



“InfoEdge India Limited Q1 FY13 Results Conference Call”

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Moderator

Ladies and gentlemen, good evening and welcome to the InfoEdge India Limited Q1 FY13 Results Investor Conference Call. As a reminder for the duration of this conference, all participant lines will be in the listen-only mode. There will be an opportunity for you to ask questions at the end of today's presentation. If you should need any assistance during this conference call please signal an operator by pressing * and then 0 on your touchtone telephone. Please note that this conference is being recorded. We have with us today on the conference call Mr. Sanjeev Bikhchandani – Vice Chairman, Mr. Hitesh Oberoi – CEO and Mr. Ambarish Raghuvanshi – CFO. I now hand over the conference to Mr. Hitesh Oberoi. Thank you and over to you sir.

Hitesh Oberoi

Good evening everyone and welcome to the first quarter earnings conference call. We will first talk you through the financial highlights of the first quarter. After this we will cover the financial and operating highlights of each business in more detail. In the end before we get into Q&A we will summarize our presentation and briefly talk about the outlook for each business as things stand today.

Before I start with the results presentation, I would like to inform you for your benefit that the financial results and the financial statements as of June 30th, 2012, and the datasheet are available at www.infoedge.in. A playback of the call would be available for the next 24 hours, the details are on our website www.infoedge.in. This call is also being webcast live. The link for the same is available on www.infoedge.in and the archive of the call and the transcript would also be available subsequently on our site.

Moving onto the financial highlights of the quarter for the company as a whole – for the company on a standalone basis, net sales in Q1 grew to Rs. 106 crores versus Rs. 87 crores in the same quarter last year, an increase of about 22% Sequentially however net sales were flat. For Q1, operating EBITDA was at 37 crores up 17% YoY, operating EBITDA margin was at 34.8% versus 36.5% in Q1 of last year. Operating PAT was at 23 crores up 19.7% YoY and operating PAT margin was at 21.7% versus 22.2% in the same quarter last year. Advertising expenses during the quarter were up 35% YoY on account of higher investments in Jeevansathi and 99acres.

Salary increases were also affected during the quarter. This along with higher head count compared to last year resulted in manpower expenses moving up by over 22%. Network expenses also went up by more than 20% due to more investment in servers and rupee depreciation. Other expenses also increased by 27% on account of an increase in headcount. In addition to this we have taken a new building which can house up to 1200 people on the Greater Noida- Noida Expressway on rent. The interiors are now being done. We expect rental expenses to go up for a few months this year on account of the fact that we may have to pay double the rent for a while. The total investment in interiors will be to the extent of Rs. 40 crores this year on this building.

Clearly the growth in collections within the group has moderated in line with economic conditions. As a result, deferred sales revenue decreased to Rs. 111 crores as of June 30th, 2012 from about 119 crores as on March 31st. Like we had mentioned in the last earnings call we are seeing substantially lower growth and a more subdued environment leading to deceleration in the recruitment market. We remain cautious for the financial year 2012-2013.

Moving onto business wise performance – we will cover recruitment first. Before I sort of give you numbers by division, I just want to add that the business wise numbers that are being given out are management estimates and are not audited. In Q1 this year the recruitment top-line grew by 19% to Rs. 83 crores. Naukri corporate sales grew by about 20%, quadrangle sales continued to be challenged and declined by 33% year-on-year. The EBITDA margin in the recruitment business remained steady YoY at 50%. In Naukri corporate sales the EBITDA margins were stable at 55%. In Naukri during the quarter we added an average of 13,000 fresh CVs everyday and the Naukri database grew to over 30 million CVs. The numbers of daily mortifications were up to 115,000 per day. The Naukri JobSpeak was flat at around 1210 in June. In Q1 of this year we serviced 25,000 unique customers versus 22,900 customers in Q1 of last year, an increase of 9%. Moving onto the 99acres business, the growth in this business continues to be encouraging. In Q1 top-line grew by 47% year-on-year to 10.5 crores. At the EBITDA level the business made a slight loss of Rs. 9 million on account of higher investments. The total listings on the 99acres site increased to 4.2 lakhs from 2.5 lakhs last year, while paid listings increased from 2.1 lakhs to 3.4 lakhs. The real estate market continues to be tough, transactions are down 20-30% year-on-year in most markets. There were hardly any new launches in markets like Chennai, Noida and Mumbai last quarter. We will continue to invest in this business by expanding our sales reach, improving our product and service offering and building a brand as we see this to be a sizeable market in the long run. In Jeevansathi net sales in Q1 grew by about 15%. We have upped investment in brand building in this business as a result of which the losses of this quarter increased to 2.5 crores in Jeevansathi. In Shiksha ,this business category continues to grow, though on a small base. Net sales grew o about 57% in Q1. We remained committed to investing in this vertical for the future. On the strategic investment side we are neither committed nor invested any additional money in Q1, however our investing company will need further funding which we evaluate from time to time. We continue to evaluate newer investment opportunities as well.

