“Info Edge India Limited Q4 and Financial Year 2013-14 Results Conference Call”

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MANAGEMENT: **MR. HITESH OBEROI – MD & CEO, INFO EDGE (INDIA) LIMITED**

MR. AMBARISH RAGHUVANSHI – CFO, INFO EDGE (INDIA) LIMITED

MR. SANJEEV BIKHCHANDANI – VICE CHAIRMAN, INFO EDGE (INDIA) LIMITED

MR. CHINTAN THAKKAR, CFO (DESIGNATE)

Moderator: Ladies and gentlemen, good day and welcome to the Info Edge Limited Q4 and FY 2013 – FY 2014 results conference call. Joining us on the call today are Mr. Hitesh Oberoi, Managing Director and CEO, Mr. Ambarish Raghuvanshi CFO, Mr. Chintan Thakkar, CFO (designate), and Mr. Sanjeev Bikhchandani, Vice Chairman. As a reminder all participant lines will be in the listen-only mode. 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 telephone. Please note that this conference is being recorded. I now hand the conference over to Mr. Hitesh Oberoi. Thank you and over to you Sir!

Hitesh Oberoi: Thank you. Good evening and welcome to our Fourth Quarter and Annual Results conference call. We will first take you through the Quarterly and Annual Financial Performance of the company. We will then cover each business in more detail. In the end we would be happy to take your questions.

For the company as a whole; net sales in Q4 was Rs. 138 Crores versus Rs. 116 Crores in the same quarter last year, an increase of 18.9%. For Q4, operating EBITDA was Rs. 42.8 Crores having increased 9.5% year-on-year. Operating EBITDA margin was at 31%, versus 33.7% in Q4 of last year. Other income decreased on account of lower returns from financial investments as a result of lower interest rates and a lower corpus.

Other income in Q4 also includes around Rs. 2.63 Crores from a refund of a loss we had incurred in a mutual fund with interest thereon as per court order. Q4 PAT was at Rs. 33.6 Crores, operating PAT was at Rs. 24.5 Crores, operating PAT margin in Q4 was at 17.8%.

In Q4 there was a non-cash charge of Rs. 6.12 Crores, which comprises of two parts, Rs. 4.57 Crores on account of a lease equalization amount including other expenses and the balance being additional depreciation of Rs. 1.55 Crores. The lease equalization amount is on account of a straight lining of rent expense for rent escalation over the term of the lease around seven years and accordingly the depreciation amount has also been increased.

Of the Rs. 4.57 Crores, Rs. 3 Crores odd pertains to prior period while Rs. 1.5 would be a recurring charge. If this non-cash charge of Rs. 6.12 Crores is ignored, operating EBITDA in Q4 would have been at Rs. 47 Crores and would have increased 21% year-on-year and operating EBITDA margin would have been at 34.34% versus 33.67% in Q4 of last year.

PAT at 37.6 Crores would have been up by 5.7% and operating PAT at Rs. 28.6 Crores would have been up 19% year-on-year and the operating PAT margin would have been flat at 20.7%.

The deferred sales revenue has increased to Rs. 139 Crores versus Rs. 118 Crores as of December 31, 2013. For the full year 2013 – 2014 net sales were at Rs. 505 Crores versus Rs. 435 Crores in the same period last year, an increase of 16%. For the last twelve months, operating EBITDA was at Rs. 164.4 Crores, which was up by 11.5% year-on-year and operating EBITDA margin was at 32.5% vs 33.98% last year.

PAT was at Rs. 128.5 Crores and operating PAT was at Rs. 93.6 Crores. Operating PAT margin was at 18.5% versus 21.5% last year. The operating margins have declined mainly due to investments we continue to make and as you are aware almost all the investments are in the nature of people cost and advertising, is are expensed out in the same year.

Ignoring the non-cash charge of Rs. 6.2 Crores for the last twelve months, operating EBITDA was at Rs. 169 Crores, which was up 14.6% year-on-year, and operating EBITDA margin was at 33.4% versus 33.9% last year and PAT was at Rs. 132 Crores, up 2.7%; and operating PAT would have been Rs. 100 Crores up 7.2% year-on-year.

The Board has recommended a final 15% dividend for financial year 2013-2014. This would take the dividend for the year to Rs. 2.5 per share, including interim dividend of Rs. 1 per share, which has been paid already.

