

Okay.

Sanjeev Bikhchandani:

Now, if a company is hiring more freshers than last year in order to bring down the average cost per employee and go to hire fewer laterals, that's not so good for us.

Ruchit Mehta:

Okay.

Sanjeev Bikhchandani:

At the same time, if you've got say 4,000 IT companies of which say 3,000 were our clients last year and then this goes down to 2,500, that's not so good. And of those 2,500 if we have got another 1,000 negotiating harder on prices, that's not so good.

So we are waiting and watching as the situation is evolving. So far it has not been reflected in our revenue numbers. You know, the situation will evolve. So we would like to keep an eye on this, and there is a definite risk out there.

Ruchit Mehta:

Okay. And just on the margin, you had a nice uptick to about 30% -- 31% this quarter. But the expectation was that you will be booking some additional cost on the newly started Brijj, et cetera, which might burn about, you know, 15 crores to 16 crores this year.

Sanjeev Bikhchandani:

No. Brijj was never meant to burn that kind of money.

Ruchit Mehta:

No, total, all the initiatives put together, I am saying, not just Brijj, but the other initiatives. Where do you see, you know, margins stabilizing for the full year, given whatever you have seen in advertising potential, you know, whatever you will be spending on the new initiatives put together?

Sanjeev Bikhchandani:

We lost 4 crores approximately in Q1 this year.

Ruchit Mehta:

Okay.

Sanjeev Bikhchandani:

And that's come down to about 2.5 crores this quarter.

Ruchit Mehta:

Okay.

Sanjeev Bikhchandani:

That is perhaps because a little bit of lower level advertising happened and because 99acres perhaps got a little bit more revenue than we expected.

Ruchit Mehta:

Okay.

Sanjeev Bikhchandani:

So on startup businesses, new businesses which kind of are iffy because sometime they will perform better than expectation, sometimes not so good.

Ruchit Mehta:

Okay.

Sanjeev Bikhchandani:

So it could be slightly harder to predict but, like I said, in JeevanSathi we should move towards breakeven by March on a month-on-month basis. Lets see if we want to, but we may not want to, there's still six months left, so we don't know what will happen.

Ruchit Mehta:

Okay.

Sanjeev Bikhchandani:

And 99acres will hopefully continue the up trend that we have seen.

Ruchit Mehta:

Okay.

Sanjeev Bikhchandani:

Actually, we may see breakeven earlier than March '09, which we have predicted in 99acres.

Ruchit Mehta:

So, is it fair to say that you wouldn't bring as much money as you brought in last year, I mean, the losses would be no more than about 10, 12 crores for this year?

Sanjeev Bikhchandani:

We only had one quarter of 2.5 crores losses, let see what this quarter is like.

Ruchit Mehta:

Okay.

Sanjeev Bikhchandani:

Like I said, new businesses are iffy.

Ruchit Mehta:

Okay.

Sanjeev Bikhchandani:

And similarly revenue on the IT client segment side on Naukri is also iffy. So there is a little bit of uncertainty out there.

Ruchit Mehta:

Okay.

Sanjeev Bikhchandani:

But really, we are still discovering the situation week-on-week. So that's how things are moving.

Ruchit Mehta:

And just finally, when do you get a sense of all this thing, I mean, when do you think it will stabilize that in terms of the IT hiring and do you think that probably and you see, of course, middle of that you might get a fair sense of where the market is heading?

Sanjeev Bikhchandani:

You know, the truth is that we don't get to know a clear picture till the last 10 days of the quarter. Because a lot of sales happen in the last 10 – 15 days of quarter given the way our incentive system are structured for sales people.

And also you see in year-end, which is around March, which is when a lot of companies in India have their annual budgets expiring. If a company has got unutilized budgets and HR departments don't like to surrender unutilized budgets to finance department, they tend to pre-buy in March.

Now again, if that happens again this year like it has in earlier years, it's great for us. But we'll only get to know after / around March 20th or so.

Ruchit Mehta:

Brilliant. Thanks. Finally, if you just clear us what's the total cash on bank balance do you have sort of liquid cash holding that you have?

Sanjeev Bikhchandani:

Okay. This quarter we released balance sheet also.

Ruchit Mehta:

Okay. I'll have a look at it. Thanks.

Sanjeev Bikhchandani:

Its on our website infoedge.in. But one second it was about 260 crores in bank balance and investments.

Ruchit Mehta:

Okay. Brilliant. Thank you.