To summarize, the deceleration we have been witnessing continues. In fact it seems to have accelerated , even macroeconomic concerns and global uncertainty and a domestic policy freeze. Business confidence across sectors seems to be on decline. Our competitive position in Naukri continues to be strong. 99acres continues to grow on a slow market and we will continue to invest more in this business. We will continue to invest more in Jeevansathi as well. As mentioned on previous calls if the top line grows at 20% or lower we may yield margins. We are now ready for any questions that you may have. Thank you.

Moderator

Thank you very much sir. We will now begin the question and answer session. We have the first question from the line of Nandana Das from VC Circle, please go ahead.

- Nandana Das** I would like to know what was the reason why your revenues fell flat compared to like when we compared the revenue of quarter 4 of fiscal 12, it really fell flat. So what was the reason behind it ?
- Hitesh Oberoi** Well two things. One like I said the market is slowing down and secondly Q4 is always our strongest quarter, especially in Naukri and therefore in general Q1 is lower than Q4 and of course the market is also not as good as it was last year.
- Nandana Das** When would Info Edge expect the existing subsidiary companies to start making profits when you put everything together ?
- Sanjeev Bikhchandani** You are talking about the investing companies?
- Nandana Das** Yes.
- Sanjeev Bikhchandani** So that is distance away, typically what we have seen in our own internal new businesses that we launched on the internet, it takes 5 to 6 years for breakeven if the business does well and scales up. And not all of these investments are going to do well. So really it is not about the portfolio on aggregate basis making a profit because there are new companies, old companies, good companies, not so good companies, some will make profit early. It is about individual companies doing well, so right now not one of them is making a profit and I think it might be at least a year a two before anyone is profitable on a sustainable basis.
- Nanda Das** But you were also talking about probably this will take 5 to 6 years.
- Sanjeev Bikhchandani** What our understanding is that a new internet company, typically you should not expect a breakeven in the first 5 years.
- Nandana Das** And one last question, why there is a pressure on profit sequentially?
- Hitesh Oberoi** That is because in Q1 we normally give salary increases, so that has affected our manpower cost this year. Also we upped our advertisement spend in Q1 compared to last year at least and our overheads have also gone up because our headcount is up.
- Nanda Das** Headcount is up by what percent?
- Hitesh Oberoi** Well compared to Q1 of last year it is not more than 20%. Sequentially it may not be up too much and like I mentioned you know overheads have are also up one, because of higher headcount and two, because we have got this new building on rent on the Greater Noida Expressway. So for a while we will pay double rent.
- Ambarish Raghuvanshi** And one other point there, in Q4 we had very significant other income which was from treasury income from the FMPs so the way that is accounted for, it all gets backended in the period that it matures. So there is lots of maturity in quarter 4. So as a result of that other

income was extremely high and that has now sort of gone back to normal levels and that normalization has meant that the total profits have dropped. So I would not read too much into drop in profits as relative to Quarter 4. As Hitesh mentioned there is some deceleration but there were also salary increments which were up and increase in advertising expenditure and also as a result of the normalization of other income to sort of a normal level.

- Moderator** Thank you. The next question is from the line of Radhika Merwin from PUG Securities, please go ahead.
- Radhika Merwin** Just a couple of bookkeeping questions, missed out the numbers initially that you gave on 99acres and Jeevansathi how much have they grown on quarter?
- Hitesh Oberoi** 99acres grew by 47% year-on-year and Jeevansathi by 15%.
- Radhika Merwin** So just if I want to get a sense apart from of course the advt. cost we have also seen the network cost and the other expenses also go up in absolute terms itself. So could you just throw some light on what exactly it is because we have seen network cost at roughly 2.3 kind of crore level always. So this 2.8-2.9 is slightly on the higher side so if you can throw some light on this?
- Hitesh Oberoi** Yeah, the network costs are up for two reasons. One, of course we have added more servers, but more importantly server costs are up because of rupee depreciation, because we pay for our servers in dollars as they are housed in the US.
- Radhika Merwin** And other expenses anything particular that has added in this particular quarter?
- Hitesh Oberoi** You know other expenses are mostly up because of headcount increase. You know our headcount is up more than 20% compared to last year, so in line with headcount increases rent is up, conveyance is up, travel expenses are up, electricity etc all the expenses are up again. Plus like I mentioned we have taken a new building on rent on the Greater Noida Expressway and there is some additional expense on account of that as well.
- Radhika Merwin** On the traffic share have we seen any significant change? I thought those numbers, where do we stand in terms of traffic share both for Naukri as well as the other verticals, 99acres?
- Hitesh Oberoi** Well traffic shares have been stable. So Naukri is still in the 60-61-62% range and 99acres is in the mid-30s range.
- Radhika Merwin** So there has not been any significant change, I mean you have not seen any increased competition from some of the peers I hope now.
- Hitesh Oberoi** Not as per Comscore, these share numbers are as per Comscore data.

