"Info Edge Limited Q4 and FY 2017 Conference Call"

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MR. SUDHIR BHARGAVA – EVP CORPORATE FINANCE

Moderator: Ladies and gentlemen, good day and welcome to the Info Edge Limited Q4 and FY 2016 – FY 2017 results conference call. Joining us on the call today are Mr. Sanjeev Bikhchandani, Vice Chairman, Mr. Hitesh Oberoi, Managing Director and CEO, and Mr. Chintan Thakkar, CFO. As a reminder all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing "*" then "0" on your touchtone phone. I now hand the conference over to Mr. Hitesh Oberoi. Thank you and over to you Sir!

Hitesh Oberoi: Good evening everyone and welcome to our Q4 and annual results conference call. We will first take you through the quarterly and annual financial performance of the company, then we will cover each business in more detail and in the end, we will be happy to take questions.

I would like to mention that similar to Q1, Q2 and Q3, the Q4 numbers reported to the stock exchange are based on Ind AS the new accounting standard. In this call; however, we will discuss numbers based on previous Indian GAAP only. The audited financial statement files uploaded on our website for Q4 and FY contain the reconciliation between Ind AS and the previous Indian GAAP for Q4 of this year and Q4 of last year and also for the full financial years.

The revenue recognition treatment for different product offerings under Indian GAAP versus Indian AS were also uploaded on our website. We have also added the deferred sales revenue numbers under both previous Indian GAAP and Ind AS in the datasheet for the years FY2016 and FY2017 to help you understand the movement of revenue numbers under each segment.

For the standalone company revenue in Q4 was Rs. 224 Crores versus Rs. 204 Crores in the same quarter of last year an increase of 10%.

Billing, a new term which we are going to be using henceforth and which means invoices raised (collection plus receivables) in Q4 were Rs. 270 Crores versus Rs. 238.4 Crores in the same quarter of last year, an increase of 13%. Operating expenses including CSR, but excluding depreciation were 138.7 Crores versus Rs. 141.9 Crores in the same quarter of last year a decrease of 2%.

Operating EBITDA excluding any exceptional item was of 85 Crores versus 62 Crores in Q4 of last year and increase of 37% YOY. On account of an increase in revenue of Rs. 20 Crores and a decrease in expense of Rs. 3 Crores. An operating EBITDA margin was at 38.1% versus 30.5% in Q4 of last year. Deferred sales revenue has increased to Rs. 242 Crores as of March 31st 2017 versus Rs. 200 Crores as of December 31st 2016 an increase of 21% on Q-on-Q mainly led by increased billings and change of product mix skewed towards deferred products in Naukri and 99acres.

The billings could have been much higher, but for the change in sales quality in Naukri business adopted during Q1 of last year as explained in the earlier call. This year has therefore been a year of transition as we rolled out the new policy and Q4 was the most impacted as a result. Our estimate of the impact for the year is about 20 Crore plus, which we expect may result in higher billings in Q1 and Q2 of FY2017-2018. The impact of the revenue is estimated at about 7.5 Crores and the balance impact to deferred sales revenue could be about 12.5 Crores. The cash from operations during the quarter was 105 Crores versus 56 Crores in Q4 of last year.

Moving onto the financial highlights for the full FY2016-2017 for the standalone company, revenue in FY2017 was Rs. 821 Crores versus Rs. 723 Crores last year, an increase of 14%. Billings in FY2017 were Rs. 860 Crores versus Rs. 753 Crores of last year, an increase of 14% once again. Operating expenses including CSR, but excluding depreciation were Rs. 553 Crores versus Rs. 565 Crores last year, a decrease of 2%

mainly on account of lower marketing spend. An operating EBITDA excluding any exceptional item was at Rs. 268 Crores versus Rs. 158 Crores last year, an increase of 110 Crores Y-O-Y, which is around 70% up as a result of the increase in revenue by 98 Crores and a decrease in expenses of around 12 Crores.

An operating EBITDA margin was 33% for the full year versus 22% last year, an increase of 50%. Deferred sales revenues has increased to Rs. 242 Crores as of 31st March 2017 versus Rs. 206 Crores as of 31st March 2016, an increase of 18% Y-O-Y mainly led by an increase in billings in Naukri during the year. This Rs. 243 Crores of deferred sales revenue comprises of Rs. 200 Crores of Naukri plus Naukri Gulf, 21 Crores of 99acres and about Rs. 11 Crores each for Jeevansaathi and Shiksha. Operating PAT is Rs. 167 Crores, an increase of 68% year-on-year and operating PAT margin was at 20.4% versus 30.8% of last year. PAT was at Rs. 231 Crores, up 63%. Marketing spend was Rs. 88 Crores down 33% Y-O-Y and the cash from operations during the year was Rs. 215 Crores versus Rs. 109 Crores last year, an increase of 97%.

