



“InfoEdge (India) Limited Q2FY13 Results Investor Conference Call”

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Moderator Ladies and gentlemen, good evening and welcome to the InfoEdge (India) Limited Q2 FY13 results Investor Conference Call. As a reminder all participant lines will be in a listen-only mode. There will be an opportunity for you to ask questions at the end of today's presentation. Should you need assistance during the conference call please signal an operator by pressing * and then 0 on your touchtone phone. Please note that this conference is being recorded. On the conference call we have with us today Mr. Sanjeev Bikhchandani – Vice Chairman, Mr. Hitesh Oberoi – CEO and Mr. Ambarish Raghuvanshi – CFO. I now hand over the call to Mr. Hitesh Oberoi. Thank you and over to you sir.

Hitesh Oberoi Good evening and welcome to our second quarter earnings conference call. I will first walk you through the financial highlights of the second quarter after which we will cover the financial and operating highlights of each business in detail. In the end before we get into the Q&A session we will summarize our presentation and briefly talk you through the outlook of 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 result and financial statements as of September 30, 2012 and the data sheet 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. The call is also being webcast live. The link for the same is available on www.infoedge.in. The archive of the call and the transcript will also be subsequently made available on our website.

Moving onto the financial highlights of the quarter for the company as a whole – for the company on a standalone basis net sales in Q2 grew to Rs. 106 crores versus Rs. 91 crores in the same quarter last year, an increase of about 17%. Sequentially however net sales were flat. Total PAT for the quarter was at 33.3 crores up 18% year on year. Operating

EBITDA for Q2 was at 36 crores, up 13% year on year. Operating EBITDA margin was at 34.5% versus 36.4% in Q2 last year. Operating PAT was at 24 crores up 13% year on year. Operating PAT margin was at 22.8% versus 23.5% in the same quarter last year. Deferred sales revenue has decreased from Rs. 111 crores to Rs. 102 crores this quarter. It was 119 crores on 31st March. The job market continues to be tight resulting in almost zero collection growth in Naukri corporate sales last quarter. We are however very happy to see 99acres and Shiksha grow rapidly. We continue to see this slowdown as an opportunity to gain share and therefore want to invest aggressively in various areas. We have upped our headcounts in sales at 99acres. We continue to increase our investment in product and product development in technology across all our businesses. We are upgrading our server infrastructure. Brand building especially in Jeevansaathi and 99acres continues and we are upgrading our office facilities as well. For some months therefore we will continue to pay double the rent on our Noida offices till the new one gets ready. As indicated earlier margins may therefore fall in the short run if the job market continues to stay tight and top line growth falls below 20%. We however expect profitability to improve once the job market improves and growth comes back given our high operating leverage.

Moving onto business wise performance, Naukri first, the recruitment business grew its top line by about 12% to 83 crores this quarter. Naukri corporate sales top line grew about 12% year on year. Quadrangle sales were better than Q1 but still declined by 12% year on year. The EBITDA margins the recruitment continues to remain steady at about 50%. In Naukri corporate sales EBITDA margins were stable at 55%. In Naukri during the quarter we added an average of 11,000 fresh CV's every day and the Naukri database grew to over 31 million CVs. The number of daily CV modifications were at 1,29,000 per day. Naukri job-see index was flat at around 1131 in June. In Q2 we serviced 25,000 new customers versus 23,500 customers in Q2 of last

year, an increase of over 6%. This year for H1 the number of customers serviced was 33,500 versus 31,500 in H1 of last year.

Moving onto the 99acres business, we continue to see rapid growth in this vertical and we are happy with the performance. In Q2 top line in 99acres grew by 52% year on year to 11.6 crores. At the EBITDA level the business made a loss of Rs. 12 million on account of higher investments in brand building and expanding the sales operation. The total number of listings on the 99acres site increased to 4.8 lakhs from 3.1 lakhs last year. Our paid listings increased from 2.6 lakhs to 4.1 lakhs. Our real estate market continues to be tough in some markets while it is good in pockets. There were some new launches in markets like Gurgaon and Noida. The Noida extension issue is slowly getting resolved as well. We will continue to invest aggressively in this business to expand our sales needs to further develop our product and service offering and to build a brand as we see this as a sizeable market in the long run.

