



“Info Edge (India) Limited Q2FY11 Earnings
conference”

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Moderator

Ladies and gentlemen good evening and welcome to Q2FY11 Results Conference Call of Info Edge India Ltd. We have with us today Mr. Hitesh Oberoi - MD and CEO, Mr. Sanjeev Bikhchandani - Vice Chairman & Founder, and Mr. Ambarish Raghuvanshi - Group President Finance. As a reminder for the duration of this conference, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions at the end of today's presentation. Should you need any assistance during this conference call, please signal an operator by pressing "*" then 0 on your touchtone phone. Please note that this conference is being recorded. At this time, I would like to hand the conference over to Mr. Hitesh Oberoi. Thank you and over to you sir.

Hitesh Oberoi

Good evening every one and welcome to our second quarter conference call. Q2 was a great quarter for us. We witnessed good growth across all our business segments especially in recruitment and real estate. Our operating income grew 29% YoY and about 8% QoQ. Operating PAT also went up by about 55% on YoY basis and 5% on QoQ basis. For H1 of this financial year, operating income was up 27% and operating PAT was up 63%. These robust operating numbers indicate the operating leverage in our recruitment and real estate business. Deferred sales revenue is also up 41% year on year and 5% Q-on-Q. Other income was lower by 24% year on year because of lower interest rate on fixed deposits. On a Q-o-Q basis, it was up 7%.

You can download the financial results, financial statements, and the data sheet from our website www.infoedge.in.

Net sales in Q2 were Rs. 71 crores compared to Rs. 55 crores in the same quarter last year, an increase of 29%. Operating EBITDA at Rs 21.3 crores is up 51% year on year. Operating EBITDA margin is at 30% versus 25.7% in Q2 last year. Operating PAT is up 55% year on year at Rs. 13.3 crores. Operating PAT margin is up at 18.64% versus 15.48% in the same quarter last year. The operating leverage is playing out in the positive side for us as growth comes back. Advertising expenses picked up in this quarter, as we went on television for both Jeevansathi and 99Acres. Other income, declined because of lower interest rates. The interest rates are now climbing up. Recruitment still continues to be 83% of our top line, the same as Q2 of last year.

Other businesses like Jeevansathi, 99Acres and Shiksha account for the remaining 17%. In the recruitment business, the environment continues to improve. Attrition rates are up across companies, companies are also hiring for new projects. Salaries are going up as well. Our Naukri Jobspeak Index has been steady at about 940 indicating sustained demand, it was 943 in September and 947 in June.

Recruitment top line grew by 28% to Rs. 69 crores and Naukri top line grew by about 32% while Quadrangle grew by about 40%. The EBITDA margins in recruitment were at 46% versus 37% in Q2 last year. In Naukri, the EBITDA margin went up to 49% from 36% a year ago. For the first half this year, recruitment top line grew by 26%. Naukri top line grew by 18% and Quadrangle grew by about 51%. EBITDA margins in recruitment were at 44% this

year versus 38% in the Q2 last year. In Naukri, the EBITDA margin was 47% versus 39% a year ago. All these numbers are management estimates and are not audited. On the operating side, the number of resumes in Naukri moved to 23 millions versus 18.7 millions last year. During Q2, 13,300 resumes were added daily and there were 35,000 resumes were modified on a daily basis. In Q2, we had 21,100 paid customers in Naukri as compared to 18,100 paid customers in Q2 last year, a growth of 16.5%. In H1 this year, we had 28,500 customers versus 24,100 customers in H1 last year.

Share of IT was at 26% versus 24.5% last year. The share of recruitment consultants were 26.6% versus 25.4% in Q2 last year. For Naukri, traffic share continues to more around 58-59-60% mark.