Ambarish Raghuvanshi:

And, this is Ambarish. Just to add to one of the points about making investment into new businesses. The way we look at new businesses is that, we are going for growth in these businesses and we will do whatever sensible investment is needed, to make it happen.

Ruchit Mehta:

Okay. Brilliant. Thank you very much.

Operator:

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

Abneesh Roy:

If I see your other income for the last two quarters it has been 55 million and 59 million, so is it fair to expect that this trend will continue for the next two quarters? Also the tax rate seems to be lower, why ?

Sanjeev Bikhchandani:

I guess, most of our investments are in liquid mutual funds and fixed deposit, so really it depends on the way interest rates move. At the same time, we will spend some money on trying to buy some land and then construct a building on it. And if you'll see our balance sheet we have paid an advance and we are trying to do a deal, it's not done yet, but we have paid an advance. So there maybe some depreciation of cash reserves, it will depend on these two things.

Abneesh Roy:

Sir, when is the land plus building deal expected, the?

Sanjeev Bikhchandani:

Well, it will be a land deal right now what we are pursuing is land and then we'll construct a building. So we'll buy the land hopefully in the next two to three months if all goes well.

Abneesh Roy:

And coming to your tax rate it is for the full year it was 31%, while this time it has been 27%, so what's full year tax rate going to be?

Sanjeev Bikhchandani:

See this is because of mutual fund income dividends are already net of tax that's why it is looking lower, but on our operating income we pay full tax.

Abneesh Roy:

Okay. And in both the Q1, Q2 con call you've said comparative activity in terms of advertising has decreased. So any reasons in particular why comparative advertising especially from TimesJobs reduced?

Sanjeev Bikhchandani:

We are not sure and not in the position to comment on it. But I suspect they are perhaps doing an internally evaluation of ROI.

Ambarish Raghuvanshi:

You know, we don't know whether this is secular or this is just the people who may have just decided it.

Abneesh Roy:

Okay. Thanks.

Operator:

Thank you, Mr. Abneesh. Next question comes from Mr. Vijay Sarathi from Thomas Weisel. Please go ahead.

Vijay Sarathi:

Good evening, Sanjeev.

Sanjeev Bikhchandani:

Hi.

Vijay Sarathi:

Three questions for you. You said I know your advertising expenditure this quarter is lower because of lower by the competitors. Help me to understand, how flexible is your advertising strategy, I am assuming you'll buy bulk chunk for the entire year or maybe smaller time phase?

Sanjeev Bikhchandani:

I'll request Hitesh to answer this. He is our COO. He will handle this.

Hitesh Oberoi:

A part of it is off-line and part of it is online, and the online spend is largely on Google. There we bid everyday and if the bid system is working our advertising spend is very, very divisible and for off-line, we don't buy for a year in advance and keep the inventory with us. Our off-line actually is driven by when we see competition in the marketplace and when

we have good creatives for the brands in business we are in. Again, that is by quarter, it's not as if we buy for a year and keep the inventory.

Vijay Sarathi:

And what about TV?

Hitesh Oberoi:

TV, that's what I meant by off-line.

Vijay Sarathi:

Okay.

Hitesh Oberoi:

TV is quarterly.

Vijay Sarathi:

Okay. Thank so much.

Operator:

Thank you, Mr. Vijay. Next question comes from Mr. Nilang Mehta from HSBC. Please go ahead, sir.

Nilang Mehta:

Good evening, sir. Sir, just wanted to get a perspective on your inorganic activity, last time when we had met we were talking about looking at new initiatives or setting new businesses and getting into new verticals like social networking sites and something like that, so any progress on that front and start looking at the evaluation what phase book has got recently, is that hindrance to future deals for us?

Sanjeev Bikhchandani:

As far as, deals are concern we have no announcement to make currently.

Nilang Mehta:

Okay.

Sanjeev Bikhchandani:

And as far as, valuations are concerned, if we acquire a business or invest in a business, hopefully it will be right management team, right business at a fair price. That we'll evaluate in case we decide to get into a business.

Nilang Mehta:

But sir can you through some light on verticals which you are looking at and what are the new other initiatives who do look at?

Sanjeev Bikhchandani:

We have talked about launching an education site. But that will take about six to nine months for us to do. And current thinking is that look, we create online marketplaces or online information exchanges. And therefore, we will continue to look at those kind of businesses where we are investing or acquiring or new online market, online information exchanges whether in area of education or in any other sector.

