“Info Edge(India) Limited Q4 FY 14-15 Results Conference Call”

May 29, 2015

MANAGEMENT: MR. SANJEEV BIKHCHANDANI – FOUNDER & EXECUTIVE VICE CHAIRMAN, INFOEDGE (INDIA) LIMITED
MR. HITESH OBEROI –MD &CEO, INFOEDGE (INDIA) LIMITED
MR. CHINTAN THAKKAR – CFO, INFOEDGE (INDIA) LIMITED

Moderator: Ladies and Gentlemen, Good Day, and Welcome to the InfoEdge Limited Q4FY-15 Results Conference Call. Joining us on the call today are Mr. Hitesh Oberoi – Managing Director and CEO; Mr.Chintan Thakkar– CFO; and Mr. Sanjeev Bikhchandani– Vice Chairman. As a reminder, all participant line 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 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, 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, and then we will cover each business in more detail. In the end, we will be happy to take questions.

For the standalone company, net sales in Q4 were Rs.173 crores versus Rs.138 crores in the same quarter last year, an increase of 25%. For Q4, operating EBITDA was at 56.9 crores, this after adding back the CSR expense of Rs. 3.38 crores. Operating EBITDA increase 33% year-on-year, operating EBITDA margin in Q4 was 32.8% versus 30.9% in Q4 of last year. PAT, again adjusted for the CSR amount, was at 56.4 crores, up 68% operating PAT was at 34.7 crores, up 42% year-on-year. Operating PAT margin was at 20% versus 18% in the same quarter of last year. Other income in Q4 was 26.9 crores up from 11.2 crores last year. There is an exceptional item of Rs. 29 crores being an income of Rs. 34 crores on transfer of shares of an investee company to our subsidiary adjusted for a provision of Rs. 6 crores being the advance given for a building in earlier years. Deferred sales revenue has increased to Rs.175 crores as of 31st March, 2015 versus Rs.143 crores as of 31st December, 2014 mainly led by increase in collection in Naukri.

Moving onto the financial highlights of the financial year '14-'15 full year, net sales for the 12 month period ended 31st March, 2015 were Rs. 611 crores versus Rs. 506 crores in the same period last year, an increase of 21%. For the 12 month period operating EBITDA was at 182.7 crores excluding the CSR amount of Rs. 3.38 crores which was up 11% year-on-year. Operating EBITDA margin was at 29.8% was 32.5% last year. PAT was at 168 crores up 28% operating PAT was 109 crores which was up 14% operating PAT margin was at 17.9 versus 19% last year. The board has recommended a financial dividend of 20% for FY-14-FY-15 this would take the dividend for the year to Rs. 3 per share including interim of Rs. 1 per share already paid.

Moving onto the financials of the company at the consolidated level. Just to remind you, at the consolidated level the main impact is from Zomato and Applect. Net sales were Rs. 733 crores versus Rs. 567 crores last financial year. The PAT for the consolidated entity is Rs. 24 crores versus Rs. 89 crores last year. The aggregate top-line of the six investee companies in FY-14-FY-15 grew to Rs. 330 crores versus Rs. 190 crores last year an increase of 74% while the aggregate EBITDA level loss was Rs. 233 crores Rs. 116 crores last year an increase of 100%

this also includes the non-cash charge of around 23 crores. These companies continue to pursue high growth and losses are likely to be at high levels going forward. Almost all of them continue to look for funds.

Moving on to business wise performance, please note that all business wise numbers are that are being given out are management estimates and are not audited. In Q4, recruitment top-line grew 24.6% to Rs. 125 crores. EBITDA margin in recruitment were at 54% versus 51.7% in Q4 of last year. In Naukri, the EBITDA at 56.4% up from 54.8% in Q4 of last year. For the full year recruitment top-line grew 19.6% and EBITDA margin was at 51.7% versus 50.5% last year.

In Naukri, in Q4 we added an average of 10,400 new CVs everyday and the Naukri database grew to over 41 million CV. Average CV modification were at 133,000 per day. The Naukri Job Seek Index was at 1,609 in March 2015 and at 1,736 in April 2015.

In Q4, we serviced 32,800 unique customers versus 29,000 in Q4 of last year this number for full financial year 14-15 was 57, 000 versus 51,000 for the year 2013-14.

We are happy with the recovery we are seeing in Naukri India domestic corporate sales. Growth is now in the 20% and this will hopefully improve if the economy continues to get better. Thanks to recovery in IT, markets like Bangalore grew at over 30% last year. While we are still in the wait and watch mode but hope that as the Indian economy accelerates growth should pick up in the non-IT sectors as well. Thanks to gain in traffic share which was at an all-time high of 71% in April, our successful transition to mobile over 50% of traffic is now on the phone, our growing customer base and our new products like Career Site Manager and the Referral Hiring Platform for which we already have over 1,500 customer and which are helping us to tap into new revenue streams. The outlook for Naukri corporate business should be good for the next few years if the economy continues to get better. We continue to be bullish on our Naukri Gulf business as well. We have made reasonable gains in markets like Dubai, Abu Dhabi, and Oman over the last couple of years. We will start experimenting with new offerings in the candidate services business and if we invest aggressively in this business this could result in a new revenue stream developing over the years.

Quadrangle also has a very good year and we expect to grow this business heavily with little investment in the future. Overall margin should keep improving in the Naukri business if we can grow the business at more than 20% year-on-year.