Radhika Merwin But your sense on the business, one is broadly we have seen the numbers slowing down on a sequential basis and if I look at the deferred sales component as well, there has been a slight marginal sluggishness in that number as well. So going forward, do you see that the decline will continue to happen as far as the sequential performance goes and recruitment or I mean do you see it getting worse that is broadly on the industry and firstly for Naukri how are the upsides in terms of market share gains that you factoring in for this year, I mean considering our expanding the market. If this is that the industry is going to grow, what are we looking at in terms of market share gains from this....?

Hitesh Oberoi So firstly like I said the market is slowing down, markets are having a slowing down. We have seen a very low growth in collection. Our collection growth has slowed down considerably in Q1 however we are still hopeful for one reason, we had a bumper Q4 and what happens in Q4 normally on collections is that because we have retracted on center scheme on running for sales people and this year in addition to that the government has increased service tax therefore some customers paid in advance, we believe that some revenue maybe or some collection got folded into Q4 from Q1. Therefore we are still hopeful of growth bouncing back a little bit in Q2 but we can't say for sure. The market is slowing down. Companies are hiring fewer people than before and attrition rates are also down in many companies. As far as share gains are concerned, we are working very hard. We are investing in the business as if it is the business as usual and if you remember in the last slowdown we did not gave a few share points where there is competition and if all goes well we should be able to maintain our share and grow it in the next one or two years.

Radhika Merwin And as far as the profit performance for Jeevansathi, 99acres – Jeevansathi is how much and how much is the remaining for 99acres?

Hitesh Oberoi Jeevansathi lost about 2.5 crores last quarter and 99acres made a loss over 90 lakhs. So we upped our investments in advertising significantly in both 99acres and Jeevansathi which is why ad expenses are up compared to Q1 of last year.

Ambarish Raghuvanshi And also headcount has gone up in 99acres on a year-on-year basis. And because of the result of increments, advertising and the headcount increases all three have combined to increase the amount of expense on 99acres. While our top-line growth seems pretty good, it is an upwards of 47%. So it is a good growth. We continue to invest in that business. This is something which we have we have been saying that we will operate at maybe near breakeven but it could in a particular quarter or two it might get slipped into a loss and it just so happens that in quarter 1 because of your increased expenses that is the way it has panned out.

Moderator The next question is from the line of Vipul Goel from Bessemer Venture Partners, please go ahead.

Vipul Goel My question is on the recruitment business. You said the market for recruitment is slowing down. Do you see this as a short term slowdown or a long term slowdown? When do you expect it to pick up and the companies starting hiring again?

- Hitesh Oberoi** Well I guess it will depend on the economy. Market is slowing down because GDP growth has come down drastically so from 9% days we are now down to sub 6%. So if this continues and if the market will continue to be slow, on the other hand if the economy starts to recover then hopefully the market will bounce back again as well.
- Vipul Goel** A follow-up question on that would be, do you see any change in the recruitment behavior of companies? There is a lot of buzz around social media and social hiring and job boards on Facebook, do you see that as a potential threat in the Indian market with the coming in of Branchout like models and do you intend to sort of diversify into those areas at some point?
- Hitesh Oberoi** Well we do not see any threat in the short term. Of course in the long term anything is possible and we are also continuously working to improve our product and to make it better and better with time. We do not see any threat in the short term from branchout but that does not even have an opportunity I think. They get no revenues from India at the moment. The slowdown that we are seeing is on account of the markets slowing down.
- Vipul Goel** And Naukri has no plans of launching an app and leveraging social media in one way or the other to sort of gain more traction?
- Hitesh Oberoi** We definitely want to leverage social media and our product team is working on that but you know we do not see that adding to our revenue in a short term, we will put it that way.
- Moderator** The next question is from the line of Ankit Kedia from Centrum Broking, please go ahead.
- Ankit Kedia** Hi, just a question on Jeevansathi, even after increase in spending the numbers of profiles acquired daily are probably the least in last 7 quarters, so wanted to know the reason for the same.
- Hitesh Oberoi** This is actually intentional, we increased our spending on television and on brand building as opposed to profile acquisition. So business is now focusing on brand building, building awareness and while it is cheaper to acquire profiles online we do not want to do that right now. So what we have seen in the past is that profiles acquired directly, even people who come by typing the URL, they tend to convert better in the long run and this is why we stay in that direction.
- Ankit Kedia** So we have done a new TVC or we are running the old TVCs?
- Hitesh Oberoi** No, we have been running the old TVCs.
- Ankit Kedia** Okay, we have not invested in the new TVC for Naukri where we keep doing a new one.
- Hitesh Oberoi** No, I think the old TVC is still delivering results so unless that changes, we do not see adopting a new TVC.