Nilang Mehta:

Okay. Thank you very much sir.

Operator:

Thank you, Mr. Nilang. Next in line we have Mr. Amit from Thomas Weisel. Please go ahead, sir.

Amit:

Hi, Sanjeev. Can you elaborate on the growth that you have seen in 99acres?

Sanjeev Bikhchandani:

Q2 this year was pretty good and it was three times the revenue than in the same quarter of previous year. For competitive reason we are not giving exact revenue figures. But if this kind a growth continues in 99acres there's a strong possibility that 99acres will be as big as JeevanSathi this year.

Amit:

Okay. And regarding online advertising that you do, have you also seen prices going down which is bring down your advertising spend online?

Sanjeev Bikhchandani:

Hitesh will answer that.

Hitesh Oberoi:

Prices are down on some portals.

Amit:

Okay.

Hitesh Oberoi:

Okay. But, our spend is mostly on Google and there the prices changes everyday and on Google we've not seeing too much of price increase or decrease.

Amit:

Okay. And in terms of employee expansion what are your plans and where are all these new employees going to go?

Hitesh Oberoi:

Our plans depend on how the business does and reponds. So lets say for example, if we find 99acres going very well we may expand that team more than others. If we find that the call center is doing very well, then expand telesales. On the other hand we may choose to expand the retail sales effort on Naukri. But on the other hand we'll then decide that look we don't want to do it through our own employees and our own roles we may go for some temp staffing. So a lot will depend on how businesses perform and then we will choose to back them and then whether our strategy is whether to have them on our roles or to have them through temp staffing. So, it's kind of hard to predict but right now we are I think over 1,300 employees.

Amit:

Okay. And one more question on 99acres in what timeframe do you expect an EBITDA breakeven for 99acres?

Sanjeev Bikhchandani:

We are talking about March '09. Previously, we're staying with that as of now but if this growth that we witnessed in the last quarter or two in 99acres goes on, it should happen before that.

Amit:

Okay. Thank you.

Operator:

Thank you, Mr. Amit. Next in line we have Mr. Shekar Singh from Goldman Sachs. Please go ahead, sir.

Shekar Singh:

Just wanted to understand this advertising cutdown which has happened this quarter, is it that the quantum of advertising has remained the same but the prices have come out and therefore like the rupee has spend on advertising has come down or is it that the quantum itself has comedown?

Sanjeev Bikhchandani:

I think one big thing Shekar was the fact that we had the world cup in Q1.

Shekar Singh:

Okay.

Sanjeev Bikhchandani:

You know, that was big ticket item and that has vanished, at the same time competitive activity was not so high. So we were bit prudent on that, but I'll let Hitesh answer that.

Hitesh Oberoi:

See if you look at our resumes, our resumes have gone up compared to last quarter. So while we have maintained our online spends what we really cutdown is the off-line spend advertising this quarter.

Sanjeev Bikhchandani:

It is television.

Hitesh Oberoi:

Yes the television basically. And that has to some extent to do with competitive advertising on television and plus we are working on new creatives.

Shekar Singh:

Okay. And secondly, like you mentioned that in 99acres you have tripled your revenues, is this tripling as compared to Q1 revenues of this year or just?

Hitesh Oberoi:

Same quarter last year. And it's on a very small base but nevertheless 99acres growth has been very good.

Shekar Singh:

Okay. Thanks a lot, sir.

Operator:

Thank you, Mr. Shekar. Next in line, we have Mr. Jayendra Rajappa from Prabhudas Liladhar. Please go ahead, sir.

Jayendra Rajappa:

Hi. Just wanted to ask three specific questions. One is regarding how is ask Naukri kind of panning out and where do we see that going, and its linkages with Naukri.Com and the revenue stream in general? Second would be with regard to our Gulf operations, how are we expanding on that front and where do we see things going forward? And finally, in regard to advertising revenue, I am sorry to come back to this again a lot of things have been discussed on this. I think quarter also the competitive scenario was such that you cutdown budgets or budget expenditure, this time again something similar, is that something, which we are missing out how should we read this actually, that's all? Thank you.

Sanjeev Bikhchandani:

First we'll answer ask Naukri. Here, like we said earlier this is not going to be a revenue earner fast, in fact, we would be happy if on a sustainable basis after a year or two this site breaks even. The objective of this site is basically to add stickiness.