Moving on the 99Acres business top-line in Q4 grew 33% year-on-year to Rs. 30 crores top-line grew 32% for the full years to Rs. 100 crores. In Q4, 99Acres made an EBITDA level loss of Rs. 8 crores and in the full year the EBITDA level loss is about 37 crores. This loss is on account of continued investment in sales teams, service, product and technology the cost of which is expensed out in every quarter.

Paid listings in Q4 were at 6.6 lakh versus 5.3 lakh in Q4 of last year. Traffic from mobile in 99Acres averaged about 35% in Q4 but as we speak today if it is more in the 43%-44% range.

The real estate market as we know is going through a lean patch. Demand for new homes specially markets like Noida, Gurgaon, Mumbai and Hyderabad continues to be weak at the same time competitive activity in the portal market is at an all time high. Despite this we were able to grow our real estate business last quarter by over 30%. Since then the competitive activity has intensified even further. We estimate that over 250 crores is currently being spent by real estate portals on marketing every quarter.

As some of you may have noticed we have also scaled up on marketing spends substantially this quarter and we expect losses to go up substantially in this business over the next few months. Having said so we are well-capitalized and continued to be super capital efficient compare to our other competitors in this space. The truth is that there is a big opportunity in this market in the long run. The leading real estate portals in most countries are larger than the leading job boards in these countries. We remain totally committed to the space and we will continue to invest aggressively in sales, marketing, product, data quality, mobile, analytics and UI to improve the experience of both buyers and sellers on our platform.

Jeevansathi, net sales grew 8.8% in financial year '14-'15 Jeevansathi touched about 39 crores of revenue there as an EBITDA loss of 4.4 crores in full year '14-'15 at Jeevansathi. Traffic from mobile on Jeevansathi has increase substantially and is now at 65% level.

In Shiksha, net sales grew 23% and reached 27 crores and we lost about 4.9 crores at the EBITDA level last year.

As you know we have consciously scaled down investment in the Jeevansathi business over the last two years in fact, we lost only 4 crores in Jeevansathi at the EBITDA level. We have made reasonable progress on mobile in Jeevansathi in the last few months about 65% of our traffic is on the phone. The Jeevansathi mobile app is probably the best in the category. We are planning to experiment a few marketing ideas in Jeevansathi over the next few months. Losses may go up in the short-term as a result. As a result of these experiments if we hit upon a new and more efficient business model to grow our business faster in the long run we may up our investments significantly in the business. We will keep you posted on the developments on this front.

In Shiksha, we continue to work hard on the product we feel that we still have some way to go on this front. Over the last 12 months we substantially improved our content and SEO. This year we plan to focus mostly on UGC, students tool and the mobile app. Our user base and engagement continues to grow at a healthy rate. We do not expect to lose a lot money in this business and continue to be a leader in this market.

Our investee companies continue to witness growth. During Q4, we invested about 184 crores in Zomato and there after another about Rs. 152 crores in April 2015 to maintain our stake at 50%.

During the financial year '14-'15 we invested a total of about 200 crores in our existing portfolio of investee companies. We have put out the full year top-line and operating EBITDA numbers for our subsidiaries Meritnation and Zomato and for the rest of the investee companies as well this data is available on our website infoedge.in. Additional funding by existing investee companies would be required from time to time and we will evaluate each on its own merit. We will continue to evaluate new investment opportunities as well.

So that is all from us today we are now ready for any questions that you may have. Thank you so much for being on the call.

Moderator: Thank you very much. We will now begin with the question-and-answer session. Our first question is from the line of Aishwarya K from Spark Capital. Please go ahead.

Aishwarya K: Just wanted to get your comments on strong performance we have seen both on Naukri for this quarter and deferred sales point of view. How would you characterize the growth will it be more that you have seen a lot of more activity the traditional IT service for technology related areas and you have been able to extract better pricing at some level or just that you have seen across the board bounce back which has led to such a strong booking in this quarter?

Hitesh Oberoi: Well a combination of two or three things. One is of course our traffic has gone and this basically has helped us extract better pricing from our customer. Two, of course like I mentioned IT markets like Bangalore is doing very well in fact Bangalore grow at over 30% so we saw an improvement in IT hiring the other markets did well but not as well as Bangalore market. And thirdly, we have got few new products out there which are getting a good response they are still very small but cumulatively add up to maybe a couple of percentage points for our growth.

Aishwarya K: Okay. Sir second is on the 99Acres as you mentioned there is a lot of competitive activity if you have to just step back and look at the year gone by what do you think would be the plus and minus for you on the year gone most of it gone as per plan some surprise both positive and negative with a perspective will be helpful.

Hitesh Oberoi: So as like I mentioned on the call the real estate market continues to be sluggish so, as things are today maybe transaction in real estate are down compare to last year and last year was not a good year at all so compare to the peak may be activity in the real estate market is down 40%-50% if not more across the country. Having said so we see an opportunity in this space like I mentioned real estate company spend a lot of money in advertising and a lot of money has to move online over a period time and therefore if we continue to be leader in this market we will extract a lot this we will get a lot of this spend. We made good progress during the year on our product we have a very new sort of website we have invested substantially in product development in user experience, in analytics, in improving the data quality on our site in operations and this is now showing a user experience of the site is improved phenomenally over the last few months. We continue to invest aggressively in our sales effort. We are now investing in branding as well and marketing as well. We now believe that we have almost all the building blocks in place. We just launched a new version of the Android app that has been received very well in the market. So on the whole as per the execution is concern we are doing a good job but yes the market has been slow and that is a disappointment. Hopefully as the economy improves and as the job market also picks and as interest rates go down the real estate market will start responding as well.