Moving on to the other verticals, 99acres had a fantastic quarter, sales grew by 74%, and Jeevansathi sales grew by 7%, Shiksha on a small base grew by 130%. The EBITDA losses however doubled in the other verticals to about 6 crores, even though the loss in 99acres reduced by half, this is because of the advertising spend in Jeevansathi where around 3.5 crores was spent on television advertising this quarter. This is in line with our strategy of investing more in marketing and brand building to gain market share in this segment.

For H1 of this year, 99acres grew by 77% while JS grew about 3%, Shiksha though on a small base at 116%. The EBITDA losses for the other vertical in H1 were 8.4 crores versus 7.5 crores last year. In the real estate business, our traffic share continues to improve. As per ComScore, for May and June, we are now touching close to the 50% mark on traffic share and we are all hoping that we can sustain and even improve it going forward. The traction in the real estate market in general continues, there are new projects being launched at almost all price points in almost every city. We are capitalizing on these gains and we are hoping to develop this business going forward. The EBITDA losses in 99acres reduced by about 50% in Q2 and 75% in H1 this year.

In the Jeevansathi business, net's sales 7% in Q2 and 3% in H1. We had an EBITDA loss of 3.6 crores in H1 on account of spends on brand advertising. But this is in line with our strategy to invest more in brand building to give market share in the long run. The profiles ever added increase to 3.9 millions versus 3.3 millions as of September 30th, 2009. As we had indicated in the earlier call we have been testing waters in Jeevansathi and investing more in brand building to see if we can gain market share in those segments.

The Shiksha business did very well in this quarter. We are getting better with the products and we are getting some traction in the marketplace. We are getting the renewals monetization has begun well. The product continues to improve and the sales continue to grow as well. We are confident about this vertical, this is the largest vertical in print and if we do a good job this can become a big business for the future.

Moving on to our subsidiary Allcheckdeals, Allcheckdeals did 755 deals in Q2. This was spun off as a subsidiary as you know in 2008-2009. Its accounts are consolidated with Info Edge at

the end of the every financial year. Business is growing in line with the uptake in real estate market especially in the NCR region and Mumbai and Bangalore.

Work continues on the FirstNaukri product, is now being received well by some companies and the recruiters – this is the first season where we are going to campuses and companies and trying to sell the product. We are getting some traction, but it's at a very early stage.

Moving onto our investee companies, Applect was regarded as a subsidiary in 09-10 and its accounts have been published in our annual report. From this year onwards, eTechAces too qualify as a subsidiary. In Applect, we have funded an additional Rs. 50 million, in Q2 it had better revenue traction versus last year. eTechAces site policybazaar.com continues to gain traction, revenues continue to grow, primarily from lead generation and advertising. eTechAces will be regarded as subsidiary F10-FY11 accounts. Foodiebay which is our most recent investment is a nascent site where it's gaining good traction and good traffic share and it's expanding a coverage to more cities this year. We continue to evaluate other investment opportunities but do not have an announcement to make in this regard.

Our plan of buying and building offices in Noida continues to be on track, as mentioned earlier, we expect to incur a total cash outflow of close 95 crores over the next 24 months in this regard.

To summarize, growth is back in both jobs and real estate and the economic environment seems to be stable. The margin in recruitment including Naukri has improved although at low level of advertising expenditure. 99acres is witnessing tremendous growth and has cut losses substantially this year. Our traffic share in Naukri continues to be around late 50 early 60 mark, for now over 17-18 months. In 99acres too our traffic share has been steady increasing and we are now touching close to 50% as for ComScore. Our deferred sales revenue has continued to climb and is now at 64 crores, an all time high. In Jeevansathi we continue to invest on brand building and we will monitor the progress of the site closely as time goes by. If you have any questions, we will answer them. Thank you very much.

- Moderator** Thank you very much. We will now begin with the question and answer session. The first question is from Nikhil Pahwa from Media Nama. Please go ahead.
- Nikhil Pahwa** Hi Hitesh, I was just curious about your take on ABC Consultants launching HeadHonchos.com.
- Hitesh Oberoi** Well it's very early days, I don't think the site has gone commercial as yet. We are watching the space. And we also have a few initiatives lined up in this area ourselves.
- Nikhil Pahwa** But this seems, ABC is also a client for you, so in case it's a business moving out?