The board has recommended a final dividend of 15% for the financial year 16-17. This would take the dividend for the year to Rs. 4.5 per share including the two interim dividends of Rs. 1.5 per share each already paid in November 2016 and March 2017. At the consolidated level, the net sale for the company was Rs. 888 Crores last year versus Rs. 747 Crores for the last financial year. For the consolidated entity at the PAT level there is a loss of Rs. 21 Crores versus a profit of Rs. 141 Crores last year. This aggregate topline of the 11-investee companies in FY16-17 grew to Rs. 664 Crores versus Rs. 474 Crores last year, an increase of 40% while the aggregate EBITDA level loss was Rs. 219 Crores versus Rs. 364 Crores for last year. All investee companies continue to pursue growth and the losses therefore may continue for a while.

Moving onto segment wise numbers, we will first talk about the recruitment segments and the recruitment segment billing in Q4 and we will discuss Q4 first. Recruitment segment billings in Q4 were 198 Crores, an increase of 13% year-on-year. As mentioned in the earlier call, this may have been impacted by the transition in sales incentive policy and the impact of it in our estimate is around 20 plus Crores for the year and this impact was mostly felt in Q4 and as a result, you may see higher billings than the normal in Q1 and Q2 of FY17-18 by which time the transition will be almost compete. Recruitment revenue for Q4 was Rs. 163 Crores and this grew 9% year-on-year partly impacted by the product mix skewed towards deferred products as an increase in deferred sales revenue of 18% year-on-year and partly an account of the change in sales incentive policy, which impacted the overall billings as explained earlier.

EBITDA margin in recruitment were at 60% versus 55% in Q4 of last year. In Naukri India, the EBITDA margin in Q4 was at 63% versus 57% in Q4 of last year. For the full year FY16-17, recruitment segment billings were at Rs. 633 Crores, an increase of 14% year-on-year and recruitment segment revenue was of Rs. 600 Crores, an increase of 13% year-on-year. Within the recruitment segments the Naukri India sales revenue grew by 12.6% year-on-year while billing increased by 15% year-on-year. Naukri Gulf was nearly flat in revenue terms, but grew 4% in billing. The candidate services business known as Naukri Fast Forward grew 20% in revenue terms and Qudrangle, which is our offline executive search business, declined by 4% in revenue terms.

For the recruitment segment as a whole, EBITDA margin was at 56% versus 54% last year and Naukri India EBITDA margin for the full year was at 59% versus 56% for last year. In Naukri India in Q4, we added an average of 16,000 new CVs versus 13,000 last year everyday in Q4 and the Naukri database grew to about 51 million CVs, average CV modifications were at 245,000 per day versus 195,000 per day last year. The Naukri JobSpeak Index has been a bit volatile for the last three months and in April 2017 was lower than in April 2016, but in March

2017 was higher than March 2016. In FY16-17, we serviced nearly 14,400 IT clients versus 13,700 last year and the IT revenue grew from 128 Crores to 145 Crores. While there are concerns with regards to IT slowing down in the media and we recognize the uncertainty in the environment, but so far Naukri India does not seem to have been impacted and we believe that Naukri may be a part of the solution in the long run and may not get impacted.

In Q4 we serviced 39,000 unique customers versus 36,300 unique customers in Q4 of last financial year. The number for the full year is around 65,500 versus 61,000 in FY16. The new products primarily the cloud products like referral hiring product continued to sort of grow at a handsome rate and we continue to acquire new customers. We had over 900 paid customers for the product in FY16-17. The career site manager was sold to around 2500 clients in FY16-17 versus 1600 in FY15-16. We also launched a pro-version and the average realization of the pro-version is around Rs. 90,000 compared to the Rs.25,000 for the basic version.

Moving onto financials for 99acres for Q4, 99acres Q4 revenue was at 34 Crores, an increase of 6% year-on-year, the deferred sales revenue at the end of Q4 was 20.7 Crores, an increase of 17% year-on-year and 39% Q-on-Q. The billings for the same or Q4 were at 39 Crores, an increase of 9% in year-on-year. The EBITDA for Q4 for 99 acres we made an EBITDA loss of around 3.5 Crores versus an EBITDA loss of 11 Crores in Q4 of last year. In fact, if you take billing, which is a lead indicator as the basis for the topline in place of revenue, which is a lag indicator, the segment EBITDA for 99acres was positive 2 Crores. Revenue for the full year for 99acres of 123 Crores, an increase of 11% year-on-year. The billings for the full year were at around Rs. 126 Crores, an increase of 10% year-on-year. As you are aware, this business lost out a little bit on account of demonetization and was impacted to a large extent in the November, December, and January period. We recovered healthily in February and March though.