Moving on to the financials for the company at a consolidated level; at the consolidated level, the main impact is from Zomato, Applet and Allcheckdeals. Net sales at a consolidated level are Rs. 617.4 Crores versus Rs. 519.8 Crores last year. The PAT for the consolidated entity is Rs. 89.7 Crores versus Rs. 91.5 Crores last year. The aggregate topline of the six investee companies in FY 2013-2014 grew to Rs. 167 Crores from Rs. 108 Crores last year, an increase of 55% while the aggregate EBITDA level loss in these six investee companies was at Rs. 114 Crores versus Rs. 76 Crores last year, an increase of 50%. These companies continue to pursue high growth and the losses, therefore, are likely to remain high for a while.

Moving on to vertical-wise results, please note that all business-wise numbers that we give out are management estimates and are not audited. For the Recruitment vertical, the topline grew by 13.5% in Q4 to Rs. 100 Crores. EBITDA margin in Recruitment was at 51.7% versus 49.1% in Q4 of last year. In Naukri, the EBITDA margin was at 54.8%, up from 53.7% in Q4 of last year. For the full year Recruitment topline grew by 9.8% and EBITDA margin was at 50.5% versus 49% last year.

On the operating side, we added an average of 11,000 fresh CVs in Naukri every day and the Naukri database grew to over 37 million CVs. The number of CV modifications grew to 127,000 per day. The Naukri JobSpeak index was at 1475 in March 2014 versus 1304 in March 2013. In Q4, we serviced 29000 unique customers versus 26000 in Q4 of last year. For the full year, we serviced 51000 customers versus 48000 last year. Traffic from the mobile platform has picked up substantially and has been averaging around 25% for the last few months. We expect this to continue to grow month-on-month.

The Android app which we launched, in October last year has been doing well and the number of downloads continue to increase everyday. The user engagement app is also healthy. The career side manager tool, which we launched a few months ago, has been received well in the market place and at last count we now have over 500 customers for this product.

Moving on to the Real Estate vertical, 99acres had a great year. In Q4, the topline grew by 46% to Rs. 23 Crores. For the full year, topline grew by 47% to Rs. 76 Crores. In Q4, 99acres made an EBITDA loss of around Rs. 86 lakhs. For the full year, 99acres lost Rs. 4.8 Crores at the EBITDA level. This loss is on account of continued investments in sales expansion, customer service, product, technology and brand, the cost of which is expensed out in the same year. Paid listings in Q4 were at Rs.5.46 lakhs versus Rs. 4.1 lakhs last year. In 99acres, we continued to invest aggressively in the mobile platform and mobile traffic is 25% on the total traffic and is growing month-on-month. Both our Android and iOS apps are doing well in the market place.

We also launched a verification service in 99acres a few months ago. These are being done in both Delhi and Mumbai markets to start with. This will be expanded in the next few months. We also launched a map-based search for Delhi last week in 99acres. We plan to roll this out for the other cities in the coming months.

In Jeevansathi, net sales grew by 11% in FY 2013 – 2014 and reached Rs. 36 Crores. We had an EBITDA loss of Rs. 6.7 Crores in FY 2013 – 2014 compared to an EBITDA loss of Rs. 7.5 Crores last year. In Shiksha, net sales grew 52% to reach Rs. 22 Crores.

Our investee companies continue to witness solid growth. In Q4, we invested around Rs. 15 Crores in Canvera and as a result of which, have taken Canvera increase of 32%. During the year, we invested a total of Rs. 89 Crores in our existing portfolio investee companies. We have put out a full year topline operating EBITDA numbers for our subsidiaries which, Meritnation, Zomato and for the rest of the investee companies on our website infoedge.in.

Additional funding for investee companies would be required from time-to-time and we will evaluate each one on its own merit. Policybazaar and Mydala are currently evaluating, negotiating to raise funds. We continue to evaluate other investment opportunities, mainly Indian internet market.

To summarise, the recruitment business recovered well in H2 of last year and if economy starts to look up, we are hopeful that Naukri will do even better next year. Our competitive position in Naukri continues to be strong. The new products and improvements we had been investing behind now starting to bear fruit. We continue to invest more in product development going forward to maintain our strength in our leadership position.

We are aware that our size and services need to be devised and platform agnostic and accordingly we continue to invest aggressively in the mobile platform. 99acres continues to grow in an uncertain but highly competitive market place. We are committed to investing more and more in this business. We will continue to invest more in Jeevansathi and Shiksha as well.