Moving onto the Jeevansaathi business, in Q2 net sales in Jeevansaathi grew by about 25%. We upped our investment in brand building in this business this quarter as a result of which losses increased to about 2.1 crores. The Shiksha business continues to grow healthy although on a small base. Net sales in Shiksha grew by 46% in Q2. We remain committed to investing in this vertical for the future.

Moving onto our strategic investments, we have made a new investment in Q2 in Canvera and we invested 35 crores in Canvera this quarter. Additionally we invested further 12.8 crores in Zomato and 5 crores in 99labels. We acquired Toostep and are working at integrating the Toostep offering with Naukri. Our investee companies may need further funding which we will evaluate from time to time. We will also continue to evaluate new investment opportunities as well. To summarize the job market continues to be tight. We do not expect any

major improvements in Q3. Our competitive position in Naukri continues to be strong. 99acres continues to grow in an uncertain market. Shiksha continues to execute well too. As indicated earlier we see the slowdown as an opportunity to gain share and we will continue to invest aggressively in all our businesses. And as indicated earlier if the top line growth of the company falls below 20% we may yield margins in the short term but once growth comes back profitability should improve. We are now ready for any questions that you may have. Thank you very much.

Moderator Thank you sir. We will begin the question and answer session. Our first question is from the line of Mr. Srivatsan Ramachandran from Spark Capital, please go ahead.

Srivatsan Ramachandran Just wanted to understand how things are shaping up on the renewal of the some of the premium products in the Naukri site in terms of manner and other things, are corporates going out renewing or you are seeing some pricing pressure emerging given the bookings have been soft for the last 2 quarters?

Hitesh Oberoi What is happening in Naukri is that recruitment firms segment has been hit very badly because of the slow down in hiring. As a result of which our business from this segment has been sluggish. Otherwise what we have seen this time around is that some companies are spending actually more than what they spent on Naukri last year. Some others may be downgrading. On the whole we are still flattish over last year in collection terms. It is not as if Banner ad sales and homepage solution trades have been hit very badly as yet.

Srivatsan Ramachandran Just want to know on the 99acres bit any specific regional markets there we are seeing weakness or is it more and the numbers are good but in terms of booking are there any spots that are weak?

- Hitesh Oberoi** In fact all the markets that we are present in were doing well for us in the last quarter. Of course we are very strong in certain markets, not as strong in others and there is a slowdown in pockets like the Bombay market has been slow for a while now. But on the whole we continue to execute well across all markets.
- Moderator** Our next question is from the line of Radhika Mervin from PUG Securities, please go ahead.
- Radhika Mervin** Where do we see recruitment from here on, we have seen downside in three-four months in job seek index are we seeing any sort of relief coming in or are we looking at a few more months or quarters of pain there? And when do we expect this to really bottom out in terms of sluggishness?
- Hitesh Oberoi** Like I said on the call, recruitment continues to be tight. One of the segments, which have been hit very badly and which was a major segment for us is a recruitment term segment because as companies cut hiring the first sort of places they cut is recruitment firms. Other than that what we are seeing is that some companies are doing well and they continue to hire aggressively and are spending more than last year on us. And in some cases where companies are not doing well they are spending less than last year. According to our sales team there is some glimmer of hope but they do not expect any major changes in the recruitment scenario at least in Q3.
- Radhika Mervin** Just to reiterate some of the numbers that I missed out, 99acres you said has grown 53% YoY?
- Hitesh Oberoi** 52% in terms of top line.
- Radhika Mervin** The loss has been Rs 12 million, is it?
- Hitesh Oberoi** Yes, at the EBITDA level.