The full year EBITDA loss for 99acres was Rs. 41 Crores versus Rs. 91 Crores last year. We have rationalized our spending in 99acres given lesser competitive intensity and the uncertainty in the external environment in real estate firstly due to demonetization and now because of RERA. While the impact of RERA is going to be net positive in the medium term for the next one or two quarters given the uncertainty around the rules and regulations of RERA, advertising for projects may be impacted to some extent and this could hurt our business. However, we remain committed to this business and if needed we will invest more. We sort of have our war chest ready and that will be used if needed.

Moving onto the Jeevansathi business, in Jeevansathi revenue grew by 26% for the full year in FY2016 – 2017 and we touched 69 Crores versus 47 Crores last year. The EBITDA loss for the full year decreased to Rs. 4.3 Crores versus Rs.12.6 Crores in FY2015 – 2016. Pre-marketing EBITDA in Jeevansathi is at healthy 44%, but we will continue to invest aggressively in this business to gain market share.

In Shiksha business, full year revenue grew by 10% year-on-year and reached Rs.38 Crores. We almost broke even on the full year basis while for Q4, we generated an EBITDA for around Rs. 2.4 Crores this year.

Moving onto our strategic investments, our investee companies continue to witness good growth. We invested around 60 Crores in our investee companies in the financial year FY2016-2017. This year in the consolidated financials, we have Canvera coming in at subsidiary and Zomato moves out on account of the fully converted and diluted shareholder percentages. We have put out the full year topline and operating EBITDA numbers for our subsidiaries Meritnation and Canvera and for the rest of the investee companies, we have put out the total numbers. While Zomato is no longer a subsidiary the company clocked a revenue of Rs. 323 Crores and incurred a cash-level EBITDA loss of Rs. 93 Crores for the year ended March 31, 2017.

As you may have noticed most of our investments on our part in subsidiaries, which in our view gives us more flexibility and options going forward additional funding may be required by investee companies from time-to-time and each will be evaluated on its own merit. We also continue to evaluate new investment opportunities.

To summarise, the recruitment business had a good year and should continue to benefit as the economy improves further. Our competitive position in Naukri continues to be very, very strong. Newer products and site improvements, which we undertook during the year yielded very good results. We will continue to invest more in this business mainly in areas like product development, machine learning to improve our matching algorithms and the mobile user experience. The 99acres traffic share has grown even in a weak market and possibly the business could have done better were it not for demonetization.

The real estate market continues to be weak in most cities and the implications of RERA are expected to unfold over the next 6 to 12 months. In our view RERA is very positive for the business in the long run as a more transparent, organized and professional real estate industry is good for market places like us and good for customers and for buyers of real estate as well. Competitive intensity has subsided for the time being, but the impact of RERA in the short term could be negative as there is confusion around the new rules. We remain committed to this market and will continue to invest more in this business.

We are very happy to see the encouraging response we are getting in Jeevansathi and we will continue to sort of invest more in this business to gain market share. Shiksha also continues to do well and we will invest more in Shiksha going forward. That is all from us. We are now ready for any more questions that you may have. Thank you so much.

Moderator: Sure. Thank you very much Sir. Ladies and gentlemen we will now begin the question and answer session. We have the first question from the line of Ravi Menon from Elara Capital. Please go ahead.

Ravi Menon: Thank for the opportunity. We know the customer additions for recruitment solution seems a little low for the quarter just 200, any comments on that?

Sudhir Bhargava: Look at the annual numbers versus quarter numbers.

Ravi Menon: Sure and secondly the realization improvement year-on-year, it has been low over the past five quarters, I mean with the change in incentive structure, should we not have seen a better improvement in realization over this year itself?

Sudhir Bhargava: Possibly to some extent, so average in Naukri would have moved from about 70 to about 73 point something closer to 74 for the year.

Ravi Menon: Next year you expect this to be much better?

Sudhir Bhargava: That is very hard to estimate.

Hitesh Oberoi See but what has also happened is that the accounts, which we have transferred to next year, are mostly the high-value accounts, so we will hopefully see a sort of an impact coming in Q1 and Q2 of this year, the new financial year.

Ravi Menon: Alright. Thank you.

Moderator: Thank you. The next question is from the line of Arya Sen from Jefferies. Please go ahead.

Arya Sen: Good evening everyone. Firstly, if you could talk a little more about the EBITDA margin improvement in Naukri whether that is, how much of that is sustainable, which has led to this sort of margin improvement in this quarter?

Sudhir Bhargava: Sorry to interrupt, this is Sudhir again, Ravi the Q4 unique customers are 36,300 last year and in Q4 this year, 39,000, so maybe you probably heard it slightly wrong. Back to you !

Hitesh Oberoi: Sorry could you repeat that question?

Arya Sen: Yes, just wanted some colour on the EBITDA margin improvement in Naukri in this quarter and what led do this in whether we are going to see a consistent margin improvement year-on-year, next year, what would drive that?

