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Q4 and Annual Results Investor Conference Callò

April 28, 2011

Moderator: Ladies and gentlemen good evening and welcome to the Q4 and Annual Results Conference Call of Info Edge India Ltd. We have with us today Mr. Hitesh Oberoi MD and CEO, Mr. Sanjeev Bikhchandani Vice Chairman and Founder and Mr. Ambarish Raghuvanshi, Group President Finance. As a reminder, for the duration of this conference all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions at the end of todayĝs presentation. If you should need assistance during this conference please signal an operator by pressing * and then 0 on your touchtone phone. Please note that this conference is being recorded. At this time I would now like to hand the conference over to Mr. Hitesh Oberoi. Thank you and over to you sir.

Hitesh Oberoi: Good evening and welcome to our fourth quarter and annual results conference call. We had a good Q4 and a great year on the operating side as a whole. Net sales in Q4 for the company were Rs 81 Crores versus Rs 65 Crores in the same quarter last year, an increase of 25%. In Q4 operating EBITDA was at 28 Crores up 32% year-on-year. The operating EBITDA margin is at 34.8% versus 33% in same quarter last year. Other income at 8 Crores increase in account of slightly better returns of financial investments. There is an exceptional net of tax income of Rs. 3.7 Crores on account of sales of Make My Trip shares, which we had received as an ESOP before that company went public. PAT was at 27 Crores in this quarter. Operating PAT was at 16.7 Crores up 30.6% year-on-year and the operating PAT margin was 20.5% versus19.2% in the same quarter last year. We continue to see operating leverage play out on the positive side as growth comes back. For the full year net sales were at 294 Crores versus Rs. 232 Crores last year, an increase of 26%, for the year as a whole the operating EBITDA was at 97.7 Crores up 47% year-on-year. The operating EBITDA margin was at 33.3% versus 28.7% last year. The other income for the year was slightly lower due to lower interest rates on fixed deposits in the year. PAT for the year was at 84 Crores including 3.74 Crores gain on sale of Make My Trip shares. The operating PAT was at 59.5 Crores up

51% year-on-year and the operating PAT margin was 20.3% versus 16.8% last year. One number we wish to highlight here is that the deferred sales revenue, part of current liabilities has increased from 53 Crores as on March 31, 2010 to Rs. 89 Crores as on March 31, 2011 an increase of 67%, this is mostly on account of an increased demand for Naukri products. On the cost side employee cost grew at 29% for the year, while advertising and promotional expenditure stayed almost flat and there was growth of only 1.7% for the year as a whole. Total expenditure grew by 18% for the year.

Moving on to performance by vertical for Q4 the recruitment topline grew 21% to Rs. 67 Crores. The Naukri topline grew 30%. EBITDA margins in recruitment were at 44% versus 43.45% in Q4 last year. While in Naukri the EBITDA margin was at 48% up from 42% a year ago. For the full year recruitment topline grew 24% to Rs. 242 Crores, Naukri topline grew 29% Quadrangle grew at 16% and the EBITDA margin in recruitment for the year as a whole were at 45.2% versus 41.1% last year. While in Naukri the EBITDA margin was at 49% up from 41% a year ago. On the operating side, Naukri continued to add an average of about 12,000 fresh CV every day and the Naukri database grew to over 25 million CVs. CV modifications were at 72,000 per day. The Naukri JobSpeak index was at an all time high of 1085 in March 2011. This is the first time it breached the pre meltdown numbers.

In 99acres topline grew by 63% in Q4 over last year and for the full year it was at 72% 99acres made a small profit in Q4 and broke even for the full year as well. Profit at the EBITDA level for 99acres was 39 lakhs for the full year as opposed to the EBITDA level loss of Rs 3.7 Crores last year. We continue to add more listings and more clients in 99acres and continue to gain in share in the market.

In Jeevansathi net sales grew by 21% in Q4, but for the full year while at 22 Cores up only 11% compared to last year. Jeevansathi made an

EBITDA loss of 4 Crores in the full year and in Q4 however the EBITDA losses in Jeevansathi was only 12 lakhs.

Moving on to investments, as you know we have been investing in external companies. We recently committed to investing an additional 10 Crores in Etechaces along with another coinvestor who is investing 30 Crores. In Q4 we announced two new investments as well. Nogle Technologies, which is attempting to build an information sharing platform, where we have committed to invest Rs. 1 Crores and mydala.com, which offers discount deals to users and in this we have committed to invest Rs. 9 Cores. We continue to evaluate other investment opportunities mainly in the Indian Internet market.

As mentioned in the last call work on the office building continues to progress. The excavation work has now started for an office in Sector 8 in Noida. As mentioned earlier we expect to incur a cash outflow of nearly 70-80 Crores over the next two years on this new building.