- Hitesh Oberoi** You know they continue to be users of Naukri, they have been clients of ours many years. This is not their first attempt at launching the site. Let's see how it goes, it's very early right now to comment on this.
- Sanjeev Bikhchandani** It is just about in perspective, in Naukri, no single client account accounts for more than 0.3% or 0.4% of Naukri revenue, so the dependency on any one client is very low.
- Nikhil Pahwa** Okay. Also could you just elaborate a bit on what's happening at Shiksha? InfoEdge's dependency on the recruitment business is still fairly significant and over the last many years nothing else seems to have come up, I know that the share of recruitment has decreased, but is there something that you see where there isn't as much market competition where you can take a leadership role in the market apart from recruitment?
- Hitesh Oberoi** So Nikhil if you look at real estate, we had solid growth in the 99acres business in the last three or four quarters. Our traffic share is now around 50% mark and the site is almost breaking even. We got about 5.5 or 5.6 crores of revenue in this quarter in real-estate just from 99acres. So this is a solid category, I think the real estate market is really big, there are lots of launches taking place. In print if you look at real estate, it's a big category. So we are confident about this business going forward. It's currently growing at about 70%-75% for us year-on-year.
- Nikhil Pahwa** Both Jeevansathi and 99acres have been around for quite a while, we still don't see anything coming up in terms of revenue contribution that is as significant as Naukri is today.
- Hitesh Oberoi** Well the share of recruitment stays at 83%, the fact is that it is also because Naukri is growing at a fast rate. So Naukri is still growing at 30% plus and 99acres is now growing at 70%, Shiksha is growing at 120%. So it will take a while because these guys are starting off on a small base, but these are very, very big categories and these businesses have become big going forward. We obviously don't want Naukri to slow down and these businesses to become big, so it's okay for us, if Naukri continues to grow at 40%-50% and continues to be remain big as long as these businesses become big as well.
- Sanjeev Bikhchandani** So what Hitesh is saying is we have a very happy problem we have actually.
- Ambarish Raghuvanshi** And these are cyclical businesses so Naukri and 99acres are basically benefiting from the revival in the macro environment, the business environment. So any sort of gains if you have seen right now is because of the business environment improving and also the competitive position. So while you are right that the recruitment is still a large contributor but both 99acres and Shiksha have the potential to be big businesses, I mean that shift may not happen this year or in the next two to three years, but you are beginning to see that happen.
- Hitesh Oberoi** And one more thing Nikhil, recruitment vertical actually comprises of three or four verticals, so we have Naukri corporate sales, which is the India business, then we have Quadrangle, then we have the Naukrigulf business and then we have Candidate Services Business, so all these

together account for 83%, right. And to just give you a sense of how the other verticals have moved over the last three or four years, the total business in 99acres and Jeevansathi and Shiksha has moved from about 11.8 crores in 2006-2007 to about 37 crores last year and we are growing this year as well. One other vertical which is doing well for us which is now no longer counted as other verticals because it has been made a subsidiary, Allcheckdeals and that this is also growing at over 100%.

Nikhil Pahwa Could you also give in the other businesses, for example, we know now that in Q3 around Diwali, the recruitment business usually has a lag and it improves in the last quarter of the year, so could you just share some details about what sort of cyclical trends you see or what sorts of per quarterly trends you should expect in the other businesses?

Hitesh Oberoi So there is some seasonality in recruitment, especially in the festival season but our sales tend to recover towards the end of the quarter and in the last quarter of the year. I don't think there is any seasonality or cyclicity during the year in the real estate business, so I think real estate revenues should not get impacted much because of the festival season. There is no seasonality in Jeevansathi either, Shiksha, has some seasonality but not that much. So I don't think the revenues will be effected because of the festival season in Q3, yes but Q4 will be very big for all our verticals.

