



“Info Edge (India) Ltd. Q4 & Annual Results Investor Conference Call”

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MODERATORS: **MR. SANJEEV BIKHCHANDANI – VICE CHAIRMAN, INFO EDGE (INDIA) LTD.**
MR. HITESH OBEROI – CEO, INFO EDGE (INDIA) LTD.
MR. AMBARISH RAGHUVANSHI – CFO, INFO EDGE (INDIA) LTD.

Moderator: Ladies and gentlemen good evening and welcome to the Info Edge India Limited Q4 & annual results investor conference call. As a reminder for the duration of this conference, all participant lines will be in the listen-only mode. There will be an opportunity for you to ask questions at the end of today's presentation. If you should need any assistance during this conference call, please signal an operator by pressing * and then 0 on your touchtone telephone. Please note that this conference is being recorded. We have with us today on the conference call; Mr. Sanjeev Bikhchandani, Vice Chairman; Mr. Hitesh Oberoi, CEO and Mr. Ambarish Raghuvanshi, CFO. I now hand over the conference to Mr. Hitesh Oberoi. Thank you and over to you sir.

Hitesh Oberoi: Good evening and welcome to our quarter 4 and annual results conference call. While I will talk you through the financial and operating performance of the company, the results and statements are also available on our website infoedge.in.

Moving onto the financial highlights of the year as a whole, for the company on a standalone basis, net sales in FY11-12 were at Rs. 375.6 crores versus Rs. 293.6 crores, an increase of about 28% compared to last year. Total income grew to Rs 416.5 crores for the full year from Rs 321.8 crores, an increase of about 29.4% from last year. For FY11-12, operating EBITDA was at 142 crores, up 45% year-on-year. Operating EBITDA margin was at 39% versus 33% last year. Operating PAT was at Rs 90 crores, up 51% year-on-year and operating PAT margin was at 24% versus 20% last year. At the consolidated level, the reported PAT is lower by about Rs 20 crores.

Moving onto Q4 performance on a standalone basis, net sales in Q4 were Rs. 106 crores versus Rs. 81 crores in the same quarter last year, an increase of about 30%. Sequentially, there was a 15% growth in net sales. For Q4, operating EBITDA was at 43 crores, up 48% year-on-year and up 22% quarter-on-quarter. Operating EBITDA margin was at 40% versus 35% in Q4 of last year. Operating PAT in Q4 was at Rs. 27 crores, up 59% year-on-year and operating PAT margin in Q4 was at 26% versus 21% in the same quarter last year. Deferred sales revenue increased to Rs. 119 crores as on March 31, 2012, from 92 crores as on December 31, 2011. Year-on-year, deferred sales revenue is up 32%.

Moving onto the performance by business, in the recruitment business in Q4, top-line grew by 27% to Rs. 85 crores. Naukri corporate sales top-line grew 28%, quadrangle sales declined in Q4 by 15%. EBITDA margins in recruitment were at 55% versus 44% in Q4 of last year. In the Naukri corporate sales business, EBITDA margin was at 60% up from 48% in Q4 last year. Just a word of caution here, all business-wise numbers that are being given out are management estimates and are not audited. On the

operating side in Naukri, during the quarter we added an average of 11,000 new CVs everyday and the Naukri database grew to over 29 million CVs. Average daily CV modifications were over 100,000, up from 86,000 per day in Q3. The Naukri JobSpeak Index was flattish at about 1170 in March having declined slightly from 1209 in February. In the full year, we serviced 46,000 unique customers versus 42,000 customers in the last year, an increase of about 9.5%.

In the 99acres business, growth has been very, very encouraging. In Q4, our top-line in the 99acres business grew by 63% year-on-year. In Q4, 99acres broke even. Operationally real estate sector has been showing mixed signs. Activity continues to be good in pockets, but certain other sectors are not doing so well; however, we continue to invest in this business and even now we have a lot of market penetration still left.

In Jeevansathi, net sales in Q4 grew by about 4% while in Shiksha, net sales grew by about 87% in Q4 versus Q4 of last year. In the Allcheckdeals (ACD) business which is subsidiary now, we closed over 525 sales transactions in Q4 and a total of about 1900 sales transactions in the full year. The operating environment was difficult and numbers were weaker. They were also business issues in Noida our primary market and change in the management team. This has impacted our business. The business did a top-line of about 11 crores for FY12 made a loss at the EBITDA level of Rs. 3.6 crores.

Moving onto our strategic investments, our investee companies witnessed decent growth last year. All the six investee companies excluding ACD put together have in the last 12 months done a top-line of about 46 crores and incurred losses at the EBITDA level of Rs. 50 crores. Of the six investing companies as per accounting standards this year, Applect continues to be treated as a subsidiary while eTechAces is no longer a subsidiary. In Q4, we committed an investment of Rs. 50 million in 99acres and Rs. 10 million in Nogle Technologies. The investee companies may need further funding. This will be evaluated from time-to-time. We also continue to look at new opportunities to invest in.

To summarize, we had a fantastic Q4 in both Naukri and 99acres. We grew faster than we expected to grow at beginning of the quarter. In both 99acres and Naukri, we continue to gain market share, but we continue to see LinkedIn as a long-term threat, it is not impacting our business as yet. Going forward, we plan to continue to invest aggressively in all our verticals including Jeevansathi in areas like brand building and product developments to further consolidate our position in the market place. Margins in Naukri improve compared to last year; however, given that we would be pushing

hard on investments in all our verticals next year, margins could get impacted if top-line comes in below 25%.