Looking ahead in 2011, we in Naukri will continue to invest in people and products to further consolidate our leadership position. In 99acres we will expand our sales operation and invest more in brand building. In Shiksha we plan to increase our advertising spend to build the brand with the education community and in Jeevansathi we plan to keep working on ways to help us reduce our customer acquisition cost. As a result we expect both manpower and advertising costs to move up significantly next year.

To summarize the economic environment seems conducive for one more year of good growth, margins in recruitment including Naukri are healthy showing operating leverage playing out. 99acres had a great year and broke even for the full year. We expect manpower and aspirants to go significantly next year as we chase growth in all our verticals. Deferred sales revenue has continued to climb up and is now at 90 Crores a year, a steep increase of over 70% compared to the last year. Other income next year is expected to be higher on account of larger cash balance and better interest rates. Thatõs all we are now ready for any question thank you.

Moderator: Thank you very much sir. We will now begin the question and answer session. The first question is from the line of Radhika Merwin from IFCI Financial Services. Please go ahead.

Radhika Merwin: Just wanted to understand more on the 99acres perspective because when I was looking at numbers and how the growth has picked up this particular year and we have broken even how do you look at it going forward at least from a three to four year perspective, can we look at a margin scenario of 30-40% in this vertical also, like what Naukri has done?

Hitesh Oberoi: Well there is no doubt that real estate is a huge opportunity. It is a big market hundreds of Crores of money is spent on real estate advertising on the offline side and if we execute well in 99acres and if we continue to grow our business and our shares and if we establish market leadership like we have established in Naukri then at a certain stage we will have good margins for sure.

Sanjeev Bikchandani: I will just add to that if you look at the cost structures of Naukri and the cost structure of 99acres there are some similarities. There is an advertising cost. There is a technology cost, there are product management people, and there is a B2B sales force. There are branch offices. There are servers. Now the cost elements are similar. You know what, the margins will really depend whether they mimic Naukri or higher than Naukri or lower than Naukri will really depend on how fast the revenue scales up, where the margins will land up will depend on the revenue and the revenue is somewhat uncertain right now, we do not know exactly how much growth the market will give us, but as Hitesh said if we get the kind of dominance and the leadership market holds up we should be having very healthy markets.

Radhika Merwin: Sir, just to put a timeframe on it considering that all goes well and you are able to grow at this 40-50% for the next two to three years and from FY 2013 or 2014 onwards can we expect almost 20-30% kind of margin in 99acres also, because is that the way the model is going considering it has got scalability similar to Naukri.

Hitesh Oberoi: The only thing here is that we should maintain our market leadership, if we are clear leaders if we have more than 50% share and if growth continues to be strong then it is possible, but if either growth lags or our market share starts to fall for some reason then the margins will not reflect the Naukri margins.

Radhika Merwin: How much of this investment that you are mentioning for the next year in terms of advertising and people would kind of impact the margins, on what range would it impact your margins?

Hitesh Oberoi: See if the topline continues to grow at 25-30% then we donꞌt expect margins to get impacted, but if the sales growth were to slow down, and we spend assuming the sales will grow then yes margins will be impacted.

Radhika Merwin: One last question on the CapEx that you were mentioning for the next year, what is the CapEx that we are looking for FY 2012?

A. Raghuvanshi: Apart from the building our businesses are not very CapEx intensive, we are looking to spend about 80 Crores over the next two years on the building project, so there will be a certain portion, which will get spent in year one and the remaining in the next year. I am not sure how much there will be, but just assume that may be 30-40% or 50% might get done in this year and the remaining portion in the following financial year. Apart from that I donꞌt think we are looking at very significant CapEx. There will be the usual replacement of computer hardware and for new hires, more computer hardware and so on, apart from that I donꞌt think there is any other significant CapEx. Just to add to the 99acres margins, I donꞌt think that you will see an expansion 30-40% margin straight away. It is going to be a gradual process, operating leverage does not play out immediately, it takes a couple of years and also I must add that real estate advertising is even more cyclical than recruitment advertising because of the underlying volatility in the real estate sector, so that must be recognized that if we are looking at slow down in the real estate sector it will certainly effect real estate advertising in the near terms, but on an ongoing basis the category is very attractive and it should lead to higher margins subject to what Hitesh and Sanjiv just mentioned about the competitive position and so on, but whatever margin expansion you are going to see will happen gradually. I donœt think it will happen in year or year and a half.

Radhika Merwin: I am talking from three to four yearsô perspective.

A. Raghuvanshi: I think that is something, which one should look at subject to the underlying volatility in the sector.

Moderator: Thank you. The next question is from the line of Srivatsan Ramachandran form Spark Capital. Please go ahead.

S. Ramachandran: Hi, my question is also on 99acres. At this point, I just wanted to know in terms of may be in the next two, three years in terms of growth opportunity, the advertisement market is a large market, just wanted to know what kind of trends and what kind of experiences you have had in the real estate classified space?