In spite of that it's not going to be an issue right now, but we've not also promoted a lot. I think, we are doing some changes in the product and then I think three to six months now we'll promoting on Naukri we will not spend at present money in this, but we'll promote on our current properties. This would however in terms of revenue not move the needle. But it is a good thing to have for stickiness. It is a good thing for user experience. It is a good thing to have as a user service.

Sanjeev Bikhchandani:

Now, your next question, I think, Middle East. Is that correct?

Jayendra Rajappa:

Yes.

Sanjeev Bikhchandani:

On the Middle East, we are planning to do invest more in that business this year where we will open a couple of more offices in other countries and expand the same source there. We will perhaps invest little bit more in advertising there.

Jayendra Rajappa:

Last time, we talked about licenses and we were waiting for that. So has that kind of come over?

Sanjeev Bikhchandani:

Some have come. Some are on the way.

Jayendra Rajappa:

Okay

Sanjeev Bikhchandani:

And so we intend to roll out our business there within this year. In addition, we do a lot of business in the Middle East through our sales team from India, which calls up. And so that effort continues. And that is going to scale up as and when depending on what the market is going to absorb and how the market is responding and so far we are quite happy with this business.

Sanjeev Bikhchandani:

Now as far as advertising is concerned we want to maintain share of voice. To some extent we are influenced by competitive activity, which frankly we can't predict or see or it is slightly out of our control. We don't know what their intent is. However, if competitive activity goes up we will also up our advertising.

Jayendra Rajappa:

True, that is in response to the environment per se.

Sanjeev Bikhchandani:

That's right.

Jayendra Rajappa:

So where they're coming from, in terms of wider perspective or micro view, if overall the industry is on a downtrend in terms of ad expenditure, is there something to be read into that?

Sanjeev Bikhchandani:

Well, I do not think the industry is on a downtrend, maybe individual companies are modifying their strategies. And what we are saying is that we'll have a certain amount of advertising, and if competition ups it we'll up it a bit. We may see an upping, because we may see new sites come on board in this quarter at least in one or two places.

Jayendra Rajappa:

Great. Thank you. All the best.

Operator:

Thank you Mr. Jayendra. Next in line, we have Mr. Nikhil from contentSutra.com. Please go ahead sir.

Nikhil:

Hi, Sanjeev. I wanted to know about 99acres. Last quarter, you'd mention that you were expecting a slowdown because of the crunch in terms of needs, but before you say that it increased quite drastically, what would you attribute these things to?

Sanjeev Bikhchandani:

A couple of things, the builders, brokers, developers where we get our revenue from in 99acres, they seem to be valuing every lead that they get, every genuine customer lead because it is a tougher market to sell real estate. And I think that has worked to our advantage.

The second is the fact that we can reach non-resident Indians who are our important customer segment for real estate and has worked to our advantage. Third thing is that we have perhaps executed our sales better.

Fundamentally, we may be in a situation in 99acres, which Naukri was in 2000 where the market was melting down but Naukri was growing because the penetration was so low that even if the market was down from 100 to 80. If you increase from 1% to 2%, you've grown

very fast. And it's possible that we are that stage in 99acres where we will grow anyway because the penetration of online real estate advertising is so low.

Nikhil:

Any changes in terms of how you priced your super products on either of the pre-size as oppose to the others in the market?

Sanjeev Bikhchandani:

No we have not substantially altered our pricing strategy, although in Naukri, as I mentioned earlier that we may be looking at some new pack sizes and streaming off some versions of products which are at different price points but our old price products will continue with the same prices.

Nikhil:

Also do you intend to deploy any of the money that you had raised in the IPO that has already been deployed in any businesses or such use in the balance sheet?

Sanjeev Bikhchandani:

Well, you see the losses we are making in our new verticals, are now more than covered up by the profits we are making in our profitable businesses which is Naukri and Quadrangle. And we are therefore looking at, if you take the total cash, whether with internal accrual or IPO proceeds, some of it will be deployed in land and building, as well, as the deal that comes through and on acquisitions or any investments is going to be opportunistic, which we continuously evaluate and however we will buy, like I said, the right business at the right price and right management team. And so therefore there is no announcement to make there. And that's the way it is.

Nikhil:

Thanks.

Operator:

Thank you Mr. Nikhil. Next in line, we have Mr. Rishi Maheshwari from Networth Stock Broking. Please go ahead sir.