- Ankit Kedia** Secondly also the average amount realized per customer has increased, so have we taken a hike in the realizations for Jeevansathi?
- Hitesh Oberoi** We have taken a minor hike but what probably is happening is that the product mix is changing, so people are buying longer term subscriptions, actually our collections to Jeevansathi is higher than 15% but because of the revenue getting deferred because of the change in product mix, it has come out at 15% this quarter.
- Ankit Kedia** My second question was regarding the new building. Previously we were supposed to buyout the existing building where we are in Noida and you know the rentals are supposed to come down plus we are supposed to make our own building where the land we have. So why is it that now we are renting out another building on the expressway?
- Sanjeev Bikhchandani** We have bought the building, so we occupied about 8-9-10 buildings in Noida right now, all of these were on rent. The one with the corporate office, which is the largest building right now that we occupy which is over 300 seats, we purchased that over a year ago. But as the company continued to grow and we added headcount we had to take a new building on rent and therefore that rent kept getting added on. We had bought a land which we initially thought we would construct on but due to the slowdown we delayed that construction and this is 2008-2009. And we postponed that project and eventually we have decided that rather than getting involved in building a building, which will take a substantial management bandwidth on our end and we are really in not that business, we would prefer to take a building on rent. And eventually perhaps, right now we are keeping this sort of land, we will do this in the future but as of now we are moving to a sort of constructed building where we are doing the interior ourselves due to lower operational complexities.
- Ankit Kedia** My third question is, are we giving any recruitment growth guidance for the year and what could be the losses for the investee company for the full year? You can throw some light on that.
- Hitesh Oberoi** So we do not give guidance in InfoEdge and we have not for a long-long time, so no guidance on growth. As far as subsidiary companies are concerned, we typically do not disclose anything in end of quarter 1 and we ourselves have a better picture of where we are headed for the year at the end of quarter 2 which is when we will give out some information.
- Moderator** The next question is from the line of Mayur Gathani from OHM Group, please go ahead.
- Mayur Gathani** Just wanted to know what is the recruitment top-line, I just missed that number.
- Sudhir Bhargava** It is there in the data sheet.
- Hitesh Oberoi** Recruitment top-line for the quarter is 83 crores.

Mayur Gathani Okay and on the new building you said you have expense of around 40 crores, that is what I heard?

Hitesh Oberoi Correct.

Mayur Gathani For FY13, right?

Hitesh Oberoi On interiors, that is mostly CAPEX.

Mayur Gathani And 99acres EBITDA will be positive FY13, I mean you just mentioned that maybe quarter is not a thing to look at?

Sanjeev Bikhchandani Sorry I will just go back to the last question, the planned expenditure is 40 crores .The project is still under execution so let us see where the expense lands up but the current estimate is it should be slightly under 40 crores and it is mostly CAPEX.

Mayur Gathani It would be this year, right, FY13?

Hitesh Oberoi That is correct.

Mayur Gathani And coming back to 99acres, will EBITDA be positive by FY13?

Hitesh Oberoi Well if it continues to go at 50% or thereabouts we may end up making a small profit but we cannot say what the growth really is this year for sure given the state of the market. Let us see what happens. I would not be able to tell you that number right now.

Mayur Gathani And can you throw some light on LinkedIn in India?

Hitesh Oberoi LinkedIn is doing well on profiles. We have a lot of profiles in India. They have started monetizing in India as well. They have put a small office in place. They have a sales team. They have been reaching out to customers. So we see them as a threat in the long run for sure. But I do not think they are impacting our business right now.