Hitesh Oberoi: Last year was a good year for 99acres, like I mentioned we grew by 70% last year in this business and broke even for the first time. We are seeing good traction, on the buyer side, we see no problem whatsoever, buyers are very net savvy and they continue to sort of use the site. On the dealer side, especially on the broker side, which is where we get most of our revenues from adoption is slow, because the broker community is not very net savvy and we have to do a very good job of educating them how to use the Internet to sort of get more customers and that is what is taking time. Having said that we have made certain progress, we have more than 5000 customers today, but the universe out there is huge. There maybe more than 100,000 brokers who can actually use the services which is why I mentioned that we will be expanding our sales operation in this business and a huge opportunity, maybe 1000 Crores are spent on offline advertising in real estate. Right now, we are just get a fraction of that, we are hoping that this trend will move online in the next few years.

S. Ramachandran: Would you use this as an opportunity to kind of push towards more, C2C wherein individuals who want to rent out their properties, would that classified be a market you would hope to in terms of getting the product at this point, ready for that kind of market, is that a thought process in the management at this point of time?

Hitesh Oberoi: We allow individuals to list their properties on the site right now and it is actually free for individuals to do so, so we have a fair amount of listing from individuals directly on the site as well.

S. Ramachandran: Any thoughts of making it paid after a threshold?

Hitesh Oberoi: What we say is that you can list one property for free for a certain time frame and after that we encourage people to pay, but that is not a big source of revenue for us and that is not where we see our revenues coming from in the next few years.

Moderator: Thank you, the next question is from the line of Srinivas Seshadri from RBS Equities, please go ahead.

Srinivas Seshadri: My first question is pertaining to Jeevansathi. Management mentioned earlier that this business is in investment mode and you are pumping in more cash to try to ramp up the market share, so I was wondering whether are you seeing any early signs of pick up in this business in terms of traffic activity on the website or any lead indicators which are encouraging.

Hitesh Oberoi: Well, it has been a difficult year for Jeevansathi as a whole, we have been toying with various things, the thinking on Jeevansathi right now is that we do not want to go all out and spend on customer acquisition. We want to bring down the cost of customer acquisition and we have been working on various models for the same. We have seen some success, growth has been accelerating over the quarters and especially in communities where we said earlier that we want to sort of establish our dominance primarily the Hindi belt, and growth has been higher than growth in other communities but it is still a long haul and we need to sort of keep improving the products to see more benefits.

Srinivas Seshadri: In your opinion how much time might it take to see any kind of visible revenue traction for this business given the investments or other efforts you are making?

Hitesh Oberoi: Right now we are not investing a whole lot of money, we just lost 4 Crores in Jeevansathi last year, we are not going all out as yet and the reason for that is like I said we are working on models and ways and means to sort of see if we can bring down the customer acquisition cost. Only when we are confident that we have got the model under control will we invest a lot of money on the brand building side so we do not expect to loose a lot of money in Jeevansathi next year, but we are not very sure whether we have cracked a model where we can grow the revenue by 30-40% every year as yet.

Srinivas Seshadri: I had a couple of questions regarding your consolidated financials, to my understanding Etechaces has probably been consolidated during this year, is that right?

A. Raghuvanshi: That is right.

Srinivas Seshadri: Okay, can we have some kind of probably impact analysis in terms of what has gone into the sales EBITDA and PAT so that we can compare versus last year on a comparative basis.

A. Raghuvanshi: First of all, we have one more investment which is gone into where we are treating it as a subsidiary rather than as an associate company which means that the amount of losses we assume for that company also go up because of the accounting standards which require you to take a higher proportion of the losses.

The second reason why the consolidated losses have gone up is that these businesses are in a high investment mode and as we have been mentioning about Info Edge businesses, that means the internal businesses, a substantial portion of the spend goes into operating expense, it is not very CapEx intensive just like our businesses so because they are at a certain stage of their investment cycle, there is a significant amount and because the way we had structured our investment means that we are determined to be in control in at least three of our investments, we are required to therefore consolidate. Yes we will do an impact analysis and we will try and help you understand it, but the difference has been about 20 Crores overall at the profit after tax level, I think these figures are there already on the results which we have declared, the topline is up compared to standalone by about 27-28 Crores and bottomline impact is as I mentioned after tax is about 20 Crores. So this also includes allcheckdeals, but allcheckdeals has not made a loss this year, it is near breakeven, it actually made a small profit, so allcheckdeals has done very well, but the other businesses like Etechaces, Meritnation, rest of them are in a high investment phase and secondly because of the reason we are consolidating as opposed to associate companies, the amount that we are assuming for those companies net of minority interest is significantly higher.

Srinivas Seshadri: If I may just ask further on it, could you share the numbers for allcheckdeals in terms of revenues and may be PAT.

A. Raghuvanshi: These are being uploaded at a particular point of time, they will be uploaded, and you will have those numbers.

Sanjeev Bikchandani: It will be closer to the time when we release the annual report of the individual companies.