Hitesh Oberoi: Basically what happened in this quarter is that we were able to grow revenue at a reasonable rate and our operating spends have actually declined by 2%, so we are confident that if we are able to grow revenue at 15%-20% next year as well then our EBITDA margins could improve.

Arya Sen: So it is basically economies of scale playing out?

Hitesh Oberoi: Yes, it is basically operating leverage.

Arya Sen: Okay and there was no one-off right?

Hitesh Oberoi: No one-off.

Arya Sen: Secondly on the Ind AS impact both FY2016 and FY2017 the revenues have been lower right, so would there be some sort of a reverse impact in 2018 over 2017?

Chintan Thakkar: So, usually you will find that revenue particularly in Ind AS because everything is now deferred as compared to IGAAP, where maybe about 20%-30% a kind of getting recognized upfront, you will always see that revenue is lagging behind, so revenue usually reflects the performance in the past two, three quarters' billing rather than this quarter billing, so it is a lag indicator in some ways. So if you look at deferred sales revenue I think it is a kind of growing more and more, so if there is an upward trend, you will see that deferred sales revenue growing much faster than revenue, but with a flat kind of level finally revenue and billings would kind of be the similar number.

Arya Sen: Understood, thirdly any colour on what are the targets for Zomato for next year in terms of revenue growth as well as run rate and what is happening on that business in general overall what sort of initiatives have been taken and what is the plan for Zomato?

Sanjeev Bikhchandani: So the company has not given us any target numbers and is certainly not going publicly on target numbers, but obviously they want to keep revenue growth high. In general, in the last financial year, the online ordering business grew faster than the advertising ad sales business, but this year they have once again putting a thrust on the advertising ad sales business by investing in sales teams, they have got a new COO and so we hopefully should see ad sales growth pick up once again and clearly in India and UAE on discovery ad sales is a dominant player where as in India on online ordering it is a competitive situation where it is the leader by value according to Zomato, by volume Swiggy is leading, but they are catching up, but the profit profile the margin profile of the online ordering business is somewhat different from the ad sales business and we are going to be studying and doing a deep dive into it to figure things out there. So high growth continues, burn is low, they have enough cash to last out and they could break even according to them whenever they want. They may actually continue with this burn, this level of burn or a slightly higher burn for a while as the investment grows, so they would be flexible, options are open, but the company is very close to breaking even.

Arya Sen: Right and also is it possible to give a breakup of that Rs. 332 Crores of annual revenue into how much came from online ordering and how much came from India and Middle East?

Sanjeev Bikhchandani: So India and Middle East is a big chunk, it is about 70%, online ordering and I do not think we are disclosing right now.

Arya Sen: Okay and lastly a book keeping question, what was the revenue growth in Jeevansathi in Q4 and with the absolute number as well if possible.

Sudhir Bhargava: Just a second, 21%

Hitesh Oberoi : 20% revenue growth and 25% billing growth.

Arya Sen: And what was the absolute revenue number?

Chintan Thakkar : Revenue is about Rs.16 Crores billing would be roughly Rs. 18 Crores.

Arya Sen: Okay Rs. 16 Crores right, thank you so much. That is all from my side.

Moderator: Thank you. The next question is from the line of Ankur Rudra from CLSA. Please go ahead.

Ankur Rudra: Thanks. To begin with could you explain if billing the new metric, you have introduced is the same as deferred Sir or is there a difference?

Chintan Thakkar:: Yes, in a way it is derived number, so we can say that because revenue plus deferred sales both taken together, I mean you would need… the balancing number would be billing, but we are giving out everything so that you can reconcile billing as well as deferred sales and the revenue numbers. Sorry, you are asking billing and deferred sales revenue?

Ankur Rudra: Yes, what is the difference between billing and deferred sales revenue or billing and collections, is there..what is the definition?

Chintan Thakkar: On billing and collection, they are almost similar, collection is cheque collection while there will be a little bit of debtors, which might be there in some cases, so billing is actually collection plus debtors.

Ankur Rudra: And this is different from deferred sales right?

Chintan Thakkar: No, deferred sales revenue is the total billing minus whatever is the revenue recognized gets carried forward to deferred sales.

Ankur Rudra: Okay understand, the second question I had was you had mentioned earlier that your deferred sales in Q4 would get impacted in Naukri because of the pricing changes you are doing, but the growth, at least IGAAP numbers were still quite strong at 17%, so have you not seen the headwind that you anticipated or something else happened in the quarter?

Hitesh Oberoi: What we have said at the beginning of the year is that we are aligning our sales quarter with our financial quarter and this makes result in some account movement into next year, so what we would have sort of … some accounts we would have otherwise renewed in Q4 are now going to be renewed in Q1 and Q2 of next year, so this had an impact on our billing in Q4 and therefore our revenue also in Q4 and hopefully we will see a positive impact in Q1 and Q2 of next year because of these accounts being moved to next year. Having said so, you are right I mean our deferred revenue sort of growth is still strong; it would have been even stronger otherwise.