Rishi Maheshwari:

Hi. I just want to understand in terms of technology that we use across the websites, how are we differentiating against the competition and what are the technology of grades that

we've made in the last six months to a year? Are we also compatible with the Web 2.0? And your comments on that.

Sanjeev Bikhchandani:

Okay. The platforms that we use are fairly standard. Like we are on LAMP, Linux, Apache, MySQL, PHP on our sites. So there is nothing differentiated or varying on the platforms. We differentiate on the product, we differentiate on the algorithms, we differentiate on the resume format, we differentiate on the search engine on stuff like that.

As far as Web 2.0 is concerned, we are incorporating Web 2.0 features into our site as and when we feel relevant. However, we don't want to use Web 2.0 for Web 2.0 sake. We want to do it where it makes business sense.

Brijj.com for example is a completely Web 2.0 site. Ask Naukri is in realm of Web 2.0. If you look at some of the stuff, we got algorithms on job search result ranking, resume search result ranking, relevant rankings of resumes and other algorithm, which we worked on in Naukri, again that in the realm of Web 2.0.

We've included recruiter blogs where companies can put up their own blogs to talk to candidates on site that's where we have to follow. We put our blogs on our products for recruiters to see. So that is substantially going on. We will harness those ideas from Web 2.0 or Web 1.0 as we feel relevant for business.

Rishi Maheshwari:

My question is generally on the commercial benefit that you perceive from this kind of, from say bridge.com where you've used Web 2.0 or can you show some color on that?

Sanjeev Bikhchandani:

It is too early in brijj to even think of revenue, although we believe we know what at least one-revenue model is going to be – pay to make a contact to connect to people whom otherwise would not be able to connect to. But for brijj to start earning revenue, we first need to get 8 to 10 lakhs registration on the site and once we reached there and it becomes viral is when we believe we can start actually getting some revenue.

Rishi Maheshwari:

All right. Thank you so much and all the best.

Operator:

Thank you Mr. Rishi. (Operator Instruction) next in line we have Mr. Nitin from HDFC Mutual Funds. Please go ahead sir.

Nitin:

Congratulation, Sanjeev and the team. I just wanted to check if is it possible for us to break up the revenue between recruitment and rest of the businesses for this quarter or?

Sanjeev Bikhchandani:

Just give me a second. 89% is recruitment of operating revenues for this quarter.

Nitin:

And this would have been 95%, if I am not wrong for the fiscal '07?

Sanjeev Bikhchandani:

91% in fiscal '07.

Nitin:

Okay, sir. Thanks very much for this data.

Sanjeev Bikhchandani:

You see it is not changing significantly for the simple reason that all our businesses are going fast.

Nitin:

Yes. Growth probably in the non-recruitment businesses would be much faster so this percentage should come off.

Sanjeev Bikhchandani:

It is faster, but the base is smaller and therefore it has to be much faster for it to make any kind of impact.

Nitin:

Thanks very much for the data, Sanjeev.

Operator:

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

Ankit:

Sanjeev, congratulation on excellent set of numbers. My question was regarding macro, you are saying the recruitment market growing as well in India. How do we see the online recruitment market growing and a share of it because we are maintaining a market share and our results are being excellent for last couple of years so please throw some light on that.

Sanjeev Bikhchandani:

You know that will depend on what happens to the IT sector and to what extent the non IT sector ups its effort in e-recruitment and especially smaller companies and especially the smaller cities and therefore the situation is yet to evolve. Certainly, if IT does not slowdown, the growth will continue to be robust irrespective of small company coming in or not. However, if IT slows down significantly and smaller companies do not respond and the non-IT segment does not respond or takes time to respond, then you will see a slowdown.

Ankit:

Thank you.

Operator:

Thank you Mr. Ankit. (Operator Instruction) We have a follow-up question from Mr. Nikhil from contentSutra.com. Please go ahead sir.

Nikhil:

Just wanted to know, Sanjeev, what kind of base do you have for each of the sites in terms of business and what kind of growth have you seen in the last quarter?

Sanjeev Bikhchandani:

Naukri has registered resume base of more than 11 million resumes. It was more than 10 million at the end of June so we are adding a million resumes a quarter approximately. That's kind of growth we are seeing. As far as JeevanSathi is concerned, we've got approximately 2,700 profiles being added per day in this quarter.

We look at listings on 99acres really, and that has been hovering over, because a lot of those listings are free, because we are giving free trials and sampling. And so the percentage of paid listing we find is steadily climbing and so is revenue, which is good news for us.