A. Raghuvanshi: So between now and the time we release the annual report, you will have access to that information.

Srinivas Seshadri: Finally one more question on the financials, there is some extraordinary gain if I am not wrong of about 51.7 million; can I know what it is pertaining to?

A. Raghuvanshi: There are two portions in there, there is a certain loss which is there in our Mauritius subsidiary, which is about 37 lakhs which pertains to a write down of our investment in Studyplaces, so if you recall there is around 3.8 Crores which we had assumed last year similarly as an exceptional item. We have further marked down that investment by another 37 lakhs this year and there is a gain on sale of Make My Trip shares. Hitesh mentioned that we had acquired these Make My Trip shares by virtue of Sanjiv being on the board of

Make My Trip he got ESOP in that, which he passed on to the company at cost and the company has liquidated those shareholdings in this quarter and made a gain, the net gain after tax is about 3.7 Crore so this is the exceptional item which you are referring to.

Srinivas Seshadri: Have all those shares been sold ?

A. Raghuvanshi: We do not hold any shares that are part of our investment policy that we do not hold investment in equity shares; we had a six month lock in which as soon it expired after the lifting, we decided to sell the shares.

Srinivas Seshadri: My final question is regarding the investment strategy, now we have a fairly decent size portfolio of companies in terms of start up companies we have invested and probably as these companies grow we will need to pump in more investments, so do you think that the set of companies which we have now are enough in terms of your overall plans in terms of investing for the next three, four years or are you looking to add several other companies as well, I am asking purely from a managing the profitability versus future investment imperative.

Sanjeev Bikchandani: We continue to look at more and more investments and we expect that over the next year or so we will make some more. Having said that we look at profitability more in terms of stand-alone basis and then we look at individual companies that we invested and if there is a resultant decline in profit at consolidated levels, well so be it.

Moderator: Thank you. The next question is from the line from Vikas Mantri from B & K Securities, please go ahead.

Vikas Mantri: I have few queries basically, so may be I have little more than two questions. Currently, in this quarter if I look at your depreciation items it has increased approximately 18%, any specific reason for this? It has been rising; the depreciation cost has been rising for last two quarters, anything that I am missing here.

Hitesh Oberoi: You know we bought an Office building in Q3, part of the increase is on account of depreciation on buildings and part is an account of the ERP, which we had purchased sometime back as well.

Vikas Mantri: Sorry sir, what is that?

Hitesh Oberoi: The ERP Software Navision, Microsoft Navision which we had purchased, we have acquired more licenses, so those are being depreciated as well.

Vikas Mantri: In a steady state as and when we keep investing more money in the building this depreciation will go up.

Hitesh Oberoi: Yes it will to the extent that we construct the office building but that office building will only depreciate once this is commissioned, that might take a year and a half to two years.

Vikas Mantri: So we would not be depreciating it till the time the building is complete.

Hitesh Oberoi: That is correct, yes you are right.

Vikas Mantri: Thank you so much for this. Out of the 13 Crore losses that we have made in other verticals, you have already mentioned that we have made a loss of 4 Crores in Jeevansathi, so the other losses have come from which other verticals Sir if I may know because we said that we have made some profit there in 99.

Hitesh Oberoi: We have two other businesses Shiksha and Brijj.

Vikas Mantri: Will it be possible to say the amount of losses in these two?

Sudhir Bhargava It is mainly Shiksha.

Vikas Mantri: It is mainly Shiksha, if you could give me the numbers for the fourth quarter losses, if you could get down the losses for fourth quarter?

Hitesh Oberoi: Like I mentioned Jeevansathi made a loss of 12 lakhs, Shiksha would have lost about 1.6 Crores in the last quarter, close to that number.

Vikas Mantri: Would you like to comment on market share of Naukri on other verticals?

Hitesh Oberoi: We do not have market share because we do not know the numbers of our competitors but our traffic share in Naukri has been hovering between 50 to 60% for the last 12 to 18 months now while in 99acres it has been hovering between 40-52% for the last 12 months now. This is traffic share as reported by Comscore. There could be other independent agencies, which report traffic shares differently.

Moderator: The next question is from the line of Radhika Merwin from IFCI Financial Services; please go ahead.

Radhika Merwin: Hi, just a followup, on the deferred sales number that you gave for this quarter was it 89 Crores that you mentioned?

Hitesh Oberoi: Correct.

Radhika Merwin: And this restructuring that you have done in terms of the data sheet in 99acres, could you just elaborate a bit more, I think you have started free and paid and now you have both the categories, can you just elaborate a little bit more on that?

Sudhir Bhargava: What we have done is we have run the queries for the last five years on the database and at the top in the data sheet, against 99acres data, is the total number of listings which is free and paid together, after that, out of that the number of paid listings are stated and the number of paid transactions. Now what happened in last financial year (09-10) sometime in Q2 we had stopped selling unlimited listings packs, so therefore the number of listings you would have noticed, dropped, but gradually if you see from Q3 onwards of last year (10-11), the number of paid listings and the number of paid transactions have been gradually climbing and in this year we were also able to monetize better in terms of the kind of products that we sell, that resulted in higher revenues for 99 Acres. I hope that helps.