Aishwarya K: Sure just continuing on the 99Acres piece, the way you are building the business what could be a primary focus would it be the new market which should be primary focus in terms of various real estate players and ads of them is what you would build your products towards or would it be that simultaneously you would be looking at engaging with even the resale side, the transaction on the rent side what would the focuses on the way you are building the product mainly ?

Hitesh Oberoi: So we are in all these I mean so we have a new home platform which helps people showcase builders and developers showcase new homes. We have a resale and rental platform as well. We do not do transaction but we operate in all these segments and we operate in almost every city. So we are right now of the view that you need to be in all segments because to do a good job of serving the real estate market in a good year you need to be in the new home market if there are lots of launches the new home segment may do well in a not a so good year people shift towards ready to move in apartments and if interest rates are high then often they move towards rental but the same consumer may come back and buy a house tomorrow. So I think it makes sense to be carry everyone along that is the broker who has paid, the dealer who has paid, you know all of them do new homes all of them do rentals, all of them do resale as well, so we get all the listing and we reach them. So I think it makes sense in the Indian market to be in all the segments and that is a strategy we are perusing.

Moderator: Thank you. Our next question is from the line of Omkar Hadkar from Edelweiss. Please go ahead.

Sandeep: Hi, sir this is Sandeep from Edelweiss. Congratulations on decent set of numbers and thanks for giving me the opportunity to ask a question. Sir I have a couple of questions when you have made a comment that you know we will be one of the cash management company on this front what you precisely mean if you see this industry is still at an accent stage and there is huge amount of cash burn which will happen so when you make this statement you are making a relative statement to your competitors or you are painting some else because in my view this kind of businesses can burn cash for a very very long time and probably in spite of you doing extremely good on this, this business is going to drain a lot of money from the overall business so can you please clarify that?

Hitesh Oberoi: Yeah, so what I said is that we have so far be more capital efficient than our competitors. In the real estate market the total investment in our real estate business till date is about less than $15 million while some of the companies we are competing with have till date burnt many of them have burnt $70 million, $80 million , $90 million as well. So our strategy of course is to grow our business and we will keep investing aggressively but we will be as capital efficient as possible in this environment.

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

Arya Sen: Firstly, on the consolidated financials I see this entry of share of minority interest in loss of subsidiary companies and then there is access of minority interest. Could you explain those two entries a bit and is that the access mainly on account of Zomato or is it Aplect?

Rajesh Khetarpal: So basically there is a 37 crores which has been build in so this pertains to the minority interest otherwise which should have been passed on to minority holders of Applect but there is a requirement in the accounting standards which required us to take that as a non-cash item so one, it is exhibited that they would be capitalized enough to take this kind of loss this will get transferred back to them in the years to come. We had a similar situation about three years back as well which got converted.

Arya Sen: Sorry, but what is the net worth of Zomato right now because you have raised quite a bit of money?

Hitesh Oberoi: Yeah, this I am talking about this 37 crore charge which is showing up in results is for Applect. So there is accounting standard which says that if there are shareholders who are in the minority but they do not have a personal network to be able to make their share of losses then the majority shareholder has to assume those losses. It is merely an accounting entry and is not actually a financial transaction.

Arya Sen: Sure. But this happens only if the net worth is not high enough, right of the company itself which should not be case with Zomato is what I am trying to…

Hitesh Oberoi: This is not Zomato this is Meritnation.

Arya Sen: And Meritnation is because the net worth of company is not high enough that is the reason why you need…

Hitesh Oberoi: That is correct.

Arya Sen: Yeah, okay. And secondly, I know you gave the deferred sales number before but could you just repeat that?

Hitesh Oberoi: 175 crores.

Arya Sen: 175 crores.

Hitesh Oberoi: As of 31st March, 2015.

Arya Sen: Okay. And again I mean just to repeat a previous question was there any price hike that you took for Naukri or for 99Acres in this quarter that become applicable in…

Hitesh Oberoi: In this quarter, no.

Arya Sen: In the last quarter?

Hitesh Oberoi: Our collection growth was helped by the fact that the service tax rate is expected to go up from the 1st of June. So normally when you sort of have this happening then collections get preponed to an extent.

Arya Sen: But collection should not reflect in revenues, right that should only…

Hitesh Oberoi: A part of the collections are recognized in that quarter but mostly they get deferred if they are towards the end of the quarter.

Arya Sen: Correct because I mean the Naukri Job Speak Index has perceptably slowed down on a year-on-year basis in the last few months so that seems to have I mean there seems to be no correlation at all I mean I am just trying to understand that.

Hitesh Oberoi: Well the figure for April like I mentioned 1,745.

Arya Sen: Right. But if I look at January, February, March, April all of them Y-o-Y growth were in single-digits and that has slowed down from it was for most of the first nine months of the fiscal year?

Hitesh Oberoi: Yeah, see you must remember what happens is that in the Naukri Job Speak Index is an index of listings not an index of jobs. So a lot of the jobs on the site are so often one listings could result in multiple jobs, right. So in a good market what tends to happen is if somebody wants to hire a Java Developers they may put up 1 listings but if they want to people against that listings while in bad market the maybe just five or two or three. So it is an index of job listings but not of the number of vacancies out there. So it is proxy it cannot be interpreted to be that this is what the market is going at.