- Radhika Mervin** And Jeevansaathi has grown by 25%, right?
- Hitesh Oberoi** Correct.
- Radhika Mervin** In terms of 99acres how significant, what consistent growth can we expect in this particular segment, because we are market leaders and it is a growing market in terms of online real estate. So how much more of this kind of robust growth can you expect going forward?
- Hitesh Oberoi** Well you know the first half has been really good for 99acres, in fact growth in the second quarter are higher than growth in first quarter. We continue to execute well, we continue to gain share. There is a big market out there. So unless there is a slowdown in the economy, unless the real estate market gets hits badly we expect this business should continue to do well for a while.
- Radhika Mervin** In terms of recruitment can we look at the different segments like Infra IT, we have really not seen much of change in the percentage on a quarter on quarter basis. So is that indicative of fairly stable growth? Are there same scenarios across segments, verticals or are we seeing any particular job market being hit particularly distinct?
- Hitesh Oberoi** Well some segments have been down for a while sectors like telecom for example, insurance, construction companies have not been doing well. Auto companies have got hit recently but that is a small segment. Other than that it is company specific, some companies are doing well and others are not.
- Moderator** Our next question is from the line of Gaurav Malhotra from Citi Group, please go ahead.
- Gaurav Malhotra** I wanted to understand that if the sales or the top line in recruitment segment is sluggish then should not there be a corresponding impact on the employee cost as well because unless we are giving some sort of bonus or incentive structure to these employees? The second

question is on the network spend, wanted to check how long would it take for you to upgrade the network infrastructure and last is the other two are more on the non-operational front which is we see that the other income has actually gone up this quarter despite the fact that you had invested in some entities and your cash balances have gone down so I just wanted to understand that. And lastly it is on the tax front that your effective tax rate has actually gone down almost 4 percentage points, how should we be looking at it going forward? Thank you.

Hitesh Oberoi

To answer your first question, in Naukri yes there is variable pay, in Naukri for sales people and variable pay gets impacted as the business does not grow. That is the smallest portion of the total expenses on Naukri. And at least in the first half of this year we managed to maintain our margins but if growth does not come back in Naukri in the second half then of course the margins could take a hit. We have largely upgraded our infrastructure now we should be able to maintain our expenses at this level or near about for a while now. So this is a probably in cost. So what the cost we see in Q2 is what you will see in Q3 and Q4 as well including marginal changes which are there.

Ambarish Raghuvanshi

As far as treasury income the corpus is down from about 530 crores to about 470 crores at the end of September 30th. That is because of all the investments we made and Hitesh referred to most of those, Canvera, incremental investments in Zomato and 99labels and buying out a small stake in two steps. So yes the corpus has dropped but despite that we have a certain amount of bunching up of earnings especially on the FMP portfolio, so you know about 20-25% of our treasury portfolio is usually deployed in FMP assets and those usually sort of mature at certain time during the year. And in quarter 2 we had certain maturity and that is slightly more tax-friendly, tax-efficient instrument and therefore the minor drop in tax rate. So on an ongoing basis you can model this on your 30-32-33% tax rate but in certain

quarters like the quarter just gone by it is slightly skewed because of the FMP maturity.

Moderator Our next question is from the line of Mr. Ankur Rudra from Ambit, please go ahead.

Ankur Rudra I know the market conditions have been tough but have they become incrementally worse in Q2 vs. Q1 because you had easier comps and Q1 was relatively weaker with higher sales in fourth quarter.

Hitesh Oberoi From a collection point of view what I can tell you is that Q1 and Q2 are very similar so there was not really major change in the market place scenario between Q1 and Q2 in Naukri.

Ankur Rudra Typically I have seen Q2 tends to be slightly stronger than Q1 because Q1 tends to get an impact of if there are bunch of subscription sales in the fourth quarter, or is that a wrong way to understand that.

Hitesh Oberoi Like I said we have not seen any major improvement, any major change in the situation on the ground as far as hiring is concerned between Q2 and Q1.

Ankur Rudra That market conditions have continued to be weak for a longer duration of time, we began to see greater discounting from competitors and would that be a challenge going forward?

Hitesh Oberoi One would like to believe that competition has hit more than we are given our traffic share. So if the hiring market continues to be tight, you know yes of course but if the hiring market starts to improve then realization could improve going forward.

Ankur Rudra So far we have not seen this happening. Is that the way to understand it?