As you are aware, Ambarish Raghuvanshi, who has been with us for the last 13 years, is stepping down as CFO and Chinthan Thakkar will be taking over from him. I want to use this opportunity to welcome Chinthan as our new CFO and also wish Ambarish the very best for the future. We are now ready for any more questions that you may have. Thank you very much.

Moderator: Thank you very much Sir. Ladies and gentlemen we will now begin the question and answer session. Our first question is from Aishwarya K of Spark Capital. Please go ahead.

Aishwarya K: Just wanted to get your comment, we will be in almost month and couple of weeks this quarter. Just wanted to see, are we seeing uptick, especially for our Recruitment services in Q1 and what kind of outlook are we having there, specifically on some of the more non-traditional verticals and may be Infra, Engineering or Auto, what kind of demand trend are you seeing?

Hitesh Oberoi: See, we have a good Q4. We did particularly well in the southern markets. I think most of the growth in second half of the last year, the growth uptick in recruitment was on account of IT and some services sectors doing well. I am not sure that we are seeing the same kind of recovery in sectors like construction, real estate, engineering, auto right now. But what people tell us is that they are waiting for to see what happens after the elections and I guess if we get a stable government in these sectors, sectors will hopefully start recovering as well.

Aishwarya K: Just wanted your thoughts on pricing. My understanding is that we have been having more or less stable to flat pricing for a year plus. So, just wanted to know if there is sustained demand environment, would you look at pricing uptick also, may be six months later?

Hitesh Oberoi: We took a small price hike last year and we intent to take a small price hike this year as well. We expect to take a price hike on the average about 5% - 7%, if all goes well.

Aishwarya K: Sure and on Shiksha front, it is now coming off to a nice small size of Rs.20 Crores – Rs.22 Crores. How do you see it panning it over the next two to three years or is it still in WIP in terms of monetization or growth mode or you kind of now set and muted kind of rapid revenue growth?

Hitesh Oberoi: Well, we still have some work to do on the product in Shiksha. So we are investing aggressively behind product development. We are happy with the growth we are seeing in Shiksha and the progress we are making on the product side. The number of visitors, the traffic and the engagement, our numbers and all the things are healthy. We expect to, sort of, continue to grow this business at 35% - 40% per annum for the time being. We are not investing aggressively till we get the product right.

Aishwarya K: Thank you.

Moderator: Thank you. Our next question is from Srinivas Sheshadri of the CIMB. Please go ahead.

Srinivas Sheshadri: Many thanks for taking my question. The first question is on the hiring. You had a fairly strong hiring during this quarter. Just wanted some colour on what are the areas you are investing in terms of people and what is the outlook as for as the next year is concerned on that front?

Hitesh Oberoi: Like I just mentioned, we had a good second half as far as Naukri is concerned. We saw good growth in certain sectors like IT and some other services sectors. We continue to invest aggressively behind product development. We launched Android app just a few months back, we are launching an iOS app soon. We launched a career site manager product which was well received by recruiters. We already have 500 customers for that product. So, we will take it quarter-by-quarter but our sense is that this year should be better than last year and therefore we will continue to aggressively invest in this business as well.

Srinivas Sheshadri: Hitesh, can you throw some more light in terms of the opportunity on the career site manager. When you are saying you have got 500 customers, these are all paid customers or this is a kind of just…?

Hitesh Oberoi: Yes, 500 paid customers. This is a SaaS offering. So, we charge on an annual basis. We have got 500 customers last quarter but of course Q4 was a big quarter for us and this product has been received well in the market place. We are getting good reviews from the customers. It has a very simple product. It can power a company’s career site and not so just on the desktop but also on the mobile phone and on the tablet. So we have sort of hoping to push this product hard and the opportunity is huge because everybody would ultimately want a career site and they do not want to maintain it themselves, it is hard to maintain. They want somebody to do it for them and this is what the career site manager does.

Srinivas Sheshadri: Sure, and what kind of an introductory price points have you launched this?

Hitesh Oberoi: We have two, three versions of the product. So the pricing varies as per the version.

Sanjeev Bikhchandani: I would just like to add that this kind of uptick of a product in the first couple of months of launch, I have not witnessed since we launched Resdex 12 years ago. We are pretty hopeful of this.