Sanjeev Bikhchandani And Nikhil, our revenues, we recognized revenue over the life of the subscription and therefore this kind of fluctuation in one quarter does not really impact revenue, it may impact collections but not revenue.

Nikhil Pahwa Okay, I might have some questions later, thanks.

Moderator Thank you. The next question is from Ankit Kedia from Centrum Broking. Please go ahead.

Ankit Kedia Hi, I just wanted to know we had taken a price hike in Naukri in the month of July, so how has that penetration been and if I strip that how is the growth coming about without the pricing increase?

Hitesh Oberoi It takes a while for the price hike sort of get into market, because we launched the price and then there are old contracts which have to be negotiated, there are still pipelines which are still at the old price. But you know in general, the feedback in the market is that price hike has been received well. There was a discounting which is going down, and realization are improving.

Ankit Kedia Okay. I also see that the numbers of customers for Naukri for the recruitment vertical are increasing for the quarter, so how are the customers looking at just the recruitment side of the business, are we really seeing a uptake in the revival, is it like good Naukri Job Speak index speaks for itself, but how is your sense on the ground across the sectors because during the quarter the revenues from IT sector along with the infra sector has really gone down, so how do we see that?

- Hitesh Oberoi** So in fact IT revenue has gone up to 26.5% of total Naukri revenue.
- Ankit Kedia** Quarter on quarter, it's a bit declining.
- Hitesh Oberoi** Yes but in general the feedback in the market is that IT companies are hiring and some of IT markets are doing quite well, markets like Bangalore, Chennai, Hyderabad, and Pune are doing well this year. There has been a bit of the slowdown in the insurance sector because the confusion around ULIP etc. But in general the market is buoyant, companies are hiring, it's difficult to hire, it's not easy to hire, there is a shortage of quality talents that continues. Attrition levels are going up across industry and salaries are going up as well, so the market continues to be buoyant for the time being.
- Ankit Kedia** Right, our margins in the recruitment space are nearly at an all time high level at 46.5%-47%, so from here do we have more levers to increase the margins further or we could look at margins being peaked at these levels?
- Hitesh Oberoi** One margins depend on how much we spend on advertising as well in the quarter, in the first two quarters, if you see we have not really spent too much on advertising in Naukri. It's the competitive environment continues to be like it is, you may not spend too much but competition activity increases and if competition starts to spend a lot of money in advertising, we will be forced to advertise as well, so that may impact margins little bit. But for the time being, if revenues continue to grow then it should be possible to maintain these margins.
- Sanjeev Bikhchandani** So let me put this way, if you get growth of upwards of 30% on recruitment, cost sort of wont increase at that rate and therefore margin should go up a bit. But let's see like Hitesh said, it's about competitive activity also. But I will just go back to the question Nikhil asked earlier about dependency in recruitment you know we just worked out that is Allcheckdeals is not being subsidiary, it's been part of the company, then recruitment share of total revenue would have been 79% in H1.
- Ankit Kedia** Yes just one more question on Jeevansathi, if I look at the numbers of unique date customers in H1 this year compared to last year have been flat though we are putting in more money, so is it like actually we are losing market share and ad spending which you have done during the quarter, is actually due to maintained market share or the matrimonial pie which is gone down and everybody is advertising for that.
- Hitesh Oberoi** Matrimony is a competitive market. We are number three in this market and we are trying out some new strategies to see if we can gain share. We are focusing on the north and west, we have virtually vacated South India market. There were a few internal issues in terms of we are not having enough people in the call center to call people and so on, but some of those issues have been set right in the last couple of months. We continue to experiment in the Jeevansathi business, but yes you are right, I mean growth has been slow this year. We have grown only 7% in Q2. We did not grow at all in Q1. We are hoping that Q3 will be better, because we are

trying on a few new things. Beyond that it's very difficult to say on what's going to happen in this space. I don't think the space is contracting. I think we have to execute better.