Moderator: The next question is from the line of Viju George from JP Morgan; please go ahead.

Viju George: My question relates to the portfolio that you are building right now, you have got maybe two businesses, one established business, one business that is broken even and a slew of maybe even eight to ten others which required constant attention, now you have also mentioned that you have more business to invest in, at some level do not you think there is a trade off between managing the existing set, maybe additional bandwidth to go out and invest in newer businesses, do not you think that trade off point has been reached.

Sanjeev Bikchandani : As far as the external investments are concerned we are backing entrepreneurs who we believe are very good and therefore there is not a lot of hands on management, there is some oversight, some supervision, some brainstorming, we are meeting now and then, a couple of phone calls are coming, e-mails and so on. The way a venture capitalist would work with the investing company and for the bandwidth required there is a lot less than it is required to run internal businesses, now if you look at internal businesses we have not launched a new internal business for a while, I do not see that as a problem.

Viju George: The other question really relates to your opening remarks where you see yourself investing quite a lot more by way of employee expenses and advertising next year, does that mean that we can hope for firstly is it going to be established businesses as well and the hope for margin performance or would you expect a margin leverage dropping levels to kick in and conversely if revenue growth does not shape up as desired would there any way of sort of adjusting these kind of expenses.

Hitesh Oberoi: As regards employee cost you will have to give a salary increase in April and we expect the increase to be good this year, increments will be good this year because we had a very good year, so those costs will increase for sure and we have already hired additional 300 people last year, so I do not see too much scope on the employee cost side and those costs will go up. Yes if we come under and we are not able to meet our topline numbers then incentives will suffer and to that extent we have some buffer there, but otherwise manpower cost will grow aggressively this year as well.

As far as advertising is concerned we are doing an ad film for Shiksha, Shiksha will go on TV very soon, so that expenditure we will incur this quarter and even in 99acres and in JeevanSathi and Naukri, we want to chase growth, so we will be investing in the next two or three quarters to chase this growth, now if for some reason growth does not happen as planned, then we will see what to do in the last quarter but I think in the first half of this year at least we will see growth and see what happens.

Sanjeev Bikhchandani I will add one more thing here, see in terms of manpower we are not trigger happy when it comes to downsizing, in the past we have never been so, it is unlikely in the future we will be so because we believe that one of the big ingredients for success is having high quality team of people who are motivated and happy and lastly downsizing tends to scare the organization and tends to demoralize people, so even in the last meltdown, we downsized from 1800 to 1400 employees mostly by natural attrition and we asked almost nobody to go, so as an organization if sales or growth is slowed and expected it is unlikely that you will see people being downsized.

A Raghuvanshi: Viju, to add to this, at the beginning of the last financial year we had mentioned that if growth comes higher than 20% on the topline we will see margin expansion and that is exactly the way it played out. I think for the next year also as Hitesh as mentioned during this call when he was talking about the outlook for next year it will be the same, so I think wherever we are modeling for expense increases on advertising and on people expenses if we are looking at topline growth higher than 20% I think we will see between flat and increasing margins, we should not be looking at an erosion in margins.

Viju George: One last question pertains to the margins of 99acres.com in this quarter because you have broken even for the entire year and we have your metric for the first three quarters of the year so far which means that it almost suggests a 20% EBITDA margin for the fourth quarter that you have managed to clock in 99acres.com; is that correct?

Hitesh Oberoi: That is correct, but I would not read too much in to these margins because advertising cost can impact margins very easily and we have not spent too much on advertising in the last quarter in 99acres, so in a small business like 99acres I would look at the full year picture and not go by what we spend every quarter when you look at margins.

Moderator: The next question is from the line of Abhir Pandit from Parag Parekh Financial; please go ahead.

Abhir Pandit: I had this query on group discount site which you have bought in the sense you have taken stake, I would like to know how do you see the model evolving because I think so even GroupOn took a stake in So Sasta.com, could you explain what is your rationale behind these purchases?

Sanjeev Bikchandani : We like the team, we believe this has potential; we are tracking what is going on internationally. Indians like a good deal, e-commerce is picking up in India, so for all these reasons we felt it would be a good investment but yes like all early-stage investments it is risk capital, but we believe the team has got a good sort of plan and agenda on the product side on the deal sourcing side and therefore we believe there is some potential there.

Abhir Pandit: Okay, could you also state what type of business Nogle technologies is?

Sanjeev Bikchandani : Content aggregation is what is defining it as right now, the product is yet to be launched. We will be revealing more as the product is launched.

Moderator: The next question is from the line of Ankit Kedia from Centrum Broking; please go ahead.