Ankur Rudra: So there has been an impact it would have been stronger otherwise and deferred sales growth potentially should increase more in Q1 and Q2 given this impact.

Chintan Thakkar: Yes, that is correct. The billings would have increased and since the revenue may not have increased or increased in part then the balance part would have been carried forward to deferred sales revenue and that would have increased.

Ankur Rudra: Any indication would you be sharing the billings number that you have introduced more explicitly in your datasheet going forward?

Chintan Thakkar: Yes, we can do that, but I do not think I would be harder to do a kind of derive because we have the revenue number and we have deferred sales revenue number opening as well as closing, so maybe it is an derivable number as well.

Ankur Rudra: Understood, just lastly Zomato sales can you just repeat the number, I missed it?

Hitesh Oberoi: Loses, 93 Crores of cash loss is EBITDA level.

Ankur Rudra: Because you there the number that they have shared in their I guess abridged annual report on the blog said 49 million dollars of revenues, which is Rs. 323 Crores that you said, the cash one they shared was 12 million dollars , which appears to be lower than your EBITDA loss, so what ?

Chintan Thakkar: I think that there could be different, different exchange rate, we are taking at based on whatever the accounting standard than what the exact revealing dates are and the revenue number is on a month to months basis, so there could be difference, and I do not think it is a real thing.

Hitesh Oberoi: There might be some difference in definition also; ours would be a accounting definition vs their being a management definition.

Ankur Rudra: Okay fair enough. Thanks, and best of luck.

Moderator: Thank you. The next question is from the line of Gaurav Malhotra from Citigroup. Please go ahead.

Gaurav Malhotra: My questions have been answered, thank you.

Moderator: Thank you. We will move to the next question. The next question is from the line of Alekh Dalal from One Thirty Capital. Please go ahead.

Alekh Dalal: Thank you. So do you measure your traffic share including Indeed and what would that have been?

Hitesh Oberoi: Well our sense is that Indeed probably has a traffic share about 18%-20% right now.

Alekh Dalal: So yours would be what?

Hitesh Oberoi: If you sort of now take Indeed also in the group of sites like Monster, Timesjob, Shine, and us, then our share would be around 60% to 62%.

Alekh Dalal: How has that moved in the last quarter?

Hitesh Oberoi: Indeed share went up last quarter because of the marketing campaign they sort of did last quarter by about maybe 2%-3% points.

Alekh Dalal: Did that come out of you or went out of someone else?

Sudhir Bhargava: No, that is very hard to estimate because when we say 70%-75% it is amongst the four sites, now when we add this Indeed in we land at this number, so the base sort of changes yes probably little bit may have kind of gone from us.

Hitesh Oberoi: Yes, but the others lost more share than we did and the thing to understand about Indeed is that the traffic share could be coming from different segments as well, so there are lots of low-end jobs in Indeed, there are lots of free traffic, there is a lot traffic in small towns, so the quality of traffic on Indeed may not be the same as the quality of traffic on Naukri.

Alekh Dalal: In terms of the recruitment solution segment, do you track the percentage of revenue that is coming through your database versus non-database products maybe some premium offerings and how that has moved over the last couple of quarters?

Sudhir Bhargava: It has been around 57 to 60 odd percent, in a quarter and typically over a year, so quarter to quarter, we do not really monitor that much, but in the updated investor deck, which we should be putting out in a day or two, you will find previous year it was around 59, this year is around 57 or 60, it ha been in that range.

Alekh Dalal: What was your usable cash balance at the end of the fiscal year?

Sudhir Bhargava: Rs. 1295 Crores.

Alekh Dalal: This is usable cash right not part of the…?

Sudhir Bhargava: This is free cash.

Alekh Dalal: Just in terms of your dividend and cash redeployment policy as your view on this, what has changed given the changing dynamics of the 99acres business?

Hitesh Oberoi: Sorry, repeat back.

Alekh Dalal: In terms of your view on the war chest has that changed given the changing dynamics of the 99acres business?

Sanjeev Bikhchandani : So what we said when we raised the money was that for the next two years at least we will keep it purely for 99acres and then review if it is used it is one thing if it was not used, we will see what to do with it. I think what we have seen in the last year and a half to two years is that competition is kind of declined in 99acres, burn has come down and it is possible that we will not need all this money for 99acres, although there still might be some burn going forward although it will not be needed, so therefore we had said beyond that it becomes fungible for the other uses of the company and that so we are regarding it right now that we can use it for other purposes, now of course as always there will be a sort of conservative and risk averse and therefore not spend it aggressively.

Alekh Dalal: Thank you.