- Hitesh Oberoi** No there is always competition, the competition always discounts to get sales, I mean as their traffic share falls more and more they discount even further but that is the natural state of the market so we are not seeing any major change in that at this point of time.
- Ankur Rudra** Since the end of the quarter have you seen any changes to the direction in terms of sales, any change because of changes in business sentiment etc?
- Hitesh Oberoi** Not as yet.
- Ankur Rudra** You mentioned in your preparatory remarks that you will always take share when the market is a bit weaker. I noticed that the A&P spending declined QoQ and traditionally that tends to strengthen in Q2. Just trying to understand what is happening there.
- Hitesh Oberoi** What also tends to happen in a slowdown is that competition does not spend as much as they used to spend earlier. So what we would like to see is our relative share of spend and we would like to maintain that and grow that even in a slowdown. What would have happened in the last quarter is that spend in Naukri actually went down but that is also because competition is not spending money on advertising. On the other hand spend on Jeevansaathi actually went up. Also what tends to happen is sometimes advertising is lumpy so it is possible that we may cut spend in one quarter and take our spend in the next quarter because we have a big campaign coming.
- Ankur Rudra** Last question on you highlighted, you made quite a few investments in this quarter. Wondering if some of them were more opportunistic or were these part of the longer term plan?
- Hitesh Oberoi** Investments in the current businesses or investments in companies outside?
- Ankur Rudra** Portfolio companies.

Sanjeev Bikhchandani Further investments in our current portfolio would be more part of a plan where as investment in new company would tend to be opportunistic because it depends on what opportunity lies in what valuation and what we find. We did not invest anything for more than a year from May 2011 onwards because valuations were very high. Valuations have corrected, it is a much saner market and found an opportunity to invest in a firm or two.

Moderator Our next question is from the line of Mr. Shrinivas Seshadri from CIMB, please go ahead.

Shrinivas Seshadri I have a couple of questions on Naukri to begin with. One is on the customer additions which you report on a quarterly basis. This number has been fairly static since the end of the last year. Typically it grows by about 4-5% in the first half. So just wondering what does this reflect? Is it that we are finding it more difficult to add new customers in the current environment or does this reflect some customers going out of Naukri's list? And the second one on the Naukri was on the candidate services, typically it is a fairly countercyclical kind of spending which happens by candidates. I was just wondering if you could share some numbers in terms of what the year-on-year growth is and what the outlook is on that front?

Hitesh Oberoi To answer your first question on whether the number of clients serviced grew in the first half of this year or not, actually what I did point out in my call was that the number of customers we serviced in H1 of this year went up from 31,500 to 33,500 this year. And in Q2 the number of customers we service went up from 23,500 to 25,000 – an increase of 6% so we continue to add new customers. To answer your second questions, yes, the candidate services business is growing. It normally tends to grow at 15-20% year-on-year and that is what we are seeing this year as well.

Shrinivas Seshadri Just to get back to point #1 my question was more with respect to the metrics you report on a quarterly basis so I was looking at the exit rate for last year versus where we are now which is about 25,000 customers which is been fairly static for the last couple of quarters. So my question was more with relation to the activity over the last two quarters.

Sanjeev Bikhchandani Actually you should not be looking at number of clients we use in a quarter. It is more cumulative clients for the first half of the year versus cumulative for the first half of last year or year-on-year, quarter-on-quarter. So I do not think we should get reservation to that number.

Shrinivas Seshadri Second bit is on the investment in portfolio companies you have historically shared some metrics with respect to say the half-year performance as a group so wondering if you could share any such details like this with us?

Sanjeev Bikhchandani What it allows at the moment is just that we continue to look at other opportunities and we will back some of our companies for the performance.

Shrinivas Seshadri I was actually asking about the financial performance of the portfolio companies as a group which is what you gave last year.

Sanjeev Bikhchandani We will release the results in the year end as we did last year.

Shrinivas Seshadri And the second thing is like your cash balance is somewhere around 400 crores now.

Hitesh Oberoi No it is 475.

Shrinivas Seshadri Was just wondering what is the level of comfort in terms of further investment in portfolio companies. So are you comfortable? Is

there any absolute level of cash where you would like to kind of pause and see or you would be just opportunistic and willing to -

Sanjeev Bikhchandani The mandate in the board is really to keep evaluating investments by case by case basis, there is no sort of either target or deadline or floor of treasury, but yes obviously as we go along every six months the board would like to review and see where we are in cash balance. But up till now I do not think cash balance has ever been the constraint.