Arya Sen: Right. And sir I mean just to come back to that question on pricing how much has your price moved up in FY-15 on average as compared to FY-14 is it possible to give an indicative sort of increase in price that you have taken on a full year basis?

Hitesh Oberoi: Actually we do not really track it that way but you know like I said our revenues up 20% year-on-year and our customer base is up from 51,000 to 57,000 so the average sale per customer has gone up but I do not know what the break-up between pricing and volume is.

Arya Sen: Okay. And that average would there have been some sort of upgrade in some of the customer I mean if you could give some color on the strong growth that we saw this quarter and how sustainable it is going forward?

Hitesh Oberoi: So there are upgrades, there are in sometimes if you do not take a price hike the discounts will go down and the realized prices will go up as well while we may not take a price hike.

Arya Sen: Okay. And going forward would you expect 20% plus growth in the recruitment business I mean is there any sort of guidance that you are giving or any sort of indication how the market is currently?

Hitesh Oberoi: So if the economy continues to do well and if the IT companies continue to hire like they hired last year then this year should also be okay, but we are still waiting and watching I mean we cannot confirm that this is what is going to happen but so far the news from the market and what we get to hear from sales team is that the market continues to be like it was six months ago or three months ago there is perceptible improvement nor is there any decline in hiring.

Arya Sen: Right. And lastly on Zomato, so obviously it is in a investment phase and so I guess there is no way to sort of predict what sort of losses it will make it will, right it is just going to be higher losses as revenue grows?

Sanjeev Bikhchandani: Well in all likelihood yes, it is at the stage where we cannot really predict we have some top-line but not enough of bottom-lines simply because investments can be lumpy they can be unexpected they can be higher than in all than expected opportunities arise but yes, in general you are right the losses will go up before they go down.

Arya Sen: And what is the revenue growth guidance for Zomato for next year because I remember you had indicated the sort of 3x kind of growth.

Sanjeev Bikhchandani: Yeah, so we have not got a guidance at least not for now. We are still figuring it out.

Moderator: Thank you. Next question is from the line of Rajeev Sharma from HSBC. Please go ahead.

Rajeev Sharma: Couple of questions from my side. So first is on your 99Acres so we have this housing.com backed by softbank and they seem to have some kind of acquisition driven strategies and they getting into total solutions which I understand so Snapdeal similar Softbank investment has made a lot of acquisitions in the last six months trying to integrate mobile platforms add platforms delivery so I am trying to understand will does this recall for a change in business model because the kind of money which is pouring into the real estate business with the online companies this phase could be a big phase of five years instead of two years so what is your approach towards it and second are we doing something about this low end jobs which ecommerce is producing like the delivery boys and low end categories where there may be no requirement of CV and I have seen some other portals coming up like babajobs.com and other so how are you approaching that segment because it is growing at double-digits.

Hitesh Oberoi: To answer your first question like I said we are also gradually investing in our real estate business and we are doing what we think makes sense for our consumers and for our customers. We had acquired a studio sometime back called Homepick we are integrating their offering onto our platform if there are more acquisitions opportunities going forward we think make sense for our portal and for our customers then we will sort of pursue those as well. To answer your second question on the low end job market see we have so far focus on the organized sector in jobs like I said we have 57,000 corporate customers it is not as if we do not sort of get jobs from smaller businesses and small enterprise it is not that we get a low end job but they are hard to monetize and we continue to keep working on our offering so that it works for all kinds of jobs but we are not aggressively perusing that segment at the moment. We continue to sort of focus on the white collar market and but we continue to sort of build our product so that we can get we are able to service all types of jobs.

Rajeev Sharma: Thanks for that and just a one last question on Jeevansathi, you said you may do some kind of short-term marketing and investments will scale up in this so what is driving this need to invest in a business which you have not been really sure about long-term prospects. Why is this short-term marketing so exciting or appealing?

Hitesh Oberoi: Why I said this is because we believe that we may be onto something but we are not sure so we have made few changes to the product, our mobile app is doing very well if you look at our mobile app rating on the app store it is the best in the business. Our mobile app traffic has been growing rapidly. We are not losing too much money, total investment Jeevansathi till date is less than $10 million. And we see an opportunity in the long-run in this space, right it is still sort of early days in India and for matrimony I mean internet penetration is still at you know 10% or 12% level if you look at usage on a regular basis. So we have a few thoughts, we have a few ideas which we think could help us reduce our cost of acquisition and improve our conversion rates from free to paid. So we want to experiment. Now this will result in a few extra crores being spent but I think it worth experimenting and because if it works we could hit upon something which we can then scale up aggressively in that business. And kind of money we were talking about is not too large.

Rajeev Sharma: Okay. And just one last question on Naukri again the Career Plus and other things so you said they are small things and may just help some percentage in growth but they themselves can never be a big revenue stream in even five years and how they help you in retention or getting add on revenues like if you can help us understand? Because you must be collecting some kind of fixed fee for managing the career site for a company.

Hitesh Oberoi: Yeah, so the CSM product, Career Site Manager product, now has over 1,300 customer which we powered 1,300 career section of recruitment firms and companies across the country today and this is and what has happened within 15 months of launch. We generate some revenue of course and this is subscription revenue so we get it every year and this number will keep growing. So I do not know what this number will be in five years it could be 5,000 it could be 3,000 it could be 10,000 customers but more importantly there is a strategic benefit as well because one if you power career sites of companies their dependence on you increases. Two, you get to look at the job first so a lot of companies maintain their career site they put up the job there and we get to look at those jobs first so this helps us. And three, there are other side benefits as well, we get more SEO traffic as a result on to your platform we get links from all these websites. So I think it is not only CSM a great product from revenue standpoint but it is also strategically important for the Naukri platform.