Moderator: Thank you. The next question is from the line of Arya Sen from Jefferies. Please go ahead.

Arya Sen: Thank you. Just a follow up on the Zomato loss, so Rs. 93 Crores cash EBITDA loss this year, what was the corresponding number last year?

Sudhir Bhargava: I do not have it handy Arya; we will have to pull it out.

Sanjeev Bikhchandani : We will get back to you.

Arya Sen: No worries. Thank you Sir.

Sudhir Bhargava: I will probably get back to you, I do not have it handy Arya , I am so sorry.

Arya Sen: No worries. Thank you.

Moderator: Thank you. The next question is from the line of Rajiv Sharma from HSBC. Please go ahead.

Rajiv Sharma: Thanks for the opportunity. Just a couple of questions Hitesh to your initial comments that though the IT sector is seeing a lot of volatility, but Naukri could be the solution to the problem, so if you can expand on that and I was reading very recently that you said that you are open to make acquisitions in the recruitment space, so your thoughts there and also your thoughts on the new concept, which is outsourced hiring like companies or startups like Belong they are doing, so what is your thoughts on that space?

Hitesh Oberoi: See what I have basically meant was that so far we are not impacted by the IT slow down that we have all been reading out in the papers and it is very possible that we may be a part of the solution for the simple reason that what may happen and this is just a hypothesis over time is that companies may cut down, if they decide to hire fewer people going forward they may cutdown on the campus hiring and they may be move to more lateral hiring and just in time hiring, that benefits us because we do not really play any role in campus hiring while we are actually the solution for lateral hiring, one. Secondly, when we report our IT revenue and overall IT dependence, 40% of our revenue is coming from IT. This includes domestic IT companies includes MSE back offices, includes internet companies who are IT professionals, this includes IT exporters, so the recruitment firms who hire for IT, so our dependence on IT exporters is not to the extent of 40%, but may be a lot less than that. We continue to be the cheapest way to hire and we continue to work on our product and services and so far and to just give you a number while as far as internal sort of number show that the best doing market for us last year were markets like Chennai, Hyderabad and Pune, which have at least 50% dependence on IT. So far things are okay for us as far as IT is concerned, one does not know what is going to happen going forward, but we may be part of the solution.

Acquisitions, yes we are going to acquire companies in the hiring space. We have done three acquisitions over the last four years, we acquired a company called TooStep and we are building a cloud business on top of some of their offering. We acquired a company called MakeSense Technologies, which was a pioneer in semantic search a few years ago. We integrated their technology with our platform. A few months back we acquired a company called Ambition Box, which is trying to do sort of play in the UGC space, reviews, ratings and information on companies, questions or interviews and so on and so forth. So we are sort of still looking for acquisition and there are some interesting companies, which you find which could help us improve our user experience or which could help us to take a new product to market or enter a new segment. We are sort of open to making these acquisitions. As far as companies like Belong etc go it is very early. They are just starting they have very little revenue and it is very hard to say where will go. So, we do not really have a view on them as yet.

Rajiv Sharma: Just one related question is, on your career you talked about a pro version, which is almost three and half time priced than the basic version, so what is incremental there and what has been the traction so far?

Hitesh Oberoi: The basic career site manager we had launched while a back basically gives you a corporate career site and a basic response management system, so this is a product which is meant for all enterprises, but mostly the kind of companies who end up buying the product like this are the small and medium enterprises. The pro version, which we launched a while back is targeted at recruitment firms, so it is a product, which helps you manage all your resumes in one place and this product has been doing well. For the last few months we have already have close to 400-450 customers for this product and going forward we are looking at some point in time, we will also launch an enterprise version, which is meant for the medium to large corporates, which will be priced even higher, but that has not been sort done as yet, so I would not talk about it, but the pro version and the basic version are doing very well.

Rajiv Sharma: One question on the 99acres, is it basically the marketing expenses and lack of competitive intensity, which is driving this and do you think Facebook, Linkedin, Twitter they still continue to get a larger share of the real estate, digital ad revenues?

Hitesh Oberoi: Our 99acres operation has become a lot more efficient than earlier. The head count of the business has gone down overtime. The traffic on the site continues to move up despite lower marketing expense, we continue to gain traffic share in the category. I think for the full year we must have averaged around 45%-46% share of traffic last year, it is just that real estate market is in bad shape, otherwise we would have broken even and may be even made a small profit last year. As far as platforms like Facebook and Google go I think they are getting better and better at attracting more traffic to our site and we are slowly, but surely getting the monetization also right for new projects. See for resale and rental we were always stronger, we were always ahead of Facebook and Google, it is only as far as new project marketing is concerned, some large builders were spending a lot of money on Facebook and Google, I think with the improvement in our products, with the improvement in some of our offerings, we will be able to once the market recovers post RERA attract a larger share of this spend onto our platform as well.