Srinivas Sheshadri: Good to hear that. Just one question on 99acres, the total as well as paid listings have been a kind of a range bound over the last three quarters. So wondering if this more driven by macros or competition or is this some kind of a database management, which is going on at your company’s end. What should one read out of these numbers?

Hitesh Oberoi: Actually not too much. This is an indicator we used to use very early on to assess the health of the business. It is still one of the indicators we use but it is not the only indicator. Paid listings depend on a variety of factors. To start with we had unlimited listings for our customers, then we sort of clamped down on that because we used to get a lot of spam and we said listen, in the subscription we had only 500 listings. Not everybody ended up using 500 listings. So you are able to service the client well, and he is able to close the property faster and he does not need to use all the listings. So, we are also trying to migrate customers to more premium listings. Often some customers, a lot of our revenue comes from new developments and for new developments we do not have a lot of listings especially in the southern market where there are no brokers. A lot of the projects are marketed actually by builders and for these projects you do not get our listings. So, listings are one indicator but I do not think our revenue is indexed to the number of listings on the site alone.

Srinivas Sheshadri: So one should look at the other indicator what you give in terms of more of a billing metrics and those kinds of things?

Hitesh Oberoi: Yes, for example, a large part of the market is new home and for new homes if somebody wants to market a house or a project and the project has 1000 apartments or 500 apartments, you may just get 5 listings or 10 listings for that project, but we will still get a lot of revenue to market that project to our database.

Srinivas Sheshadri: If I can pitch in with one more colour on Jeevansathi, the business seems to the growth trends suddenly seem to be kind of tapering. So, is it like some of the initiatives which you said you are trying earlier this year, are they not yielding the desired results or is this some kind of a planned shift in the revenue mix because of which one sees lower numbers and what is plan for that going forward?

Hitesh Oberoi: Like we have said we are trying out a bunch of new things in Jeevansathi. Till the time we figure out what is the right way to scale this business and what is a profitable way to scale this business, we do not want to invest unnecessarily on advertising and marketing and what is happening therefore is that we are sort of not scaling up our additional expenditure in Jeevansathi at this point in time and which is why our growth has come off a bit. Once we get our house in order the new initiatives start to work and once we are confident that this is a good model to scale, then we will start investing more in this once again.

Srinivas Sheshadri: Thanks a lot.

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

Gaurav Malhotra: I have two questions. Firstly, on this non-cash charge of Rs. 6.12 Crores. You mentioned that Rs. 4.5 Crores is on account of lease equalization, Rs. 3 Crores of which is for prior period and Rs. 1.5 Crores is a recurring charge. So does that mean the depreciation for an annual basis will be going up by Rs.1.5 Crores going forward versus what was the previous case? That is one. Secondly, on 99acres, if you could talk about the competition, I believe housing common floor seems to be getting more aggressive, how do you view the competition? Has it become more aggressive stable in the last three, six months?

Hitesh Oberoi: The lease equalization charge, you are right. Out of the Rs. 6 Crores, Rs.3 Crores is recurring of which Rs.1.5 Crores is going to be depreciation. Basically, this is a non-cash charge. So, basically we have a long term lease agreement and we are supposed to give a 5% increase in rent every year but as per the accounting standard, we are supposed to equalise this expense over the period of lease and therefore we charge a higher amount upfront, which means we sort of charge more to our P&L for the first few years and a lot less thereafter but this is a non-cash charge. As far as the competition in the real estate space goes, yes, real estate market is hotting up. There is a lot of investment has gone into a lot of competitors, Housing, CommonFloor, Quickr, OLX, everybody will raise money and everybody is spending a lot of money. However; we continue to maintain our lead. We grew healthily last year, we saw good growth in Q4 as well and we have a lot of interesting initiatives lined up in 99acres because we are investing relatively in product, on the user experience side, on the mobile platform side, we just launched a verification service in Delhi-NCR which is doing very well. So, we have a bunch of initiatives lined up to maintain and strengthen our leadership position. Of course, this will mean investing a lot more and if growth does not come in as expected we could lose the money in 99acres but the long term opportunities are great and we all believe that this is going to be a very big market in the medium term, in fact much bigger than jobs and therefore we are committed to investing and do whatever it takes to stay ahead in this business.

Gaurav Malhotra: Just one followup on non-cash. We should assume Rs. 1.5 Crore recurring charge under other operating expenditure of the full year going forward and an additional Rs.1.5 Crores of depreciation every year for the years to come, is that correct?