Ankit Kedia Because the losses in this quarter you said were 3.5 crores due to the advertising. If I take the last full year we had a breakeven kind of thing also in FY09 we did around 4.5 odd crores loss, so this year could we see the losses, if I just extrapolate first half into the next half, we could see that doubling?

Hitesh Oberoi Like I said, we are trying out a few new things, now if we start getting traction, if our market share starts to move up, if growth starts to get better then we would invest more. But if we find that this strategy of ours is not working then we will go back to the drawing board and do something new.

Ankit Kedia Right and just one last question on 99acres as well, if I look at numbers of listings on year-on-year basis that's come down, is it due to some change in policy of how we take the number of listings? Because the real estate markets are really booming then the number of listings should also go up?

Hitesh Oberoi Yes so when we started this site until I think four or five quarters back, we used to allow liberal listings, right. We have stopped that, now we give only a limited number of listings by the annual subscription and that is the reason the listings have gone down. The problem with a liberal listing is that you get a lot of fake listings as well, because the listings are free, people spam the site and the user's experience gets spoilt. In fact, our user experience has improved ever since we started limiting number of listings you can put by paying an x amount of money. So I wouldn't worry too much about that.

Ankit Kedia Hitesh, that we have stopped in Q1FY10 if I am not wrong, so from Q2FY10 I thought you know we have seen an uptick.

Sanjeev Bikhchandani Yes but you know there are annual contracts which are, so let's say if I sign on in December of a year, I am entitled to the terms that contract till 12 months later. So when you switch the policy, it sort of makes an impact overtime.

Ambarish Raghuvanshi Just to add to the question about margin, from quarter-to-quarter we have been saying this on calls constantly that quarter-to-quarter the margins in a particular business may be volatile especially if you are on television in a quarter as you have seen in happened on Jeevansathi and it could happen in Naukri in the subsequent quarters. So don't see too much into it, it's best to see margins on an annualized basis rather than just looking at it on a quarter-to-quarter basis, but yes there has been margin expansion. We believe that if they will continue to sort of either consolidate at a higher level or increase depending on our competitive position and the pricing power, so if that continues to sort of improve margins should continue to expand.

Ankit Kedia Sure Amabarish, thanks.

- Moderator** Thank you. Next question is from Radhika Merwin from IFCI. Please go ahead.
- Radhika Merwin** Just a couple of data points, most of my questions are answered, in terms of advertising cost that you mentioned for this particular quarter, so you have spent only on Jeevansathi and 99 acres, that's right?
- Sudhir Bhargava** On television.
- Radhika Merwin** On television, so Jeevansathi is around 3.5 crores out of that?
- Hitesh Oberoi** No, the total about 3-3.5 crores is spent on television, the total spend on Jeevansathi is much higher to that on advertising. But we don't give out numbers separately for different brands.
- Radhika Merwin** Alright, there has not been any TV ad spend that is coming from the Naukri vertical as such for the quarter.
- Hitesh Oberoi** Not in Q2.
- Radhika Merwin** So going ahead, recruitment margins have done pretty well considering the growth that has come in on the top-line, so if we are looking at an advertising spend, say for the next two quarters, do you think that we will be able to maintain the margin at this current level, I mean considering the growth that is coming in?
- Hitesh Oberoi** Well if growth continues to be in the 30%-35% range then it could be possible.
- Radhika Merwin** Alright okay, and what is the investment done so far in the other verticals like your Brijj and Applect and eTechAces in this particular quarter?
- Sanjeev Bikhchandani** Brijj is an internal business and Applect and eTechAces are our external investments. Okay so now it is like this, eTech when we signed the original investment agreement, we have committed 20 crores. Of that, we have disbursed about 15 right now and we keep disbursing every quarter. So we are still within the original commitment. As far as Applect is concerned, we did 6.5 crores and then we did 5 crores convertible round, now that's 11.5 crores and that's all we have done so far.
- Radhika Merwin** So it's totally so far 11.5 crores in Applect.
- Sanjeev Bikhchandani** That's right and that's full commitment, we have not made any further commitment to Applect.
- Radhika Merwin** Right and in Brijj what is the growth that you mentioned for this particular quarter on the lower base?
- Ambarish Raghuvanshi** Well this business doesn't earn any revenue so far, so when you look at the growth it's really in terms of number of registrations and stickiness and so on, it's pretty on a normal sort of trend.