Rajiv Sharma: And just some more colour on what is being good with Shiksha now that it is also close to EBITDA break even so what is going on good, what has been the positives there and what is the next plans there?

Hitesh Oberoi: See what is basically driving these improvements in our platforms is our investment in product and technology and what this investment is doing for us is helping attract more users to the platform without spending much more money on marketing and helping us monetize better without spending much more money on sales, so in all our businesses, we sort of manage to maintain or cut cost and at the same time we manage to grow our traffic and this has basically improved the economics of all our sites.

Rajiv Sharma: Lastly on Zomato 70% comes from India and UAE if I can get break up between these two countries and secondly where is the rest 30% coming from, which could be the other larger markets in this rest 30%?

Sanjeev Bikhchandani: So India is about 50% approximately and roughly about 20% is Middle East, now the other 30% is distributed across many, many markets and there is no one really big market.

Rajiv Sharma: Sanjeev, we thought that they shut down many operations last year, so are they still

Sanjeev Bikhchandani: They were not yielding much revenue

Rajiv Sharma: And going forward you said the focus will be more on ad sales and there is a new team.

Sanjeev Bikhchandani: No, online ordering and delivery continues to be a big growth and focus area and of the investment area, however, we are going to refocus on ad sales so that we will be doing both.

Rajiv Sharma: In online order is there a change in strategy possible where Zomato gets into deliveries on its own or it is still leverage the restaurant infrastructure?

Sanjeev Bikhchandani: Well that is under evaluation and yes is possible, but if it is done it will be done largely for a small segment of restaurants, but that is under evaluation.

Rajiv Sharma: Any colour on the cloud kitchens plans like fresh menu and things like that?

Sanjeev Bikhchandani: Well there is just a small pilot is going on right now and depending on the results, they will figure out what to do.

Rajiv Sharma: Okay. Thanks a lot. Very helpful.

Moderator: Thank you. The next question is from the line of Ashish Chopra from Motilal Oswal Securities. Please go ahead.

Ashish Chopra: Thanks for the opportunity. Just a couple of questions from my end, firstly on the ad spend so it did come down with the competitive intensity of 99acres, just wanted to know the outlook on the same…would you feel the need to respond to the Ad campaign that we would be coming out from second half from Indeed or do you think that would not be necessary?

Hitesh Oberoi: So far we have not felt the need our traffic in Naukri actually grew at a very healthy rate last year. I mentioned the number of registrations we get on a daily basis that went up to 16,000, the number of mods went up to 245,000 to 195,000, the mobile traffic continue to grow at a very rapid rate, so it is not as if we can get a lot more traffic on Naukri by advertising, but yes if competitors get aggressive we may be forced to respond just to keep them at bay over time, but it is not as if we need to advertise aggressively in Naukri to get more customers or get more users on our platforms right now. We are investing like I said aggressively in stuff like SEO, which gets us free traffic, in product and technology which engage our users a lot more and get them back to the platform more often, so in these areas we will continue to invest. Marketing, we will see, we will evaluate depending on competitive intensity

Ashish Chopra: Got it, Sir as of now there has not really been any active uptake in the ad spent at least budgeted for next year given this competition from Indeed right so that was what I have actually wanting to know?

Hitesh Oberoi: Not because of competition from Indeed. We may increase our ad spend, if we find, our advertising is generating a lot of returns or us, but like I said that is not in the agenda at the moment at least.

Ashish Chopra: Understand and just lastly from side so as far as the growth in Naukri goes, so last year we did see some kind of a slow down and it was nearly a couple of months of impact from demonetization and we were just anticipating that if this were the full quarter then it probably could have been slightly worse again, but the growth seems to have come in fairly okay, so if I look at outside of the IT segment how would you characterize the growth over there in terms of the hiring trends as well as the business for Naukri… would demonetization be completely behind?

Hitesh Oberoi: Yes, the impact of demonetization at least in Naukri is behind us. We are not hearing anything from my sales team about companies not renewing or not hiring because of demonetization. Yes, the business was impacted for a couple of months but that is about it and you are right, we could have done a lot better if we had not transitioned to this new thing we are doing in sales wherein we have aligned the sales quarter and the financial quarter, our collections would have been even higher last year.

Ashish Chopra: Got it, that is it from side, thanks and all the best.

Moderator: Thank you. The next question is from the line of Shalin Kumar from UBS Group. Please go ahead.

Shalin Kumar: Thanks for the opportunity. Just a few questions from my side, one on the Naukri I just want to understand from Hitesh, you said that we do not have an effect of the IT which I understand the contribution of various segment has not changed, but if you look at the yearly not at the quarterly revenue growth and for a moment not look at earlier quarter even then our revenue growth has kind of slow down from at least clocking at 18%-19% to around 12%-13%, so is there something else we are missing over here or we are back on the trajectory apart from demonetization over here?