Hitesh Oberoi: Yes, for the next few years.

Gaurav Malhotra: Thank you.

Moderator: Thank you. Our next question is from Lokesh Garg of Kotak Securities. Please go ahead.

Lokesh Garg: Good evening. Basically my question relates to investee company financials that we are seeing from your website. What we tend to observe is, basically there is widening of offsetting EBITDA losses in these subsidiaries, total combined together there is a change of about, let us say, Rs. 40 Crores or so and particularly so, let us say driven by both Zomato and Meritnation, particularly Zomato. So, any sense or direction that you want to give us what is happening there and what trajectory these losses or businesses could take going forward?

Hitesh Oberoi: Zomato has raised lot of money and the reason why it has raised is because it wants to fund this international expansion and therefore, losses in Zomato are likely to go up before it starts going down but exactly what it is going to be, it is very hard to predict at the beginning of the financial year simply because there are lot of moving parts which country it will enter, how much will they burn, how are older cities moving into profit. How is the burn there? So, it is hard to predict. Meritnation is slightly more predictable but there again a lot will depend on how the revenue scale up goes. So there are plans, of course, to grow it and grow it very rapidly and if the revenue targets are met, it is one thing, but if they exceed it, it is even better, but if they are not met, then EBITDA losses widen. Both these companies, especially, the new markets are still early stage, Zomato in new markets and Meritnation too is still carrying early stage sort of characteristics in the business. Therefore, at the beginning of the financial year, it tends to sort of get difficult to predict what the losses are going to be. I think Q3 or beginning Q4 is when we can get some sort of visibility of what the EBITDA losses would be.

Lokesh Garg: Sure, what we would like to see out here is FY 2013 – FY 2014 financials, and obviously in internet businesses, 12 months is a long time. Have you seen the recent traction which suggests that the directionally revenue momentum is stronger now in these companies?

Hitesh Oberoi: On Zomato the revenue momentum is strong but as it goes in the new markets and new countries, even expense build up are strong and the reason Zomato raised capital a few months ago is, because it needs to fund this growth. Like I said, in Zomato, losses will go up before they go down, we expect that and that is part of the plan. On Meritnation, we expect a revenue build up in H2. So, we need to wait a few months before we see how the revenue build up is coming along before we get an idea of whether losses will widen or contract.

Lokesh Garg: Thanks a lot.

Moderator: Thank you. Our next question is from Prince Poddar of UBS. Please go ahead.

Prince Poddar: Sir, few questions from my side. One is, what is the planned investment in Jeevansathi and Shiksha for FY 2015 and FY 2016, if you can give a rough number for that? Second is, what is Naukri's market share currently? Third question is, you were about to launch a map search in 99acres. What is the status of that, is it going to be launched, are you going to roll out anything in the next one or two quarters, anything in 99acres under website?

Hitesh Oberoi: Jeevansathi, like I said, we lost about Rs. 6.5 Crores – Rs. 7 Crores at the EBITDA level last year. There is no sort of plan to increase the burn or decrease it this year. We are working on a few things, if they work out well, we will go back to the Board and ask them more investment otherwise it will be business as usual in the Jeevansathi. In Shiksha, we grew about 62% last year. We are hoping to grow at 35% - 40% this year as well and if we are able to meet this growth target in Shiksha, then I do not think Shiksha will require lot of money going forward, at least it will not require lot of money next year. So, we are not expecting to invest substantially in Shiksha next year, we are working hard on the product. Once we get the product right, then we will see what to do on the investment side and we do not expect to lose much money in Shiksha. Our traffic share in Naukri, has been averaging about 65% for the last few months, so that is where it is and as far as the map search in 99acres is concerned, I did mention in the call that we launched a map search for Delhi last week, but still in beta phase and we will roll out the next two cities in the next couple of months but this is work-in-progress right now.

Prince Poddar: Okay, and any other features you are going to roll out in the next two quarters, let us say, in 99acres?

Hitesh Oberoi: We have a strong product pipeline. We just launched a verification service in Delhi-NCR, Mumbai. I mentioned that in the call. We are working with a couple of new products, which we will launch soon but I do not want to comment on them right now.

Prince Poddar: Last question Sir, in the standalone sheet and even in the consolidated sheet, current investments have gone up significantly. These investments are related to the new investments, which you have done?

Hitesh Oberoi: Current investments I do not think refer to new investments although I think Nogle has been transitioned from strategic investment to a current investment because we expect to, just tell me which schedule are you referring to?