Shrinivas Seshadri Finally just last question on AllcheckDeals if you can give some color on how it is doing and maybe if possible then share the number of transactions which have happened during the quarter of the first half?

Hitesh Oberoi There are 400 transactions for this quarter.

Shrinivas Seshadri And in the first half?

Hitesh Oberoi It is 250 in the first quarter, 400 in the second quarter but these numbers are on the investor presentation on the website as well, right.

Shrinivas Seshadri Maybe some color on how the business is doing.

Sudhir Bhargava This Noida Extension issue seems to have got resolved because some of the receivables and one of that we have done earlier should now start moving into revenue numbers and therefore collections as well. But otherwise for example, for 4-5 months there was no project coming up in Gurgaon at all so things were stuck there. But now things seem to be moving so we are hoping for a better H2.

Shrinivas Seshadri Just a follow-up on AllcheckDeals, I remember that last year we had taken a little bit of write-off I mean prudently provisioning for the receivable so is there any possibility that could be a kind of a positive factor this year as well as profitability is concerned for AllcheckDeals?

Sudhir Bhargava Some of it might get, some might pertain to that Noida extension issue and now if that starts moving then may be some of that comes back.

Ambarish Raghuvanshi So we were being conservative when we provided a large proportion of our receivables as doubtful and therefore provided against that. We will have to wait to see because this business has a slightly long collection cycle and that has got further prolonged because of the Noida Extension issue. I mean it maybe too early to try and bring that back onto the book so we will have to be careful of this one and wait to see what happens over the next 6 to 9 months. By the end of this financial year we may have slightly better clarity on where we are.

Moderator Our next question is from the line of Mr. Mohit Jain from Trust Group, please go ahead.

Mohit Jain Can you share the share of online versus print ads in Naukri?

Hitesh Oberoi We actually do not know how much print companies can make from recruitment advertising, very difficult to say but I think that now online is bigger than print.

Mohit Jain Few months back we used to have this slide on the presentation which mentioned that 10% to 11% of all jobs are online and rest are probably through other medium.

Sanjeev Bhikchandani I do not think so.

Ambarish Raghuvanshi I do not recall that sort of number but we often were colluded to very-very rough estimate from what the size of the print advertising market is. There are no authentic figures available and my sense is over the last 2 to 3 years that as Hitesh mentioned that the contribution rates would have dropped and online is probably bigger at this point of time.

Mohit Jain So the benefit which we were getting from the shift is probably at a matured stage, right?

Hitesh Oberoi When there is slowdown as there is right now, print declines more, the beta in prints is higher, on the negative side.

Hitesh Oberoi Print is a very expensive medium to use for hiring and therefore whenever there is a slowdown the print publications tend to get hit first just like the recruitment firms.

Mohit Jain Given the way our financials are, the way our revenues are stagnant sort of and the domestic indexes slowing down and we are on a slowdown so the shift is probably accelerated as per your estimate.

Hitesh Oberoi That is true. The companies are hiring a lot less than they were hiring earlier, attrition rates have fallen across companies, there are not enough new companies setting up jobs so therefore the general hiring, the recruitment sentiment is weak at this point in time.

Mohit Jain So there is a possibility that overall hiring is declining but we are stagnant because we are getting a market share from other agencies.

Hitesh Oberoi It is possible like I said you know for some companies spend on our portal has actually increased, even though the market has slowed down. So in this case probably they might spend away from print and other sort of media to us while in some other cases the spend has actually fallen. So in general companies are hiring less than they were hiring last year.

Moderator Next question will be from the line of Mr. Miten Lathia from HDFC Mutual Fund, please go ahead.

Miten Lathia Given the slowdown in recruitment business are we recalibrating our plans for the investments that you were planning to make in the 99acres and Shiksha business or we are still on track?

Sanjeev Bhikchandani Like I mentioned we see the slowdown as an opportunity to gain share in all the verticals we operate in so we want to continue to invest gradually in these verticals. We believe the slowdown may not last for long and when growth comes back given the high operating leverage we have in all our verticals, profitability will improve dramatically.

Miten Lathia The belief that the slowdown may not last long is based on some data points that you see within those businesses as in some metrics moving.