Nikhil:

How many of the listings will be paid?

Sanjeev Bikhchandani:

About 30% would be paid, I think.

Nikhil:

Thanks.

Operator:

Thank you Mr. Nikhil. We are having a follow-up question from Mr. Jayendra from Prabhudas Liladhar. Please go ahead sir.

Jayendra Rajappa:

I am sorry if I missed out this one but what percentage of total revenues were coming in from IT-ITES industries?

Sanjeev Bikhchandani:

Between 30% and 35% if you add on the quadrangle part of the business, is the dependence on IT.

Jayendra Rajappa:

Just a follow-up in terms of retail. Okay, one would expect a lot of traction in there. But what plans are there up foot wherein the companies trying to have their own captive centers? Have you factored those in terms of...

Sanjeev Bikhchandani:

I didn't understand the question. Can you just explain that?

Jayendra:

In terms of retail booming and a lot of...

Sanjeev Bikhchandani:

The retail sector?

Jayendra:

Absolutely, yes. But then there are, you know, players mentioning plans of setting up captive retail training centers. So how does it impact us and have you kind of factored this in your calculations?

Sanjeev Bikhchandani:

Well, I know -- like I said, we don't work very well at the entry level. So any kind of entry level hiring e- recruitment does not play a role. So that won't impact us immediately, but it's a good thing for us.

If sectors grow and the workforce in larger because you know with an enlarged workforce even with the same level of attrition it will lead to more lateral hiring.

Jayendra:

Great. And just one follow-up thing, which is I just had a doubt, I am not too sure that you could clarify this for me?

Let say Naukri.com or maybe even JeevanSathi. Do the numbers include some redundant resumes or profiles, which have been filled up, but not being deleted as yet?

Sanjeev Bikhchandani:

Yes. That could be happening, but the...

Jayendra:

Would you like to put up a scissor to that in terms of percentage at least?

Sanjeev Bikhchandani:

Okay. I am unable to access, however we have about 30,000 updates happening everyday to resumes on Naukri.

So really what matters is the new resume and update, which together is about 40,000 to 42,000 a day.

Jayendra:

Okay.

Sanjeev Bikhchandani:

And more than half or around half our resume have been active in last 12 months.

Jayendra:

Okay, fine. And then and in terms of JeevanSathi what are the percentage or the ratio let say in terms of number of people joining per month.

And the number of people paying per month, that convert into paid members?

Sanjeev Bikhchandani:

We don't actually disclose that for competitive reasons, but you're right only a fraction pay.

Jayendra:

Okay.

Sanjeev Bikhchandani:

It is our effort to continue to notch this fraction upwards.

Jayendra:

Anything in points, which you can share in terms of, how do you do that actually in terms of?

Sanjeev Bikhchandani:

Well, we -- through our marketing efforts, we try and first we would pay through online marketing.

Jayendra:

Have you seen an increase in that ratio?

Sanjeev Bikhchandani:

That ratio is steadily climbing up, but it inches forward, on a gradual basis.

Jayendra:

Okay, great wonderful. Thank you so much and all the best to you.

Operator:

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

Shekar Singh:

Last year-end that is in FY07, your second half revenues were much stronger compare to the first half?

I just wanted to know like can this year -- can we expect something similar this year -- that is like is there some amount of seasonality in the business, because of a second half year is generally better?

Sanjeev Bikhchandani:

There have been the cases in the past of the second half being better. And if this year follows past trends, you know, that would be the case, however the one different thing is that we are talking this year and we are hearing talk of slowdown in IT hiring.

And that is the one thing that could make this year different. And that's what we are seeing, we are waiting and watching on Q3 and Q4, you know we ourselves don't know how the situation will evolve. But depending how situation evolves, you know the revenue will move.

Shekar Singh:

But sir, if I understand your business like, you get paid for the databases and which basically means that companies are recruiting there not stop recruiting.

So the magnitude of recruitment might have slow down, but till the time they continue to recruit you sales will be there?

Sanjeev Bikhchandani:

Yes. But you know it's a question of upgrading client, it's a question of getting higher yield, it's a question of selling them more expensive products, creating more value, it's a question of more logins and more passwords.

So it's a question of them negotiating a lot less on prices. So those things do get impacted or will get impacted in the event of a slowdown.

Shekar Singh:

Okay. So, but sir, like we saw most of your clients of their total recruitment budget, you will be accounting say roughly like not even 5%, 6% of the total?