Mayur Gathani Anything different that we plan to do going forward to do just counter the threat?

Hitesh Oberoi Yeah, so we are working on our platform and on improving our product offerings and we are investing more and more behind that. So we have increased the number of people in products, we have hired more people in engineering. We are investing behind new designers. We have built a mobile app. We are improving our search. We are improving our matching capabilities. We are developing more recruitment tools. We are trying to integrate with Facebook so we are doing multiple things on our site to improve our product offering and to improve the user experience we deliver to people on our site.

Mayur Gathani And sir any further investments that we could guide for, that we are looking for the new investee companies for the next 9 months? Do we still have any plans?

- Sanjeev Bikhchandani** We are looking at new companies. We have not made any investments in the new companies in the last 12 months because that is largely because of market was overheated in our opinion where we were sticking with our portfolio but now we have begun to look at new companies. But we have no announcements to make at the moment.
- Sanjeev Bikhchandani** No, what I am asking is already existing investee companies, do we plan to make any additional investments in the coming 9 months?
- Hitesh Oberoi** It is possible on when they need money and how much money they need, it is certainly possible.
- Moderator** The next question is from the line of Miten Lathia from HDFC Mutual Fund, please go ahead.
- Miten Lathia** The collections growth for this quarter is the slowest in the last 11 quarters. I mean for the rest of the year is this sort of a representative number or do you think the way you look at things seasonally or in terms of quarter-to-quarter there would be some variance?
- Hitesh Oberoi** Well hopefully not, this was a very bad quarter for us in terms of collection. But like I mentioned earlier partly the reason could be, though we are not sure, but that we had a bumper Q4 and what happens in Q4 is that we have an attractive incentive scheme which is launched for sales people and as a result some collection from Q1 gets pulled into Q4. So if you were to average that out certainly we would grow faster than what you grew out in Q1 but having said that the markets for hiring continues to be slow. A lot would depend on how the economy fares going forward. So we are keeping our fingers crossed and hoping that Q2 will be better than Q1 in terms of collections.
- Ambarish Raghuvanshi** This sort of volatility continues on collection terms and which is why the deferred sales revenue helps you making out the revenue line. And yes, Q1 was a bit of an aberration but I think we will have more clarity after quarter 2.
- Miten Lathia** Is it possible to get a number on what square footage the building is that you are going to occupy?
- Hitesh Oberoi** 150,000 sq. ft.
- Miten Lathia** And this is just a replacement of what we have as the existing rent so our existing employees are going to sort of move into this new facility.
- Ambarish Raghuvanshi** And plus some surplus for further expansions for the next couple of years.
- Miten Lathia** So after this we will be good for maybe 2 years.
- Sanjeev Bikhchandani** Well it depends on how fast we grow on our headcount. In the past, typically in a good year we have grown faster, we are predicting in terms of headcount and then it was downturn and we

do not grow as fast as we think in headcount. In fact in 2009 we declined in headcount. So let us see how the growth comes.

Ambarish Raghuvanshi And just to add to that for a quarter or so we are paying double the rent while we move into this building.

Miten Lathia I am sorry to ask that but is that a significant number. I mean is that meaningful to a quarter's profits?

Ambarish Raghuvanshi No, it is not. It is not material.

Moderator: The next question is from the line of Sandeep Muthangi from IISL, please go ahead.

Sandeep Muthangi We started to push you more on the collections through Naukri, but I was wondering if you could give me some insights of how do you see the current environment as compared to obviously the 2009-10 slowdown where the deceleration was pretty sharp and give way to lot of discounts, etc.? Are you seeing such pressures in the current environment?

Hitesh Oberoi Not at the moment. We are not seeing that kind of pressures, our sales team is still hopeful and in the last slowdown for about 2 quarters in a row, actually more than 2 quarters in a row our collections actually fell by 30%. We were growing at 30-40% and suddenly they started declining by 30%. We are not seeing anything like that at the moment. I mean in Q4 our collections were fairly healthy. Q1 has been low but that could be on account of the fact that a lot of sales were pulled in to Q4.

Moderator The next question is from the line of Ajay Nandanwar from UBS, please go ahead.

Ajay Nandanwar Couple of questions on the collection side. Is this roughly 6% growth in collection, how this will break between Naukri and other verticals?

Hitesh Oberoi We do not really give that breakup out here on a quarterly basis.