Sanjeev Bikhchandani It is very hard to get visibility beyond a quarter, certainly there would not be a recovery this quarter. But you know with our experience in last meltdown was that companies that cut back investments rarely suffered. Our competitors for example, we also cut back investments, not by a lot but in hindsight you should have even done that because the kind of strategic gains you can make in a slowdown versus the competition with the right investments in the right direction and product improvement, in technology engineering, in re-architecting the sites and putting out the sales forces and they end up for grabbing market share. Because market share gains, competition finds hard to reverse.

Hitesh Oberoi In market share gains are permanent so in the short term we may end up compromising on margins but in the long term it is good for the business. That is what we saw last time as well. So we see the slowdown as a big opportunity to invest in actually all our verticals.

Miten Lathia Sure. On the cumulative revenues on the non-recruitment business, while the YoY growth rates are very healthy we are seeing a flattish trend over the last three quarters. Is that likely to sort of persist or how should one read into the trend?

Sanjeev Bikhchandani The way we look at our verticals is really year-on-year growth because quarter-on-quarter there could be seasonality, there could be

renewals not happening because businesses are not due so we really do not look at quarter-on-quarter growth in our own internal discussions also.

Hitesh Oberoi To give you an example Shiksha for example is a seasonal business so Q2 is always small, in fact Shiksha does not really grow in Q2 over Q1 but Q3 and Q4 are very big for Shiksha because that is when enrollment happens in most institutes. So there is some seasonality in 99acres business as well. So it is better to look at these businesses year-on-year rather than quarter-on-quarter.

Moderator Our next question is from the line of Mr. Sanjay Bembalkar from Quantum Advisors, please go ahead.

Sanjay Bembalkar Let us say capital was available in a pie to anybody to start a business, in general keeping capital requirement aside, are the barriers to entry in your business changing in favor of you or are the barriers of entry becoming easier?

Hitesh Oberoi Most of the businesses we operate in have strong network effects so the barriers of entry actually keep increasing with time, because the network effect gets stronger and stronger. So as more and more customers get used to the Naukri interface, as more and more customers start using Naukri as more and more job seekers register on Naukri, the network effects only increase at times unless we are losing share, which we are not. And similarly in 99acres if we get all the supply for real estate available in this country on our site then most people would log onto our site first to look for property and therefore the people who advertise on our site will get a great response and therefore they will first put up their properties on our site. Similarly in Jeevansaathi if you have a large database of people from more community then chances of people of somebody from that community looking for a match and in your community the match in your site are

much higher and therefore they are likely to come to you first. So if we are gaining shares the network effect gets stronger with time.

Sanjay Bambalkar Just a follow up on that, if PE fund backed entrepreneur starts with a 100 crore budget to pump money all over the internet on offline-offhand what have you to start advertising big way and say you come to my site for postings, then how would that barrier to entry change?

Hitesh Oberoi We do not think me-too have any hope of succeeding. So the best way for them only to succeed will be to disrupt the markets either through innovation or through some new technology or use up some new technique or new way to hire for example. I think if you can me-too product chances of succeeding are very-very low. As you see there are so many people who pumped in money in all the categories which we operate in, whether if you take the recruitment business, whether it is Times of India, whether it is Monster, whether it is Shine I mean they pumped in 100's crores, anytime their site starts they pumped in a 100 crores or 200 crores but nobody has succeeded till now.

Moderator Our next question is from the line of Mr. Gaurav Malhotra from Citi Group, please go ahead.

Gaurav Malhotra Just probing a little bit more into what Miten had asked in terms of when you said that you do not believe that the slowdown is going to last for long, are you seeing any signs of it or it is more on the fact that things are finally improving on the government side and hence you expect the slowdown to not last too long? Is there any hard evidence or it is more of what you just believe as of now?

Sanjeev Bikhchandani Like I answered earlier there is no sort of predictive variable looking and it is just that the government is finding from its intent on policy reform, hopefully some of it will go through, hopefully some of it will be formed. Having said that, our sort of intention to continue to invest in our other businesses is because of experience of slowdowns

where we always gained share even when we cut back the investments simply because competition will cut that investment more. And that leads us to believe that in smaller vertical they are now responding fairly well, whether it is higher rate of growth in 99acres or Shiksha which is going nicely or even there has been some revenue response even in Jeevansaathi to our efforts. You know it gives us belief that we should invest more because we are getting results there and not pull back just because there is a loss.