Hitesh Oberoi: Yes, the impact that you are seeing is on account of us aligning our sales quarter with our financial quarter and this has impacted Q4 the most and we will see the benefit of this in Q1 and Q2 if all go as per plan, so the internal target we have set for our sales team, which was fairly aggressive, we met them, but it is just that because we moved these renewals to next quarter, you are not seeing the impact in the financials for last year. Now if our sales team continues to perform like they performed last year then of course we will see a sort of surge in revenue or surge in billings at least in Q1 of this financial year. Internally, we are not seeing any I mean our sales teams they met their targets and we did not see any slowdown of any sort last year.

Shalin Kumar: What about the pricing increase and all, no challenge in that for you as well?

Hitesh Oberoi: No, we took a price increase actually in Q4.

Shalin Kumar: How much?

Hitesh Oberoi: We did not take a price increase on all products, but on some of our products and the full impact for the price increase will actually be seen this year.

Shalin Kumar: Alright, can you talk about a little bit about 99acres in terms of the traffic growth, we are seeing some kind of recovery happening over here from Q3 to Q4 now, but how you are seeing it right now in terms of traffic growth or even the customers?

Hitesh Oberoi: See 99acres was impacted a lot by demonetization in fact traffic on 99acres fell 40% overnight after demonetization and we had a tough three, four months in November, December, January were fairly tough for 99acres, but come mid February and February end traffic recovered fully, so we were back to where we were pre-demonetization by February end and today our traffic on 99acres is higher than what it was pre-demonetization and to some extent you can see this in our billing growth, we were growing at actually 25% pre-demonetization in 99acres and in Q3, we actually our growth became minus 4%, so from plus 25% we went to minus 4% in our collection growth and in Q4, I believe we again grew about 9%, so that is what has been happening in the 99acres business and we are fairly bullish on this year except for the fact that RERA is going to coming in and RERA is leading to a lot of confusion and therefore developers seem to be holding back on advertising because they are unclear on whether they are allowed to advertise or not and they need to get their projects registered before they can advertise, so there could be a negative impact of RERA for maybe a quarter or two, but the buzz out there is that come September things should be back to normal and actually things could be a lot better than they were pre-RERA because if RERA is implemented successfully then it will bring confidence back into the real estate market.

Shalin Kumar: Do you see any kind of slow down or tapering of growth for 99acres?

Hitesh Oberoi: See March is okay, but I am beginning to hear from our sales team now that RERA is creating confusion and developers want to sort of hold back for a while because it is unclear whether they are allowed to advertise or not.

Shalin Kumar: I got it. I have few question on your cost item for FY 17 if I look at it, so I understand that one of your network cost come down substantially, so it is sustainable one thing, the second thing generally you guys must be having a good sales force and sales force generally need to grow as the revenue grows and if I look at the trend the employee cost has not grown substantially this year, so do you think that you need to ramp up your sales force given that you need to push for your Naukri and 99acres going forward and what about the network cost and all ?

Hitesh Oberoi: Not really, I do not think we will need to add many people to our sales team. Of course we are using more technology, we are implementing the CRM, we are giving them better tools so that they can do their job better and we are getting smarter at how we sort of generate leads for ourselves and so on and also our sales team get more experienced, they also become more productive as well, so we do not expect to add a lot of people in sales in Naukri nor we expect to add a lot of people in 99acres in fact the 99acres head count has gone down in the last one year and may go down even further going forward. In network cost we saw the benefit because we moved our server from US to India, so this cost price is sustainable, but of course as use more and more technology, as you use more and more machine learning, as you use more and more analytics we may need to add more and more servers going forward, we will need to up our computing power.

Shalin Kumar: Sure. Thank you. That is it from my side.

Moderator: Thank you. The next question is from the line of Ashish Chopra from Motilal Oswal Securities. Please go ahead.

Ashish Chopra: Thanks for taking my question again, just one question on any quick thoughts or early observations on UberEATS and the way it is going about launching in terms of further the response that you think or anticipate from Zomato?

Sanjeev Bikhchandani: Well it is little early to see what the impact will be and our strategy would be, right now strategy is on premium restaurants and I guess Zomato obviously will have a considered response and it is a little early to talk about it.

Ashish Chopra: Sir, you did not see this is burn elevating from current level as a result?

Sanjeev Bikhchandani: There are no plans that Zomato is willing to announce right now. I am sure they have plans but they will not announce it right now.

Ashish Chopra: Thank you so much.

Moderator: Thank you that was last question. As there are no questions I would like to hand the conference back to Mr. Hitesh Oberoi for closing comments.

Hitesh Oberoi: Thank you everyone for being on the call and have a nice evening.

Moderator: Thank you very much. On behalf of Info Edge limited, that concludes this conference. Thank you for joining us ladies and gentlemen. You may now disconnect your lines.