- Hitesh Oberoi** So that a number of profiles in Brijj are 3.6 millions, but you know the engagement of these profiles continues to be a challenge for Brijj.
- Radhika Merwin** Shiksha has grown by 130% is what you mentioned, right, for this particular quarter?
- Hitesh Oberoi** Right correct.
- Radhika Merwin** Okay. So in terms of these extent of losses that we are seeing in the other verticals and the kind of ad spend that you are planning, going ahead for these verticals, what level should we look at for the losses? Because it is 6 crores this particular quarter, so how do we look at it going forward?
- Hitesh Oberoi** I really can't comment like I said you know we visit all these businesses every quarter and decide on what to invest, how much to invest based on competitive activity and based on our strategy for the business. So we don't give out business-wise forecast.
- Sanjeev Bikhchandani** So suppose like this, in fact for us to even forecast bottom line, either profits or losses in the businesses, internally we don't even do it. So actually we do not budget profit and loss in a business, we just do what we think is right for the business and the profit and loss is a derivative of that and which we find out at the end of the quarter.
- Radhika Merwin** But are we looking at breaking even in either of these verticals?
- Ambarish Raghuvanshi** In 99acres, certainly by the end of the year, we are looking at breaking even especially if revenues continue to grow at a momentum that they are. Jeevansathi like we said, will incur losses for at least another couple of years while we set the business right and put it on a higher growth momentum. Shiksha, clearly the revenue seems to be scaling up, but it's probably at least 2-3 years away from breaking even especially if we have to drive growth to a much higher level.
- Hitesh Oberoi** So having said this, Jeevansathi quarter-on-quarter and even 99acres if we feel that by investing a little more this year, we can gain market share, we will do that.
- Radhika Merwin** Okay. Just a last question, what is the breakup you said for the losses for Jeevansathi and 99acres this particular quarter?
- Hitesh Oberoi** 99acres I think is about 45 lakhs. And Jeevansathi is about 3.5 crores.
- Radhika Merwin** Okay.
- Sanjeev Bikhchandani** These are EBITDA levels.
- Hitesh Oberoi** Unaudited estimates, these are management estimates.

- Radhika Merwin** Okay. Just one final question in terms of acquisition, have we actually finalized on anything else that we are looking for?
- Sanjeev Bikhchandani** Well there are no announcements to be made there. Just a general comment is that there are not too many mid stage or late stage internet companies in India that we target. And therefore our focus continues to be on early stage businesses, which we keep on evaluating.
- Radhika Merwin** Okay, and just one final question, I just wanted to get a sense what exactly is happening in Jeevansathi, in the sense that you had mentioned there is a lot of competitive pressure and we are seeing that on the growth, subdued growth, what exactly is your take on Jeevansathi, will it help us to do an acquisition in that space, are you looking at that, what is the sense there?
- Hitesh Oberoi** As far as acquisition is concerned; there is no sort of announcement there. Our focus continues to be on anything better and doing our own operations than growing inorganically.
- Radhika Merwin** Okay sir thanks a lot.
- Moderator** Thank you. The next question is from Vikas Mantri from B&K Securities. Please go ahead.
- Vikas Mantri** Good evening to everyone. Sir, just few questions, last quarter if I am not wrong, in personal expenses we had 1.2 crores of gratuity adjustment, so if I remove that we had a personal expenses of around 25 crores which has increased to 27 crores this quarter, any specific reason or it's just bonuses linked to the better sales performance?
- Ambarish Raghuvanshi** Yes incentives plus new addition to headcount.
- Vikas Mantri** Okay yes there is significant addition to the headcount as well. And so do I take it as a sign forexpecting better businesses going forward or any kind of guidance that you will give at this point of time or it's very difficult?
- Hitesh Oberoi** Yes in Q1, we grew by 25%, in Q2 we grew by 29%, so if the market continues to be good, these kind of numbers should be possible going forward as well.
- Vikas Mantri** Okay. And sir, one last question, will it be possible for you to break down other vertical revenue in to Jeevansathi, 99acres and Allcheckdeals, Shiksha, because you have given us the EBITDA losses, and Hitesh sir also mentioned that at beginning of the call, but you were bit too fast I couldn't catch up, so will it be possible to give us Jeevansathi, 99 acres revenue?
- Sudhir Bhargava** So we did about 5.4 crores in Jeevansathi and another 5.4 crores in 99acres in Q2.
- Vikas Mantri** Okay sir, and sir cumulatively for this year how much we have done in these two?
- Sudhir Bhargava** About 10-10.5 each.
- Vikas Mantri** Okay that is sufficient sir. Good luck to you sir. Thank you so much.