Sanjeev Bikhchandani: So this is Sanjeev here, I will just add to that you see Naukri before CSM was a destination site, right. Now considering tomorrow the CSM is sold into 10,000 organizations right there will be Naukri as a hub and it will have its tentacles in 10,000 corporate sites so Naukri is now at the center of our ecosystem versus just being a destination site. This to our mind this will build a huge wall around the business or moat around the business and will increase switching costs and make us the center of an ecosystem as opposed to being just one app.

Hitesh Oberoi: No, it is also like in the other products like regular hiring manager, etc., they help us dig into sort of other revenue streams as well so we are not just operating in the data base and listing space there is money being spent for referral hiring there is money being spend on corporate career sites we get a share of that as well and these spends would have only grown in the long-term.

Rajeev Sharma: And will you be open to any big ticket investment in any new property going forward with the funds that you have in your balance sheet or it is a signed and restricted for 99Acres only whatever you raise 750 crores are they fungible like you can use them for something else if something comes up.

Sanjeev Bikhchandani The commitment we made when we raised through the QIP is that the money is being raised for 99Acres and yes it maybe fungible after three years or four years if we find a surplus but for the first few years we are going to keep it for 99Acres and usage will of course depend on requirements, right. Having said that there is money in our balance sheet which is beyond this 750 crores there is more money coming every quarter, right. So are we looking at new investments? Yes, we are. Do we have enough money for them? Yes, we do depending on the size of the investment.

Moderator: Thank you. Our next question is from the line of Sandip M of India Infoline. Please go ahead.

Sandip M: I have a couple of questions. The first one is on 99Acres. It has been about three quarters since you raised funds through the QIP I thought it will helpful if you can kind of share the plans of how aggressively you want to spend in each of those identified areas and I am speaking of product enhancement, marketing, and acquisitions if you could just give us a bit of clarity on where this QIP money will be utilized?

Hitesh Oberoi: So we have not sort of said that this is what we are going to spend on each of these areas because that will often depend on competitive activity and what our teams are able to come up with and the opportunities available for acquisition but we will say, broadly there are seven or eight areas in which we are investing. Sales of course we already have a large sales team on the ground and we continue to sort of expand that. Branding and marketing like I said you know about 250 crores was spent by if you go by estimates of or if you look at media spends over 250 crores were spend by portals in advertising in the last three months. So of course marketing will be a substantial part of our spend as well. Then of course product development there we made significant strides on our product but we need to do a lot of more so we will be spending substantially on that front. Mobile like I said, it is already more than 40% of our traffic we will continue to invest aggressively on the mobile platform. Analytics, user experience, data quality, data quality is a big piece for us we already have a team of 300 verifiers on the ground this team will be scaled up. There are a lot of other stuff we are doing at the back end to sort of improve the user experience to improve the data we have on our platform so we will continue to invest aggressively on operations and data quality as well. How much we will spend in each area I cannot sort of say right now but these are the big areas of investment for us. But if you want to collapse all these areas into a couple of heads it is essentially headcount and marketing where there is product development or technology or data verification all of it is headcount and then of course it is marketing and of course along with headcount come all the associated cost of computer, software, office space, interior all of those things.

Sandip M: Right, yeah, I think that is very helpful thanks Sanjeev. Second one, I had was on Meritnation seems to be a bit of weak year where revenue are almost flat and kind of strange for an early stage company. Can you give us some clarity on what is happening over there?

Sanjeev Bikhchandani: So I think basically yes, Meritnation did face a plateau this year partly because they were sort of re-tooling the product and improving it and during that process did not push aggressively on sales and they actually downsized the call center a bit. To some extent as I know the company also I think made a strategic choice which I think did not work out well which was to actually try and conserve cash and try and breakeven by cutting down on some headcount but sales did not sort of increase commensurately. The company has now gone back to sort of trying to go for growth and I think last three months - four months have been pretty decent on growth so it seems to be bouncing back.

Sandip M: Right, thanks. Just one final question on I wanted a bit of clarification on the stake transfer from Etek cases to the other company what is the nature of it?

Chintan Thakkar: It not a transfer from Etechaces, it is the Etechaces shares that InfoEdge had. 50% of the total stake that we had, we have transferred to one of our wholly subsidiary company which is Makesense Technologies and we have done it at a value of 50 crores. So if you really see the last two rounds that we did for Zomato, we have done through our wholly owned subsidiary company. So we have kind of continued that with Etechaces as well and we have done at a value which is kind of tax efficient for us and we optimize on tax because we had certain carry forward losses long-term losses which we kind spend it off against this gain. So we think that by having this kind of structure we are creating a framework which gives us more flexibility to take more strategic options in future.

Moderator: Thank you. Next question is from the line of Ashwin Mehta from Nomura. Please go ahead.

Ashwin Mehta: I had a question in terms of 99Acres, how would your marketing headcount have changed say over the last year in 99Acres?

Hitesh Oberoi: By marketing you mean sales or just?

Ashwin Mehta: Yeah the sales and marketing headcount in 99Acres?