Prince Poddar: The current investments figure in balance sheet, it is almost double in the standalone balance sheet?

Hitesh Oberoi: That is to do with the classification of the mutual funds and etc.

Sanjeev Bikhchandani: I do not think it is strategic investments. Investments are spread up by about Rs. 90 Crores during the year. Current investments went up from Rs. 129 Crores to Rs. 253 Crores. That is basically just a categorization of the financial investments.

Prince Poddar: Thank you.

Moderator: Thank you. Our next question is from Ankit Kedia of Centrum Broking. Please go ahead.

Ankit Kedia: Sir, my first question is on the fund raising in the investee companies. You spoke of Mydala, and Policybazaar looking to raise funds. Would they participate in the fund raise?

Hitesh Oberoi: Well, we are still evaluating the term sheets are still coming and we have no announcements to make on this right now. But the thing is that, in case any of our investee companies gets the term sheet and the incoming investor expresses a desire to get the current investors to participate, we will participate.

Ankit Kedia: Sir, my second question is regarding the matrimony market, you know, it is a three player market and we are lying low. How is the competition doing in this space or are they growing aggressively?

Hitesh Oberoi: Well the competition is doing quite well which is why we are number three.

Ankit Kedia: No, is the issue only with us or the market itself, how is the market growth happening for matrimony space?

Hitesh Oberoi: I do not have the numbers for competition but my guess is that market is already growing at 15% - 20% per annum.

Ankit Kedia: Sir, my third question is on the career site manager, does it complement our Naukri service or if a small client just wants to have a career site on its bottle probably he would not take our service after couple of years, how does this work?

Hitesh Oberoi: I think it complements our Naukri service. Most companies want to have a web address. People offer a career section on their sites but these career sites are 10 years old, they are not maintained well, they are not updated properly, they do not work on the mobile phone, they do not work on the tablet. So, lots of companies already have career sites but they do not do a very good job of maintaining them. A lot of companies do not have career sites as well. So, this is a great offering for them because this is like outsourcing your career site management to us and for us it is a product, it is not service. So, we bill once and we can sell to thousands of people. We expect it to complement the Naukri business. If people post their jobs in the career site we get to look at their jobs first. In the end, it is not as if all the hiring is going to happen through career sites, most big brands will end up doing 5 to 7% hiring through their career sites but it is not as if it is going to cannibalize the Naukri service.

Ankit Kedia: Sir, my last question is on the M&A activity in the real estate side, are you seeing some kind of activity there, given that it is a seven, eight player market now?

Hitesh Oberoi: I think it is a little too early for that because companies have just been invested into. So people are going to fight it out for a while and may be after a couple of years we will see some consolidation. Right now there is no sign of that in the market at least.

Ankit Kedia: Thank you.

Moderator: Thank you. Our next question is from Pranav Tendulkar of Canara Rebecco Asset Management. Please go ahead.

Pranav Tendulkar: Thanks a lot. Can you share the future plans or how Mydala business could pan out in the future, that is one and similar your view on Canvera business and how is that going to scale up? Thanks.

Sanjeev Bikhchandani: Mydala, I think, they seem to have hit a good thing on the mobile, distribution of deals on the mobile and that piece is scaling up nicely. So it is increasingly looking like, becoming a more and more of a mobile based distribution company. Of course, we will have to wait and see how it evolves. As far as Canvera is concerned, I think, growth continues to be robust. Although this is a product and therefore it has not got the operating leverage that a Naukri or 99acres would have. There is a significant variable cost and direct variable cost for each incremental sales and therefore this needs to scale up a lot higher to breakeven as opposed to something which has a 93% gross margin which a Naukri or 99acres would have but it is a great product. It is the best in the market. It has got decent gross margin for the product and I think a couple of years more growth that we have seen in the past, if we sustain that growth, I think it will hit breakeven.

Pranav Tendulkar: Sir, do you think that Mydala can become less and less relevant going forward because the aggregate of the coupons or discounts?

Sanjeev Bikhchandani: Well, actually the mobile piece seems to scaling up fairly well and we are hopeful that the next couple of years they will do something good.

Pranav Tendulkar: Thank you.

Moderator: Thank you. Our next question is from Sagar Rastogi of Credit Suisse. Please go ahead.