- Moderator** Thank you sir. Next question is from Nikhil Pahwa from Media Nama. Please go ahead.
- Nikhil Pahwa** Hi Hitesh, I just wanted a small clarification, you have mentioned that in case of Jeevansathi you virtually pulled out of the southern market and you are number three and the situation of Jeevansathi does not seem to be particularly great, just wondering if you could explain the rationale behind continued investments in that vertical given that you are number three and you are not doing the geographical expansion down south?
- Hitesh Oberoi** Yes so if you look at the matrimony business, there is the India business and there is the international business, which is the NRI business. We don't have a very big presence in the NRI space, but if you look at the India market as per ComScore our traffic share is 23%. Bharat Matrimony is at 55% and Shaadi.com is at 21%. So in the domestic market, we have a traffic share which is higher than Shaadi, as per ComScore. Now what we believe is that marriages in India, especially arranged marriages happen within communities and within castes, so it is not one market, it is many markets. So unlike the jobs business or the real estate business, if you are strong in one segment, doesn't necessarily make you strong in the other segment. And therefore we decided to let focus on the north and west, these are segments where it seems to be reasonably strong. While our traffic share in India market is 23%, our traffic share in these communities in India, we don't have the numbers available because ComScore doesn't give numbers on community, but we estimate it could be much, much higher than 23%. And therefore we believe that if we execute well in these segments, we have good chance of making to the number one or number two sort of slot in these segments. And that's what we will try to do in Jeevansathi that's our strategy. But we will continue to do well, we could become a strong player in many of these communities and many of these segments, nationally we may still remain number 3.
- Nikhil Pahwa** And by the looks of it, it doesn't look like this is growing too fast either.
- Hitesh Oberoi** The matrimony business?
- Nikhil Pahwa** Yes.
- Hitesh Oberoi** Yes the first half has been slow but phase was flat in Q1, but in Q2 we grew by about 7%-8%. We did an ad campaign in Q2, we were on TV after a long time. We had cut our investment branding in this business for the last four-five quarters. We are back to investing on building brand. We were on TV after a long time. Let's see how we phase in Q3. If sales start to improve in Q3, then we will be more confident about this business.
- Nikhil Pahwa** Okay. The other thing was that I remember a couple of years ago, did we mention that you would primarily be looking at investing in businesses that are essentially marketplaces, but your recent investments, the last few that I can remember having been in marketplaces, is there is possibility of startups that are essentially marketplaces or has there been a change in strategy?