Hitesh Oberoi: We do not give out the numbers for specific departments but our total headcount in 99Acres is now close to 1,600 - 1,700 people.

Ashwin Mehta: Okay. And secondly, in terms of when you say that competition has been spending almost 250 odd crores over the last three months on marketing we do not seem to have changed the amount that we spend on advertising and promotions which seems to be constant for the last three quarters so do you see that changing materially going forward?

Hitesh Oberoi: Yes, we have upped our spend in this quarter so, in Q1 of this year we are going to be spending a lot of more than we spent in the last quarter.

Ashwin Mehta: Okay. And when you say when the burn rates will go up materially in 99Acres does it mean that it could be multiples of what it is currently or it is only incremental versus 37 odd crores earn that we had?

Hitesh Oberoi: Q1 we will see a substantial sort of increase but beyond that it is hard for me to predict because a lot will also depend on competitive activity.

Ashwin Mehta: Okay. And just one data point in terms of what would be our traffic share in 99Acres now and how would it have trended over the last six months or so?

Hitesh Oberoi: See if you go by comScore and the way we measure traffic share we have been averaging in the 30% to 40% range for a while now so when competitive activities increases we go down and when we increase our spending we go up but broadly we have been sort of at the 30%-35% mark so the average for the last year would have been maybe 33%-34%-35% in that range.

Ashwin Mehta: Okay. And just lastly, we have seen Snapdeal or housing get into transactions we have seen housing get into service apartments. Do you have any plans in terms of extend beyond the resale the new rentals and what you are currently doing?

Hitesh Oberoi: So we are already in the new homes business we are already in resale, we are already in rental, we do not do transaction. We do think real estate will be bought online ever and are not interested in service apartment business.

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

Ankur Rudra: Just a quick question on the real estate market it has been quite fluid with a lot of changes. Does it still make sense to measure it on a comScore basis while traffic share given some of this going mobile what do you think is the best way to measure market share going forward a) and b) do you see this potentially consolidating in the next couple of years?

Hitesh Oberoi: Like I said traffic shares different people measure differently and it is very easy to fudge traffic share you can buy UVs at Rs. 1 per click, you can buy all kind of things in the market. So, I think the best way to measure market share is to measure every market share and we have our numbers in public and I am sure the other numbers can be obtained as well maybe with gap.

Ankur Rudra: Second part was on consolidation, do you see this consolidating in the next two years do you think it make sense you participating any such transactions?

Hitesh Oberoi: I do not know what is going to happen going forward. Like I said we will continue to aggressively invest in our business. If there are acquisition opportunity we will sort of look at them on a case-to-case basis.

Ankur Rudra: Okay, fair enough. And just second question on Zomato the money that was raised or invested this quarter was it done at similar valuations as before?

Hitesh Oberoi: So we are not allowed to reveal that number due to the agreement with other investors but it was a marginally higher valuation.

Moderator: Thank you. Next question is from the line of Abhishek Shindadkar from ICICI Direct. Please go ahead.

Abhishek Shindadkar: The question is regarding the 99Acres, after a while we saw a number of paid listings growth for the Q4 on a year-on-year basis. How should we read that number?

Hitesh Oberoi: See do not I think you should be too much into that number at times what could happen is that we may change our policies some time. We keep listings for two months sometime we may keep them for three months, if we decide to remove spam, if we decide to tighten control on the site, on data quality, listings will go down in some quarters so, that is one indicator but I do not think too much will be read into it.

Moderator: Thank you. Our next question is from the line of Srinivas Seshadri from Antique Stock Broking. Please go ahead.

Srinivas Seshadri: Well, I would like to ask is you said that you will be doing new investments so I would want to know on the Jeevansathi front what is that there that is there in the pipeline or what is that you all have planned?

Hitesh Oberoi: No, in Jeevansathi what I said is that actually you know we have reduced the losses significantly in this business over years and we have sort of hit upon one or two new things which we think are working out well for us, the mobile app is one example. So we want to experiment a little bit on the marketing front and spend maybe few crores to see if we have cracked a new model which will help us acquire profiles cheaper so it is pilot that we will do that we will couple of crores to figure out if there is something which we have chanced upon which will help us lower the cost of profile acquisition improve our conversion rate only if it works we will scale it up otherwise you go back to working the way we were working.

Srinivas Seshadri: Okay, understood. And sir also could you help me with the segmental revenue for the quarter Q4 because I had missed out in the starting.

Hitesh Oberoi: You want Jeevansathi, or you want revenue for all the segments?

Srinivas Seshadri: All the segments.

Hitesh Oberoi: Net sales in Q4 were 173 crores in total.

Srinivas Seshadri: Only for Naukri, 99 and Jeevansathi?

Hitesh Oberoi: Yeah, I will tell you so Naukri was recruitment was 125 crores, 99Acres was 30 crores, yeah.

Srinivas Seshadri: And Jeevansathi, sir?

Hitesh Oberoi: Jeevansathi for the full year was 39 crores and Shiksha for the full year was 27 crores.

Moderator: Thank you. Our next question is from the line of Sachin Salgaonkar from Bank of America. Please go ahead.

Sachin Salgaonkar: My first question is you know the general trade off in terms of investing in Zomato versus real estate. I mean at what level do you take a call we are okay and diluting a stake in Zomato vis-à-vis because I presume your investments in real estate are also increasing?