Ambarish Raghuvanshi But clearly the deceleration is more in Naukri, the other businesses like 99acres as we mentioned to you have grown reasonably well. The candidate services portion of Naukri has grown well. Jeevansathi is okay. We have had 15% growth, so clearly the deceleration is more in Naukri than in other businesses but we are not breaking out by businesses.

Ajay Nandanwar And within Naukri can you sort of give some idea about clients by different verticals?

Sanjeev Bhikchandani I do not think there is any change in the mix and IT continues to be around 25%. Search firms are continuing to be in the 28-29% range of business. So there is no real change in the mix there. We are seeing some sort of pressures from the search firms and that maybe because their own underlying businesses are under pressure just like Quadrangle is under a little bit of

pressure but otherwise to the extent that there is a deceleration it spans across the industries and there is no real sort of marked change there.

Ajay Nandanwal I remember in the previous slowdown you used that to garner market share in Naukri as well compared to competition probably by advertising and investment sales. This time around you are saying that you are investing and clearly advertising expense and headcount is up but that is mostly focused on other verticals. How is this downturn different than the last downturn and you are not aggressively investing as much in Naukri compared to what you did last time.

Hitesh Oberoi See in the last downturn our headcount actually went down over a 12-month period. So far we have been adding headcount across all businesses, so not just in 99acres and Jeevansathi and we added headcount in Naukri as well. In the last downturn we also reduced our ad expenditures while that has not been the case now. Actually we have been spending more on advertising than last year. So far we are going about things as if it is business as usual. If Q2 does not turn out to be great then we go back to the drawing board and see what needs to be done.

Moderator We have the next question from the line of Ankur Rudra from Ambit, please go ahead.

Ankur Rudra You characterize whether the current softness in demand and hiring is resulting in greater propensity to give discounts among the competitors?

Hitesh Oberoi Yes, of course our revenues are under pressure but the competition is even under more pressure so what tends to happen in the slowdown is that company is hiring a fewer people and therefore they can manage with just one website or two websites at max. They do not need to need all possible sources of hiring and this puts pressure on the #2 and #3 players to discount more. So we are seeing that in the marketplace for sure.

Ambarish Raghuvanshi But we are clearly not losing share to competition because that is evident from the traffic share data. So if you see traffic share data, we are still retaining a share upwards of 60%, so in the 60-62% range. So we are not really losing share, so my sense is that in the last 12 months we probably grew faster than the rest of the markets and even today I do not think we are yielding share to competition because whether you are going to gain share I think it will take time to figure that one out. We are certainly hoping that we do across categories, across businesses but I do not think we are losing shares either because of pricing or on any other form to competition.

Ankur Rudra This pricing softness, do you find incrementally your sales team is asking for greater flexibility?

Hitesh Oberoi Well not at the moment. Our sales team is still bullish. But if the situation worsens then of course we could get impacted as well. But at the moment it is not like it was in 2008-2009, maybe it is also because of the fact that our share has actually increased over the last 2 or 3 years and therefore maybe our competition is getting hurt more than what we are getting hurt.

But we will wait and see what happens. If the GDP growth continues to be like it is and there is no down track in the second half then pricing will come under pressure.

Ambarish Raghuvanshi So the first sign of clients being under pressure is a slowdown in upgrades and that is certainly the case and decision-making is somewhat slower. Upgrades are difficult to get. Of course we are still getting some upgrades. The third level is when like you have to resort to the discount, we are not seeing that quite as yet.

Ankur Rudra May be your premium to your competitors would have expanded, could you sort of share how much that might be right now?

Hitesh Oberoi On rate card, our competition has offered the same prices as us and what we can tell you generally what we have from our sales team that there are competitions asking deal at very low prices. You do not really have a pulse of what we are really charging on an average.

Ankur Rudra Just in terms of the general competitive landscape across your business is particularly in real estate and matrimony, given one of the competitors may plan to capitalize in the next couple of years. Do you see any change in aggression?

Ankur Rudra In real estate and matrimony?

Hitesh Oberoi In matrimony of course we are #3 player so we are sort of working very hard to become a significant player at least in the North Indian market. As far as real estate is concerned right now we are the leaders and I think the competitor you are referring to probably is #3 and #4 players in that market. So they are not impacting our business yet.

Ankur Rudra Because I think you have seen a lot more of campaigns from them, I was wondering if that would start impacting at the moment?

Hitesh Oberoi I do not think that is making difference to this market place at the moment. Of course we should be cautious and we need to keep an eye on what they are doing and how much they are spending and so on. But right now I think we are firmly entrenched and we are probably more than double or triple currently their size.