Ankit Kedia: This quarter margins in the recruitment business have been slightly muted, any significant reason because fourth quarter typically is the best quarter for us, so even the revenue growth has been slightly lower than last two quarters, any significant reason on the growth front?

Hitesh Oberoi: Partly I think it is because quadrangle did not have a good quarter and that is why the margins are impacted and so I think that is one big reason why margins have been impacted and also you know lot of our collections this quarter in Naukri have suffered in deferred sales, so deferred sales have grown by 67% but topline has grown only by 25% in Naukri.

Sanjeev Bikchandani: So, the fourth quarter every year is a great quarter on collections but there is no great kick in revenue in the fourth quarter because the revenue is sort of spread across the life of the subscription, so that is the important point to note, it is great in terms of collections.

Abhir Pandit: Second thing is on 99acres, it is good that it has broken even but as we are chasing growth is it possible that in coming quarters we could still make some losses or we would see to it that we still remain profitable?

Hitesh Oberoi: Well, if 99acres grows at 70% next year as well, then it is unlikely that we will make a loss, however if growth in 99acres were to slow down, let us say it grows at 30-40%, and then it could go in to a loss once again next year.

Abhir Pandit: My third question is on the subsidiaries, the losses have been more than what was guided for couple of quarters back around 10-12 Crores, we have seen 18.5 Crore losses, any guidance we could get from FY 2012 perspective for the losses and the revenue and how do we expect us to model the subsidiaries part of the business, will we get a matrix for them as well?

Sanjeev Bikchandani : They are early stage businesses and therefore predictability is quite poor, so it will be difficult for us to give any kind of accurate guidance on that one.

A Raghuvanshi: Like I mentioned it is also influenced by whether we are treating it as an associate company or a subsidiary and these positions can change, so it is impossible to predict these at the beginning of the year, it also depends on how many investments we make and how much loss they make, so it is dependent on so many variables that it is almost impossible to model that or to give any sort of guidance on that number.

Sanjeev Bikchandani : For example Policy Bazaar is a subsidiary last year and therefore its losses have come in but because now it is raised around a funding of which 10 Crores is from us and 30 Crores from another investor, it is unlikely that is subsidiary is going forward which means that those losses will go out the balance sheet, actually a portion of them, so there is little bit of accounting standards here also and it is bit event driven, if they had not raised money for the other investor this would not have happened and so on.

Abhir Pandit: So what could be our stake in Policy Bazaar then from the fundraising?

Sanjeev Bikchandani The funding is tranched, the funding is also milestone dependent, so there is a ratchet (ph) upwards or downwards depending on what they achieve but if they achieve the milestones that they have committed then we would be below 40% eventually when everything is disbursed.

Abhir Pandit: So in FY 2012 we do not know it will be a subsidiary or not, so it is still dependent on milestones?

Sanjeev Bikchandani It is unlikely to be a subsidiary, the reason why it became a subsidiary was with the presence of one or two clauses in the agreement which gave us certain rights, now with the next investor coming in some of those have been diluted, so it will not be a subsidiary for that reason.

Hitesh Oberoi: The subsidiaries also include allcheckdeals and I think there because we owned the company 100% it will be easier for us to sort of model it, but for the others it is very difficult to say.

Abhir Pandit: Would the allcheckdeals for the full year, because on the first half it was in the stand-alone business and will the full year revenues of Allcheckdeals be above 20 Crore number ballpark?

Sanjeev Bikchandani: Not above 20, no.

Moderator: The next question is from the line of Miten Lathia from HDFC Mutual Funds; please go ahead.

Miten Lathia: First of all is the higher spend next year both in advertising and employees driven more by growth or more by competition and as an analogy was FY

2011 too much of a good thing in the sense that ad spends are flat while revenues grew at a very healthy pace?

Hitesh Oberoi: As far as the ad spend next year goes the ad spend will be higher than this year for two or three reasons, one like in said in Shiksha we are going to be on TV which was not the case last year, so Shikshaôs advertisement spend will go up next year, secondly we have done well this year, we have seen an opportunity, we want to chase growth and for that reason we may want to invest more in both Naukri and 99acres as well on the advertising side going forward, thirdly advertising rates go up every year and even to maintain the same amount of advertising, you have to spend more every year.

Miten Lathia: Would that mean that competition is not the driving factor here?

Hitesh Oberoi: I will not say so, I do not think competition is the driving factor right now, yes, if competition were to start advertising aggressively then it would become a driving factor once again and we may have to invest even more because competition is aggressive, but this did not happen this year, I am not sure it will happen next year.

Miten Lathia: So FY 2011 was normal in that sense.