Sanjeev Bikhchandani: So we have kind of reached a situation where more than 60% of our entire portfolio is in Zomato and also as the rounds get larger and larger, to defend 50% gets harder and harder for us because it almost for example if they were to do a round which I am not saying they are doing one but if they do one, we are putting 100 million to defend 50% which would essentially mean almost equal to our whole QIP. So basically Zomato success is fantastic only thing is it is possibly getting too big for our balance sheet for us to keep on defending 50% and we have sort of reluctantly recognizing that reality but we are taking as it comes. So as of now we have 50% let's see what happens going forward.

Sachin Salgaonkar: Okay. And Sanjeev are you open to raising further money if further needed let's say you are comfortable with the valuation but you need a bit more money so are you open to raise more QIP if needed?

Sanjeev Bikhchandani: So that is not something that we actively discussed we may or may not be but we will probably take it as it comes.

Sachin Salgaonkar: Okay, got. My second is obviously the growth rate in Naukri is increasing and hence the EBITDA margins so let's say take a two-three year view when the economy is good how could we see the EBITDA margins for Naukri moving up?

Hitesh Oberoi: So what you have seen in the past is that of course good years also mean that costs go up you have to give higher salary increases and so on. So my view is that if Naukri grows at more than 20% per annum margin should improve.

Sachin Salgaonkar: Okay. And it could go to as high as around 60% or 55%-56% remains looks reasonable.

Hitesh Oberoi: In the past we have touched I think 58%-59% so, if our traffic share continues to increase and if our new products are received well, the economy sort of also improves I am sure 60% is also doable.

Sachin Salgaonkar: Okay. Can you help us with the sector mix I presume IT is now turning to a dominant sector. How do sectors like a Banking and Infra look for a mix of Naukri.

Hitesh Oberoi: So IT is about 25%, just IT standalone and recruitment firms are also 25%, recruitment firms also of course higher to IT companies and when we say infrastructure we actually mean construction and real estate, power, oil and gas, engineering all these sectors put together are also about 22%-23% and just one second sorry, so infra is about 17%-18%, and all the other services put together are about 20%-22% and then they have small amount some coming from manufacturing as well.

Sachin Salgaonkar: Okay. And my last question is how do you look at making further future investments into certain new companies now you have suddenly India has become a destination hotspot where we are seeing a lot of money being pumped into so obviously valuations are moving high. So how do you look at it are there any investments at reasonable valuations so you are comfortable investing into your current investee companies as against looking for new opportunities.

Sanjeev Bikhchandani: So this is obviously will depend on three or four things. One is of course the size of our balance sheet and therefore funds availability. When we are competing against people who have got billions of dollars to invest you really have to be very-very selective about whom you invest in and what you invest behind. Secondly, you got to recognize that look a 5 crore to 10 crore investment today, if the company begins to succeed or begins to show the progress and you second round or third round could balloon into a 100 crores, 200 crores, 300 crores investment if the company does well. Do you must not seed so many that you cannot support them going forward should some of them begin to work, right. So it is a bit of tight rope walk there. Thirdly, look the current companies in the portfolio also require money going forward now do you want to participate not participate, will you required to be participate by the current coming investor, do you have enough power for that? And fourthly, I think over the years we have by now seen about 400 entrepreneurs on business plans I think we have a pretty good sense of what will work and what will not work and I would say today we are much better at choosing companies to investment behind then we were maybe three four years ago. And so for that reason we have also become more selective.

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

Prince Poddar: Three questions from my side. First of all, coming back to the revenue during this quarter or basically out of 20% roughly growth we can see the volume in a way volume growth has been around 10%. So coming back again, I am sorry if I am repetitive, but what does this 10% pricing growth comprise of just an indicative number would be fine.

Hitesh Oberoi: 10% is not just pricing but often you have companies upgrading as well so somebody who got a job listing solution last year may have may buy a job listing/data base access this year somebody who bought for three months last year may buy for 12 months this year so it is so while some of it is new customer addition like you mentioned the remaining is better realization and also upgrades.

Prince Poddar: So how have the realizations moved? I mean leaving upgrades behind how have the realizations move? Have you been able to take realization hike so called during the year?

Hitesh Oberoi: We do not actually look at sort of things that way and it is very hard to say because you know a lot of things sold as packages but normally what tends to happen is that in good year you will give a lower discounts and you are able to take a price hike while in bad year discounts go up so even if you do not change realize price is change depending on whether the market hot or not. Our sense is that in a good market if the economy continues to improve we should be able to get better realization for the same product and then of course you have upgrades as well. And then of course we also some new products which we are selling.

Prince Poddar: So just continuing on that question sir, in the past how has your experience been if you even take a price hike does it impact the volumes you are generating I mean kind of paid customers, does it impact at all?

Hitesh Oberoi: So normally if the price hike is modest it take some time for it to sort of trickle down and if it is unlikely that a modest price hike will result in us losing customers in a good market. But if the market is not good then you may take a price hike but you may lose the gains in the negotiation because company will negotiate hard and they are trying to negotiate.

Prince Poddar: Okay. Sir my second question is regarding the CSM firstly, about that within the 1,300 customers you have how much what would the rough our very rough proportion of the large corporate if you have been able to break through in large corporates?

Hitesh Oberoi: We do not give the breakup but CSM I think is target more of the mid-sized corporates who cannot afford expensive solutions. Large companies very-very large companies MNCs especially they often have global software which they use everywhere in the world so it is hard to penetrate them but mid-sized companies often do not have anything and that is the segment we are really after.