Ankur Rudra Finally just in terms if you can elaborate on the nature of growth at 99acres, is it increasingly proportion of secondary listing that you are seeing higher than what it was last year this time or a quarter ago?

Hitesh Oberoi Yeah a lot of this growth is coming from new customers so we added a lot, like we expanded our sales team, we opened new offices. So a lot of this growth is from new customers have been added to the site and like I mentioned in general transactions have slowed down in the real estate. There are not enough new projects being launched and therefore our revenue growth from new projects is probably not as high as it is from secondary sales and rentals.

- Ankur Rudra** What I was also trying to refer to was the fact that structurally you might want your business to be more weighted towards secondary listings as opposed to only new projects. I was wondering if that has come to par.
- Hitesh Oberoi** Yes, that is what we rightly want because we do not want to depend on just a handful of builders and on a new product launch activity which could vary drastically from quarter to quarter. So in the long run you would want to build a business where we have 100s to 1000s of customers so that we are not dependent on any one customer for a large part of our business. So that would be the idea of the long run but what we realize for sure is that India is a market where lot of people do not own home. So many people will buy their first home in the next few years and they need to be in that space as well. So we are targeting both segments.
- Ankur Rudra** In terms of the portfolio today would it still be around only two-third of 75% new versus the secondary?
- Hitesh Oberoi** No, it is a lot less than that now. I do not have the exact numbers but it is a lot less than 75%.
- Ankur Rudra** And this will be reflective of your subscription revenues also.
- Hitesh Oberoi** Correct.
- Moderator** The next question is from the line of Kunal Sangoi from Birla Sun Life, please go ahead.
- Kunal Sangoi** My question is with regards to Naukri Premium. Could you talk about it in terms of what has been the progress there and what kind of traction do you see from clients on that front? And over the next one or two years, how do you plan to ramp that up?
- Hitesh Oberoi** Well I would say Naukri Premium is still in beta so we are testing out a few things. We have got a new section, we are showcasing jobs, we are speaking to customers, and we will put the customers service team to present to these customers. Customers are pretty happy with what they are getting from Naukri Premium. We are not charging a bomb for these services right now, in fact we are mostly offering them for free. So right now it is at a very early stage but the response is encouraging and we would ideally want to scale up the service with time and you know this is something which could help us we believe in acquiring the high quality jobs and acquiring high qualities CVs as a result of those jobs over time.
- Kunal Sangoi** So how many people would be involved in this function at this point in time and would there be any dedicated sales also towards this?
- Hitesh Oberoi** No, there is no dedicated sales effort. We have a small backend which was from this service as there are some people in technology who work on this product. That is about it right now. It is a small operation right now.
- Kunal Sangoi** And Sanjeev, any numbers on investee companies that you could share on revenues ?

- Sanjeev Bikhchandani** No, we typically do not disclose anything on investee companies at the end of quarter one. We ourselves are unable to sort of project at quarter 1 because it an early stage for the companies where they could end up for the year. We will give some sort of indication at the end of quarter 2.
- Kunal Sangoi** But in terms of maybe operations, in terms of traffic share ?
- Sanjeev Bikchandani** Well no numbers but Zomato, Policybazaar, MeritNation, MyDala continue to track well and on MyDala we have to sort of tweak the business model a bit and Nogle is of course very-very early on this has got a specific traffic gains as you can see on Alexa.
- Kunal Sangoi** So when you say MyDala you have to tweak the models?
- Sanjeev Bikchandani** 99labels they able to tweak those models, not mydala.
- Moderator** The next question is from the line of Miten Lathia from HDFC Mutual Fund, please go ahead.
- MitenLathia** While overall recruitment revenue has grown year over year, would that sort of be fairly distributed between the display advertising and the resume database access or are we seeing different trends there?
- Hitesh Oberoi** I think it is the same. There is no change. Not much, nothing significant.
- MitenLathia** But typically in a slowing environment you would sort of see a bit of pressure on the discretionary side more than you would see on the resume data base access.
- Hitesh Oberoi** We have not had a very detailed analysis but my sense is that we are not seeing any major slowdown as far as the large customer incentive at least until now. What has got impacted more is the recruiter segment and some mid-sized customers. So that has been the case till now. We do not know what is going to happen going forward and typically this segment does not buy too many branding products.
- Ambarish Raghuvanshi** By recruiter I think Hitesh meant recruitment firm, so that is search firms, placement companies. They do not buy display advertising or the discretionary stuff.
- Moderator** We have a follow-up question from the line of Ajay Nandanwar from UBS, please go ahead.
- Ajay Nandanwar** I was looking at some Alexa data and seems like Shine has gained a print of rich share compared to other competitors. Is there something, is it just an advertising or is it something else or attribute that to ?
- Hitesh Oberoi** I don't know, what I know is that they have moved their technology in-house maybe that is helping.