A Raghuvanshi That is what it has been for the last three years, during the slow down and the one year or 15 months post the slowdown, competition has not been very active in advertising across all categories so you can say that it is new normal for the last three years what is going to happen next year is difficult to predict but as mentioned one is because of the businesses are at a particular life cycle and they need a certain kind of advertising expense to support those businesses and growth and secondly because an inflation in ad cost, I think there will be a certain increase in those expense and people expenses some of it is going to go up because we are continuing to hire high quality talent either as business heads or in product in tech sort of areas and some of it is also because of the tight talent market, so while it helps our business because as you can see the Naukri Jobspeak Index, the demand for people and the recruitment revenue is going up but on the cost side it also affects us because the tight talent market means that you have to give higher increases to retain people, so that sort of comes back and hits us but like I mentioned if topline continues to grow above a certain level, we will continue to see that operating leverage and margin expansion.

Miten Lathia: Would it be safe to assume that revenue share of 99acres would be similar to or higher than its traffic share?

Hitesh Oberoi: Well it should be but we do not really have information on our competitors, my guess is that it should be higher than its traffic share.

Miten Lathia: Is competition more aggressive offline than 99acres?

Hitesh Oberoi: Well some of our competitors or media companies and they own a lot of offline media, so they get a lot of free advertising in offline media which we do not get, so yes, to that extent competition is more aggressive especially in print, but on the whole we have not seen any impact of that because we believe that even if we had money we would not advertise in print.

Miten Lathia: So, would you sort of consider going offline as well for the real estate business or that is not on the project?

Hitesh Oberoi: No, we have been doing a lot of TV advertising, Naukri has been on TV, 99acres has been on TV off and on, Shiksha has made a TV CD, Shiksha will go live on TV today in fact, so we do look at TV as a brand building medium and we keep investing in TV, other than that we do mostly online.

Miten Lathia: I meant not from your spending perspective but from your revenue perspective and offline exhibitions and those sort of events, which probably give revenues?

Hitesh Oberoi: No, we are not looking at offline events, primarily we focus on the internet business and we want most of our customers to post property, post jobs online and recruit from the online business, we do not believe the offline events business is a scalable business opportunity.

Miten Lathia: Just to help the online business actually?

Hitesh Oberoi: That is mostly a brand-building tool, so we sponsor a lot of exhibitions, we partner with lot of people, but we are not looking at holding a lot of exhibitions ourselves.

Miten Lathia: Lastly given how individual investments fair and you would obviously be monitoring them on a real time basis would we not want the successful ones to become subsidiaries?

Hitesh Oberoi: That is something we have not considered till now and I cannot really give a definite answer on that one.

Miten Lathia: Just to mention the case in point Etechaces, we had an opportunity to raise stake and put in more money but we preferred some external investor to come in.

Hitesh Oberoi: The reason for that was in our opinion that company still carries significant early stage risk and if we had put in the full round, it would mean that we would have 60 Crores invested in one company which is still in early stage and we have significant percentage of our total investable corpus and we did not feel comfortable with that, that is the reason.

A. Raghuvanshi: Each investment will have to be treated differently, it will depend on what the founders there want to do, it is their intention, the stage of the business, it is going to be how much stake we want in the game, so there is going to be influenced by various factors, yes there will be situations where we will be perfectly happy to take a higher share and consolidate and treat it as a full fledged subsidiary, there will be other situations where we are perfectly happy to continue to maintain a minority stake, there will be situations where these investments may have a life of their own in which case there may be other exit opportunities, so I do not think we will be looking at the situation or each investment through the same prism, there will be a nuanced differentiated approach depending on situation and the intention of the founders and the management team in each of these businesses.

Moderator: The next question is from the line of Nikhil Pahwa from Medianama.com; please go ahead.

Nikhil Pahwa: I just wanted to understand unless this has been asked before about LinkedIn as a competition, I know this has been asked previously but I believe LinkedIn has hired some people from Info Edge, also wanted to understand whether there is a change in focus from Info Edge for Naukri.com from usability of a usage perspective, the site has a lot of ads and it is not as smooth, I am not sure of the right phrase, as compared to some of the international sites that we come across, so is there a move towards improving the user experience on the site as a means of retaining users, thanks.

Hitesh Oberoi: To answer your first question LinkedIn is a competitor, but so far what we have seen is that the market they operate is a little different from the market we operate in, we are mostly used for junior to middle management hiring, we are mostly used for jobs where there are more than positions to fill,, so far we have not seen any impact of that in the market place, we may have lost a couple of people, we have 1800 employees, it is possible that one or two have joined LinkedIn. To answer the question about usability, so far studies on Naukri has revealed that one reason why people come to the site is because of the impression that Naukri has the most jobs and that would really differentiates Naukri from its competitors, it has the most recruiters, it has the most jobs and that is why it gets the most job seekers, yes there is some clutter on the home page but that clutter also generates a lot of revenue and all our studies so far with job seekers have revealed that they do not find it very difficult to use the site, so I am not sure much is going to change there in a hurry, yes we continue to keep working on improving algorithms, on improving our matching, on improving our search, on improving performance in our site and that will continue and we believe this will make an bigger impact on usability than just a home page with fewer ads.