Prince Poddar: Okay. And sir what was the number at the end of Q3 FY-15 which is at 1,300 right now?

Hitesh Oberoi: Just I do not recall it often but Q4 is normally a good quarter so we must have added atleast three four hundred customers in the last quarter.

Prince Poddar: And sir my last question is again regarding investments in 99Acres do you have any rough estimate of what kind of investment would be going into the application part of it rather than the marketing and headcount and sales and everything?

Hitesh Oberoi: By application you mean product?

Prince Poddar: Yeah, the app.

Hitesh Oberoi: The mobile app.

Prince Poddar: The mobile app or any other basically technology related system.

Hitesh Oberoi: Technology product related, right. Like I said, we have about 1,700 people in 99Acres a large number of these working on the product and so it is very difficult. We do not really give out the exact breakup but you can assume that overtime we will have at least 10% to 15% of our work force working on the product in 99Acres over time.

Moderator: Thank you. Our next question is from the line of Srinivas Seshadri from Antique Stock Broking. Please go ahead.

Srinivas Seshadri: Just wanted one clarification there is a service tax increase which has come in from 1stJune. So recalling just what happened few years back, did you have a similar situation of a little bit of advance booking by customers who are trying to exhaust recruitment budgets this year because of the increase? And b) are you looking to also kind of adjust for your pricing or whatever the net billing to the customer based on the service tax increase.

Hitesh Oberoi: So to answer your second question the service tax increasingly passed on to the customer and this is what we have done every time. Yes, you are right, last time when we had a service tax increase from 1stApril we were able to collect a lot more in the month of March this time of course the increase is with effect from 1stJune but I am sure there were some impact on our collections. Our collections actually grew much more than 25% in Q4 so I am sure there was an impact on them and therefore the collection growth in Q1 may be lower than in Q4.

Srinivas Seshadri: Okay, fine. And the second question is relating to 99Acres pardon me if this has been already asked can you throw some light on what kind of a share is shown by comScore over the last two-three months for you and some of the other peers like MagicBricks Housing, etc.

Hitesh Oberoi: So as per our calculation in the month of April, we were at about 31% MagicBricks is about 28%-29% Common Floor was about 10% and Housing was at about 15%. But remember this was a month where competition was very-very aggressive in media since then their media spends have declined while ours has gone up so but like I said it a lot depends on competitive activity in a month. We should not really look at traffic share in 99Acres over a month or two we should look at what happened over a year because traffic shares go up and down in a nascent market by as much as 5-7% points very easily depending on who is advertising and who is not.

Srinivas Seshadri: Okay. And my final question again on 99Acres, is that what are the specific areas where you feel we have to catch up on product development because there is something which was an issue about year and year and half back or do you think we are already good in terms of competitive tracking in terms of the kind of offerings which are there value added services, etc., which are there for a real estate, housing, etc.

Hitesh Oberoi: So if we look at product there is a number of features and functionalities then I am sure we will have maybe 20 features which others do not have and they will have 50 which we do not have but if you look at the product as from the point of view what is essential to the consumer, I think we a very good offering we have the most listings, our data quality is pretty high, our search works very well, we have the most number of project on site we have the largest number of under construction projects, we have enough information of societies, we have most customers, and we have the most number of owner listings. So if you look at the product from that sort of rhythm I do not think we have to catch up with anybody. I think others have to catch up with us. But if you look at product as whether you do have a map search or do you have this, do you this, do you have that, whether that is relevant or not? Then of course everybody has to catch up with everybody else because there are feature which we have and other do not and there are some which others have which we do not.

Sanjeev Bikhchandani: But product improvement, innovation, engineering and this is an ongoing site it never ends there is always new ideas and pipeline is always full and you always are scrambling and running behind time because you have an urgency to do stuff.

Srinivas Seshadri: Fair enough. So at this point of time basically the sales and marketing would be main focus rather than I mean in terms of bridging or trying to push on the competitive advantage.

Hitesh Oberoi: So marketing is like I said, actually varies quarter-to-quarter and a lot depends on what competition is doing. Sales we have already think we are doing a good job so we have strong sales system we have a large sales force we have the most number of customers. Product like Sanjeev mentioned while we believe that we have a good product offering there is always scope for improvement and there are always sort of things which we would want to do and we would want to do them but things take time to get done. So there is a team of people out there who are only thinking product and their job is to improve the product everyday.We just launched a new version of Android of app and we are very happy with the quality of the app. So we will keep working there, as I speak there are over to 200 hundreds ideas but we will be able to implement only 20 of them in the next three or four months so that is continues improvement but I do not think we have catch up to do out there.

Srinivas Seshadri: Okay, fair enough, great. And if I squeeze the last one, on Meritnation the growth has been little sluggish this year so just wanted to understand in terms of operationally what were the issues in terms of scale up and how is that being done…

Sanjeev Bikhchandani: Yeah, so I had sort of covered that in early answer. So they had product sort of improvement issues to be sort of tackled which they have done and they continue to do further. UI issues you know they are now also investing in analytics competency and during this period they sort of scaled back the call center and that resulted in lower growth. Last three-four month growth has come back so hopefully this year will be better.

Moderator: Thank you. I would now like to hand the floor back to Mr. Hitesh Oberoi for his closing remarks. Over to you, sir.

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

Moderator: Thank you very much, sir. Ladies and Gentlemen, on behalf of InfoEdge (India) Limited that concludes this conference. Thank you for joining us. You may now disconnect your lines.