Sagar Rastogi: Thanks for taking my question. I wanted to understand your verification service a little better, as in how does this work? You need to employ a different team of people to do the verification and also how is this monetized?

Hitesh Oberoi: Yes, we have a team of verifiers. People sort of go into the field and click pictures of properties and put them on to our site. We do not plan to monetize the service to start with but the idea is to improve the listings on the site. Lot of listings in the site are not of very high quality. They are not rich listings, they are simple listings and they do not give people a very good sense of the property. So, the idea is to invest into unique experience and hopefully as a result of this there will be more engagement in the site and we will get more and more traffic. So, we are trying to figure out whether we want to monetize the service or not but it is very early days as for monetization is concerned.

Sagar Rastogi: Just to understand this correctly, you plan to verify each and every listing on the website?

Hitesh Oberoi: No, we do not plan to verify each and every listing. So, we speak to people and if they agree to get listings verified, we go and verify the listings.

Sagar Rastogi: But since you are not charging them extra for it, why would anyone say no to it?

Hitesh Oberoi: This service is right now being offered to brokers only. Often people are not available, they do not want to put the pictures. You could be in Bangalore and you have a house in Delhi and you are putting a picture, you put up that listing, so you may not be able to allow people inside your house, there are many things.

Sagar Rastogi: Secondly, on 99acres, could you share the traffic share for yourself and your nearest competitor?

Hitesh Oberoi: Traffic share is now measured differently by different people but we sort of look at page views and on this front I think, we must have averaged for the year around 37% - 38% and our nearest competitor would have averaged about 25% - 26% last year. Market share change on a monthly basis, so sometimes when we are on TV our market share looks up, sometimes our competitors are on TV, started advertising, and their share looks up. So, month-to-month there is a variation but for the year as a whole, we must have averaged about 37% - 38% last year and our close competitor would have averaged about 25%.

Sagar Rastogi: If I may squeeze in just one more, regarding your strategic investment philosophy, you are continuing to evaluate investments in the Indian internet space. Just wanted to get a sense from you, over the last three to six months, compared to three to six months earlier are VCs more aggressive in India or less aggressive or how do you read that?

Sanjeev Bikhchandani: Well, I feel nature of the startups we are seeing has changed. I think the eCommerce boom is clearly over. If you see far fewer eCommerce sites and we have not seen that many really compelling offerings in the last twelve months as we saw may be from 2010 -2012 which we would say we would like to invest. Our bar for investment also got higher internally as our portfolio grows and which is why we need more money to support our current companies rather than look for new companies. So we are a little bit more selective in deciding now. As far as VCs are concerned, I think, the series A space continues to be open where the early stage investors are few and far between and they can the time to decide. I think from series B onwards it gets competitive and valuation bid up if the company is doing well.

Sagar Rastogi: Thanks for the colour.

Moderator: Thank you. Our next question is a follow up from Ankit Kedia of Centrum Broking. Please go ahead.

Ankit Kedia: Sir, one of your comments you mentioned that Quikr and OLX are giving us competition in the real estate business. Could you just talk a bit more on the business model and what are they concentrating on the real estate side?

Hitesh Oberoi: Globally, horizontal classified sites also have real estate listings and on most of these sites these listings are for free as a result of which we get substantial amount of traffic from owners who sort of put up, their rental listings on these sites. So that is mostly the segment they operate in and so it is not as if we are competing with them for revenue but we are competing with them for visitors and for traffic and that is why I said they are competition.

Ankit Kedia: Sir, what would be our proportion of listings from individuals apart from brokers?

Hitesh Oberoi: It depends on different markets. It is very high in the South. It is not that high in the North and West because these markets are broker driven than the Southern markets. It also varies from site to site. It depends on what policies you have for owners, so there are sites internationally which do not allow owners, there are sites which are only for owners. On our site, an owner can put a free listing but a broker has to pay to put up a listing. It depends on what sort of policy you have in your site.

Moderator: Ladies and gentlemen, that was our last question. I now hand the floor back to Mr. Hitesh Oberoi for closing comments.

Ambarish Raghuvanshi: I just wanted to thank all the analysts and the investors who supported me during the last seven years since the company has been listed and just wanted to wish you all the very best and thanks very much.

Hitesh Oberoi: Thanks everyone for being on the call and have a great evening.

Moderator: Thank you very much Sir. Ladies and gentlemen on behalf of Info Edge Limited, that concludes this conference. Thank you for joining us. You may now disconnect your lines.