Ambarish Raghuvanshi And really speaking it is just been a couple of quarter of relatively sluggish collection growth. I do not think we should make strategically important decisions based on couple of quarters and therefore while there is no sort of belief that the economy or macro factors are definitely going to improve over the next quarter or two but I think it is important that as Hitesh has mentioned that you make the right strategic investments and that is what we have chosen to do. So it is discretionary. It is pretty deliberate step to continue to invest.

Sanjeev Bikhchandani Because formally we are investing in growth and just to give you a perspective in 2008-2009 period Naukri corporate sales has negative collection growth of close to minus 30% for two or three quarters in a row. And that is when we cut investments in other verticals. And at that time our competition cut even more. So just going in perspective situation right now is no way close to 2008-09.

Hitesh Oberoi Also in that slowdown we gained shares so when we came out of a slowdown, when we went into a slowdown we had 48% traffic share, when we came out we had 61% share. And that is probably helping us in this slowdown.

Moderator Our next question is from the line of Mr. Rohit Dokania from B&K Securities, please go ahead.

- Rohit Dokania** What were the total investments that we made in portfolio companies in this quarter?
- Hitesh Oberoi** 35 crores in Canvera, 12.8 crores in Zomato and 5 crores in 99labels, Toostep was an acquisition we made this quarter. That was not an investment, we acquired the business.
- Rohit Dokania** And what is the total cumulative investments that we would have made across all our portfolio companies till date?
- Hitesh Oberoi** About 195 crores cumulative.
- Rohit Dokania** One bookkeeping question, what would be the first half revenue growth for 99acres?
- Ambarish Raghuvanshi** Second quarter was 52%. It is between 50 and 52%, somewhere in that range because in the first quarter was also around 50%.
- Rohit Dokania** Thanks a lot.
- Moderator** We have a question from the line of Mr. Dhananjay Mishra from Sushil Finance, please go ahead .
- Dhananjay Mishra** Just one question about your advertising cost, in this quarter it has come down so how it is going to be for the next two quarters?
- Hitesh Oberoi** Like I pointed out advertising expenses are lumpy so sometimes we would spend a lot of money in a quarter because we are on television or we want to do a big burst for a particular vertical. So it is very hard to say what will happen in the next two quarters. But like I said we want to invest aggressively in all our businesses going forward. So we expect advertising expenses to also go up.
- Dhananjay Mishra** If I see the trend when there is a sharp decline in the immediate next quarter there is a sharp jump, that is what I just want to know.

Hitesh Oberoi That is because like I said campaigns are lumpy so sometimes when we are on television we do a campaign we would spend 5 crores on a brand in a quarter, while in some other quarters we may not do that and spend only 2 crores. So often it depends on our product plans, on our launch plans so it is very difficult to time this by quarter.

Ambarish Raghuvanshi In certain quarters there could be volatility and lumpiness.

Moderator Our next question is from the line of Yogesh Kirve from Anandrathi, please go ahead.

Yogesh Kirve Can the management provide any guidance on what could be the losses from the subsidiary or our share in the losses of the associate for FY13?

Sudhir Bhargava We mentioned in that May call that versus a 30-odd crores for the year gone by, we really do not know because company that has got a small budget, etc., can vary wildly but it would be higher than 30 and may be closer to 40-45.

Sanjeev Bhikchandani You know for example, with the investment in Canvera now that would be added on than we might make another investment sometime in second half, we do not know so because we do not know what our portfolio would be like, even the composition portfolio be like, it will be hard to predict.

Ambarish Raghuvanshi It also depends on the instruments you invest through. So Canvera for example is being invested through a press share route and there may not be too much of an impact on losses of Canvera on our financials. It also depends on the instrument that you used to invest in. So as Sudhir mentioned it would be slightly higher than last year. But also predictability is poor there.

Moderator Participants that was the last question. I would now like to hand the conference over to Mr. Hitesh Oberoi for closing comments.

Hitesh Oberoi Thank you very much for being on the call.

Moderator Thank you sir. On behalf of InfoEdge (India) Limited, that concludes this conference. Thank you for joining us.