Sanjeev Bikhchandani:

It depends; it varies from client to client. But the point is that, if you are talking about the mid size or small size, you know, a recruitment company, IT company, which till last year, was using three job sites. And then tomorrow says okay, I can make do with two job sites or one job site, those are the points of concerns, which we are monitoring.

Shekar Singh:

Okay. Sir, so lastly like, in your opening remark, you mentioned about quadrangle doing very well this quarter. And it stays upon that issue?

Sanjeev Bikhchandani:

Well, quadrangle has grown well and for competitive reasons we are not revealing separate numbers of quadrangle, we are just recruitment.

But, we have been clearly surprised by quadrangle growth this year. And it's keeping pace with rest of the company this quarter.

And for our offline business to do that, I think it's a good achievement. And I think, the difference we have made by getting some good key hirers into quadrangle who have made the difference.

Shekar Singh:

Okay, great sir. Thanks a lot.

Ambarish Raghuvanshi:

And also we moved up the value chain in the sense that we are doing slightly higher value hirers. And therefore that also helped, to get the revenues up there.

Shekar Singh:

Okay, sir. Thanks a lot.

Operator:

Thank you, sir. Next in line we have Mr. Deepak from Unity Health Management. Please go ahead, sir.

Deepak:

Could you give sense of your market share in JeevanSathi?

Sanjeev Bikhchandani:

We don't know the competitive numbers of revenue. We reckon that we are about 15% of revenue, but we could be wrong.

On traffic, we are slightly higher. We are a decent number three, but I don't believe that in the last two quarters we have narrowed the gap.

Deepak:

Okay. You expect to breakeven by March '08?

Sanjeev Bikhchandani:

On a month on month basis that's what we talked about. But you know a lot will depend on our strategy - we may decide to invest at present, if we get a much better creative in Q4 and that will delay it.

So a lot, I think we have the option of breaking even if we want to, it will be up to us to choose whether we want to or not.

Deepak:

Okay. Could you comment about growth rate, that you are seeing in JeevanSathi space that Matrimonial space?

Just to get a sense is it fair to say that given that it's a very logical medium for Matrimonial situation, even more so than it is say for real-estate situation.

If I would assume that this would be potentially a faster growing segment of future business that you are building are we thinking on the right line?

Sanjeev Bikhchandani:

Our sense on online Matrimonial market is that growth should be around 40% to 50% annually. We are keeping our share, so therefore we believe we are growing roughly in the same band. And actually, what seems to be emerging is that individuals don't pay as much as or as willingly as businesses do.

And you know for brokers, builders, developers who are getting customers this is a marketing department spending which is a profit center - the value of which is accruable - you marry only person whereas a builders can send messages to 100 people.

And therefore they kind of, can invest a lot, as they are spending a lot of money on print advertising on TV on outdoor. Therefore, getting a share of that is not as hard.

So logically it is the other way around that, real estate should have higher potential in Matrimonial.

Deepak:

That's interesting. Thank you.

Operator:

Thank you Mr. Deepak. We are having a follow-up question from Mr. Ankit from ICICI. Please go ahead, sir.

Ankit:

Just wanted to know what was your average billing per profile for JeevanSathi?

Sanjeev Bikhchandani:

The average revenue in this last quarter was 1428 Rupees approximately (*kindly note it was wrongly mentioned as 1500 in the concall*). And in the previous quarter 1379 which improved slightly. And the numbers of paid transactions have also moved up and numbers of profile are almost 2800 per day on the average.

Operator:

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

Ruchit Mehta:

Hi, sir. Just a small clarification, you mentioned that you had lost about 2.5 crores in the new business was that at the operating level or at the back level?

Sanjeev Bikhchandani:

EBITDA level.

Ruchit Mehta:

EBITDA level. Okay. The similar figure at last quarter was about 4 crores?

Sanjeev Bikhchandani:

That's right.

Ruchit Mehta:

Okay.

Sanjeev Bikhchandani:

3.8 crores last quarter.

Ruchit Mehta:

3.8 crores. Okay. And what's your average yield on investments right now?

Ambarish Raghuvanshi:

On mutual funds about 6%.

Operator:

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

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

At that time there are no further questions from the participants, sir.

Sanjeev Bikhchandani:

Right. So, I can take it, we can end the call.

Operator:

All right, sir.

Sanjeev Bikhchandani:

Thank you for joining everybody.

Operator:

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