- Sanjeev Bikhchandani** Well I think there has been a change in our thinking and we are willing to look at external investments which are slightly removed from our core businesses. So if you look at Applect which was invested two years ago, it is e-learning business, it's a content creation business, it's not a marketplace. So we are willing to look at other businesses.
- Nikhil Pahwa** At the same time, are you also considering any marketplaces?
- Sanjeev Bikhchandani** We are looking at marketplaces as well, so we have kind of broadened our scope in external investments in couple of major business investment, it is a still consumer internet, it is still India.
- Nikhil Pahwa** Okay. Sir thanks and all the best, thank you.
- Moderator** Thank you. The next question is from Ankit Kedia from Centrum Broking. Please go ahead.
- Ankit Kedia** Just one more point on Jeevansathi, is it that you know also the offline centers have not been performing well for us or is it only to do with the online centers which we have started and what would be the course of action for the offline centers which we have taken in last one and a half years?
- Hitesh Oberoi** We did experiment with offline centers and we have I think about 15 of them still operational. We haven't grown this channel in last one year. What we are doing is we are investing more on our call center, so we believe that that maybe a better way of expanding our reach and expanding our penetration in this market. So we are not looking to open new centers at this point in time, but we are expanding our call center operations.
- Ankit Kedia** Okay, thank you.
- Moderator** Thank you. And the next question is from Krupal Maniar from ICICI Securities. Please go ahead.
- Krupal Maniar** Hi sir, I just want to know since now the growth is back in terms of recruitment, are we confident of giving any guidance on recruitment side?
- Hitesh Oberoi** No, we don't normally give guidance, so if growth continues to be good, sales will continue to be good,.
- Sanjeev Bikhchandani** So you know if you recall that at the beginning of the financial year we had said that we expect growth to be upwards of 20% and if you ignore other income you just look at operating revenue, we grew 24% in quarter one and 29% in quarter two. We are kind of hoping that this economy continues to grow as it is growing, we should be able to do about these numbers, maybe slightly higher. But it's hard to be very precise on this for us.
- Krupal Maniar** And sir, how is that trend about the upgrades coming from the existing clients?

- Hitesh Oberoi** Well you know a lot depends on hiring activity of the particular client, so there are certain clients who are hiring more than earlier so they are upgrading. There are others who have sort of maintained what they did last year, but in general we are seeing less discounting, we are seeing upgrades, we are seeing addition of new customers. So the market is good for the recruitment right now.
- Krupal Maniar:** And sir in terms of losses in non-recruitment vertical do we expect this 5-6 crores trend to continue on a quarterly basis going ahead?
- Hitesh Oberoi** Well this quarter losses were higher than previous quarter, because of the investment in Jeevansathi ad campaign on television and because 99acres was also on television. We look at this quarter on quarter and a lot depends on comparative activities, a lot depends on whether it will be getting a good traction. I don't think we will shy away from advertising if we believe that we can invest in brand building and gain market share. It's easier for me to do the few extra crores in a quarter. But it's very difficult to predict what will happen in quarters, next quarter.
- Krupal Maniar:** So like in terms of Q3, we will continue to put a ad on TV for most of our brands?
- Hitesh Oberoi** Well we haven't worked on the marketing plan in Q3 as yet, but normally Q3 is a lean quarter for advertising because of the festival season and Q4 is higher.
- Sanjeev Bikhchandani -** We have noticed that 99acres is on television in quarter three and that campaign will run through most of October and for the other brands we really don't have a TV campaign strategy yet chalked out, but in quarter four we will certainly be on TV back again for at least one if not two or three of our brands.
- Krupal Maniar** Okay thanks sir.
- Moderator** Thank you. Ladies and gentlemen that was the last question. I would now like to hand over the floor back Mr. Hitesh Oberoi for closing comments.
- Hitesh Oberoi** Thank you for being on this call. If you have any more questions please feel free to write to us and we will happy to get back to you. Thank you very much.
- Moderator** Thank you Mr. Oberoi. Thank you gentlemen of the management. On behalf of InfoEdge India Ltd. that concludes this conference call. Thank you for joining us. You may now disconnect your lines.