Nikhil Pahwa: But if I remember correctly, you said that your revenues from advertising on Naukri.com is fairly limited.

Hitesh Oberoi: Yes, non job advertising it is not great, it is not a huge piece of revenue but I believe you were referring to the home page which is mostly recruitment advertising, so all the ads in the home page are recruitment ads, even some of the banner ads we run on our other pages which is our search page and our finer job listing page, some of those ads are also recruitment ads, you get little revenue from Google ads and from the other banner ads in our site today.

Sanjeev Bikchandani: Just to add to that, when we conduct usability labs the feedback that we have consistently got about Naukri homepage is that it is great, it is fantastic, because people can see all the options of the company on the home page itself in one place and click on the ones they want, so certainly it is working for the people who are at Naukri now there may be a segment of people who do not like it and therefore do not use it but there are people who like it and that is a large number.

Nikhil Pahwa: Just going back to LinkedIn, you have also got a premium or a senior job section, how has that been performing?

Hitesh Oberoi: We just soft launched that about a month and a half back, still very early days, we have not got the product ready as yet fully.

Nikhil Pahwa: You talked about it previously as well?

Hitesh Oberoi: Yes, that was the 15 lakhs plus mentioned, we just rechristened it as Naukri Premium and we have launched a separate website also called naukripremium.com which points to the same page, so the early results are encouraging, but we do not yet expect any great revenue from here, we got a feedback from the study we had conducted which had said that Naukri does not seem to be a site that has a lot good jobs for senior people because what was happening was that the jobs were getting lost in the junior level jobs, so what we have done is we have taken these jobs out and created a separate section and we advertised this as a brand separately, we are getting some traction, but it is still very early days to say whether it is working or not.

Nikhil Pahwa: But how would you weigh that against launching an entirely separate site with a different interface and a different approach to showcasing the job listings versus making a part of Naukri itself because Naukri as you mentioned is largely catering towards middle junior batch?

Hitesh Oberoi: So one, you know, we have given it a separate name, it is called NaukriPremium.Com even though it may point to the same page, so we believe that the Naukri brand name has a lot of credibility, a lot of job seekers associated with the brand name, the concerns they have are different, the product they are concerns on privacy and confidentiality more than anything else and we are solving those on the product side, but we still believe that our Naukri name will still attract more traffic than a non-Naukri name and we believe the interface we have for the section is good enough to get the traffic it wants.

Nikhil Pahwa: Has there been an impact of ABC consultantõs Headhonchos.com?

Hitesh Oberoi: No way, not really. Naukri collections last year grew by at close to 50%.

Nikhil Pahwa: That is Naukri collection on the recruiter side?

Hitesh Oberoi: Yes.

Nikhil Pahwa: Would it be possible for you to break out in terms of how many hiring you have been through the site for the senior management for this year?

Hitesh Oberoi: The senior management section for the Naukri premium section has close to I think 7000 odd jobs, but we do not track hiring. It is very difficult to track hiring through our site. What we track are the page views, applications, listing, and registrations. It is very difficult for us to close the loop with the recruiter to find out how many people got hired.

Nikhil Pahwa: Thanks and all the best for the next year.

Moderator: Thank you. The next question is from the line of Vikas Mantri from B&K Securities. Please go ahead.

Vikas Mantri: Sir if I were to look at your deferred sales as you mentioned that it has increased considerably over the last year, so would it be possible to share as to from which sector this incremental demand or this demand is majorly coming from since you have already booked deferred shares, so there could be certain sectors you know, which are coming back in full force or something of that sort?

Hitesh Oberoi: The deferred phase is mostly because of Naukri and Naukri had a good year across all cities across all sectors. I think there was a secular sort of growth across sectors, yet IT companies did very well and our Bangalore, Pune and Hyderabad markets had a good year, but we feel hiring happening across the boards, so it is difficult to give sectors separately.

Vikas Mantri: It is not sector specific per se. It is across sectors?

Hitesh Oberoi: Yes.

Vikas Mantri: Okay, my second and last question would be out of the three recent investments that you will be making in Nogle Technologies, Kinobeo Etechaces, I want to know how much amount has already been invested and how much remains to be invested?

Hitesh Oberoi: As of March end we have committed these amounts.

Vikas Mantri: March end the committed amount is mentioned there on the BSE, so has all these been invested or they are still?

Hitesh Oberoi: Not fully.

Vikas Mantri: So it would not be possible to share that amount.

Sudhir Bhargava: No.

Vikas Mantri: What is the cash position as of now?

A. Raghuvanshi: As of March end it was about 450 Crores.

Sanjeev Bikchandani: This is the surplus, which is between fixed deposits and investment in mutual funds.

Moderator: As there are no further questions from the participants I will now like to hand over the conference back to Mr. Hitesh Oberoi for closing comments.

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

Moderator: On behalf of Info Edge India Limited, that concludes this conference, thank you for joining us and you may now disconnect your lines.