- Sanjeev Bikhchandani** But the market place has not got any feedback from our sales team that Shine is getting ground.
- Hitesh Oberoi** So it is still the #4 player in the marketplace.
- Ajay Nandanwal** And a few of your customers spoke, they do not talk about Shine at all. Now is there a niche strategy that Shine is taking or is it sort of more broad based?
- Ambarish Raghuvanshi** No I think there are for general purposes for very broad based job boards like any other jobboards.
- Ajay Nandanwar** I wanted to go back to the advertising question I asked earlier, how does your share of voice this time around fair with respect to your competition say versus how it did in lastdownturn?
- Hitesh Oberoi** You know I think you are probably referring to the fact that Monster is on TV right now but they have come onto TV after very long time. So they were virtually absent from media for a very-very long time and yet they were active last quarter. So yet last quarter our share of voice was lower than Monster's maybe, but I do not think that is the trend. On an annual basis if you were to compare our shares of voice to that of Monster I think we are still probably spending more than Monster.
- Ajay Nandanwal** And is TV the more sort of effective means of advertising?
- Hitesh Oberoi** It is actually for brands which have low awareness, so for Jeevansathi we are calling for aggressive TV strategy because we are #3 player. But once we have been in a category for a while, once you have established yourself then what matters in my view more is not television advertising or not even online advertising for that matter but the user experience on that site, and the quality of your product and the quality of your offering and that is where we want to invest more going forward.
- Moderator** We have a question from the line of Yogesh Kirve from Anandrathi, please go ahead.
- Yogesh Kerve** Really want some color on the headcount increase and your headcount has increased about 400 people YoY, I mean is it possible to give some broad breakout in terms of which business is absorbing this headcount increase more?
- Hitesh Oberoi** We added headcount in all our businesses but of course headcount grew substantially in 99acres and in Naukri as well and we have added some people in Jeevansathi too, a small number in Jeevansathi and Shiksha .
- Yogesh Kerve** Is it fair to assume that Naukri would be accounting for less than 50% of this headcount increase?
- Hitesh Oberoi** Yes, I think so.

- Moderator** The next question is from the line of Vishal Shah from Allied Partners, please go ahead.
- Vishal Shah** You mentioned that the search firms are seeing pressure, the Quadrangle business is also seeing pressure. Like what is your sense, is it because of the general market slowdown or is it because of social media or LinkedIn is impacting again more rather than your business?
- Hitesh Oberoi** Well you know when things slow down in the recruitment market, companies tend to first cut down on what they see as expensive channels. So consultants are expensive and so instead of 500 people in a year companies decide to hire just 200, they tend to cut down the consultants hiring first. And as such the consultants get hit first in a slowdown. Could LinkedIn be impacting their business possibly, yes but unlikely at the moment because LinkedIn is still small and LinkedIn is still used for head-hunting more than anything else. It could be the case but difficult to say but my sense is it is more because of the fact that hiring has slowed down. If hiring were to bounce back then I am sure consultants would be back in business once again.
- Vishal Shah** And you mentioned that pricing as of now is stable, like there are no instances of an average of discounts in spite of the slowdown.
- Ambarish Raghuvanshi** There is no increase in discount I think that is what Hitesh has said.
- Moderator** The next question is from the line of Rohit Dokania from B&K Securities, please go ahead.
- Rohit Dokania** Hitesh said that you are trying to integrate with Facebook. Could you give some more details on this? Is it on the Naukri site or the Jeevansathi site or some more detail?
- Sanjeev Bikhchandani** I do not think we are integrating our sites with Facebook on a broad based basis. On a selective basis we will work on something to help us leverage social media, whether for distribution of jobs or perhaps gathering of resumes, few focused sort of offerings. But it is not as if we have this grand Facebook strategy. So we are doing stuff on Facebook as an experiment and that is about it.
- Rohit Dokania** And nothing on the Jeevansathi site?
- Hitesh Oberoi** Not at the moment.
- Moderator:** As there are no further questions I would now like to hand the floor over to Mr. Hitesh Oberoi for closing comments.
- Hitesh Oberoi** Well thank you everyone for being on this call.
- Moderator** Thank you sir. On behalf of InfoEdge India Limited that concludes this conference.