Lastly a word of caution. At the macroeconomic level, the concerns around the economy remain. The hiring environment is not as buoyant as it used to be. Our collection growth and advance in the case of sales has slowed down in the last 2 quarters and business growth may continue to be subdued for the next 2 or 3 quarters as well. That is all from my side. We are now ready for any questions that you may have.

Moderator: Thank you so much gentleman. We will now begin with the question and answer session. We have the first question from the line of Kunal Sangoi from Edelweiss. Please go ahead.

Kunal Sangoi: My question is with regards to recruitment business, this Q4 was a much stronger than it was anticipated. What according to you Hitesh has been the surprise because you also highlighted that as you enter the quarter, you expected this to be slightly slower than what it has been?

Hitesh Oberoi: It is just the execution. We have executed really well for the last 6 months now in Naukri and it looks like we are gaining share from competition. So that is helping our business as well.

Kunal Sangoi: Last time you had shared that you have 500 people on ground who look after new account acquisitions. How do you continue to invest here as in the number of people. Have you increased on ground presence?

Hitesh Oberoi: We continue to invest in all our businesses. So to give you a sense, our headcount last year actually went up by about 20% in all our businesses. So from 1760 people which was our headcount in the beginning of last year, we now at about 2150.

Kunal Sangoi: Going forward in terms of next one or two quarters why your cautioning, do you think that in Q4 you had a bit of pre-buying of licenses or pushed by sales from a perspective that service tax was also increasing and would that have an impact?

Hitesh Oberoi: In Q4, this happens every year. We have strong incentive scheme which we run for our sales system. Corporates have budgets which if they don't buy lapse in Q4. Q4 normally, we witness pre- buying every year.

Kunal Sangoi: In terms of realizations, how do you think realizations should move because last time you had shared that at least you are now restricting the access of unlimited from just

time basis to also the restriction in terms of number of CVs and number of mails that recruiters can send?

Hitesh Oberoi: What happens in a good market is that if the hiring market is buoyant, normally we end up reducing our discounting. So our realizations improved. On the other hand, the market becomes slow then we have to give extra discounts to get corporates to buy our products, but the good news is that our market position has improved and our traffic share is at an all-time high. Therefore I do not expect the huge pressure on realizations going forward unless and until the market situation changes.

Kunal Sangoi: And in terms of 99acres, you had last time shared that about 10,000 brokers is what you have already covered. Any number that you can share this time?

Hitesh Oberoi: I do not have the numbers with me right now, but whatever information we give out, we put it up on our website.

Moderator: Thank you. We have our next question from the line of Radhika Mervin from PUG Securities. Please go ahead.

Radhika Mervin: Just couple of questions. One just to understand we have been reiterating that the outlook going forward is we have been cautious on the hiring, but neither in the Naukri JobSpeak, of course there have been slight moderation, but do not see that kind of concern coming in even in terms of deferred sales revenue. If I may not mistaken, you gave at 119 crores for this particular quarter, but you are still stating that the collections have fairly come down. What is indicating this kind of slowdown for you, what parameter?

Hitesh Oberoi: Like I said, collections growth has been lower than what we expected it to be, what we internally targeted to be in Naukri, not in the other businesses, only Naukri.

Ambarish Raghuvanshi: By way of example, all of last year that is in 10-11, collection growth was in the 45% range and in this year, it has been around in the early 20s. That is a deceleration which Hitesh was referring to.

Radhika Mervin: Then just going ahead, probably into FY13 and looking at our GDP numbers where stands right now, what according to you would be an achievable benchmark that we can look at in terms of Naukri considering that the pace of the market share gains is intact and we have our execution well placed. What is the ballpark figure that we can look at because we have been doing at 27% this particular quarter. So by what extent do you think this moderation will start setting in FY13?

- Hitesh Oberoi:** We do not give guidance and it is very, very difficult to give guidance in an environment like this, but what I can tell you is that we will be investing aggressively in our business next year as well. So we will increase our headcount. We will spend more on marketing, we will spend more on product developments and if revenue top-line growth comes in below 23-24% or 25%, then actually our margins could get impacted.
- Radhika Mervin:** Then let me put it the other way round. What according to you will be the industry growth. In this particular segment considering from the previous slowdown or the session that we had, where do you see the market generally is headed, not Naukri per se?
- Hitesh Oberoi:** It would depend on what happens to the economy because at least the hiring market is very, very strongly indexed to GDP growth.
- Radhika Mervin:** 99acres if I get it correct, you mentioned it was 63% growth Y-on-Y this particular quarter and growth has been?
- Hitesh Oberoi:** Q4 yes.
- Radhika Mervin:** So this did not entail any advertising costs this particular quarter 99acres?
- Hitesh Oberoi:** We have been spending on advertizing in 99acres. In fact in Q4, we just broke even in 99acres. So we did not make a very substantial profit.
- Radhika Mervin:** So advertising cost apart, we have broken even this particular quarter?
- Hitesh Oberoi:** No, we broke even including advertising.
- Radhika Mervin:** Exactly. Also on some color on your investing companies, you have just mentioned that any addition investments significantly we have made this particular quarter in any of the investee companies?
- Hitesh Oberoi:** In the last quarter, we invested 5 crores in 99labels and 1 crore in Nogle Technologies last quarter.
- Radhika Mervin:** Nogle okay.
- Sanjeev Bikhchandani:** Basically more investments into our current companies.

- Radhika Mervin:** Okay fine and then one on the strategic drive that we had looking at acquisitions aggressively, are we looking at any significant acquisition apart from these investee companies that we are investing in. Have we actually rounded off to anything on a larger scale?
- Hitesh Oberoi:** We continue to look for acquisitions, but there is nothing at horizon as of yet.
- Moderator:** Thank you. We have our next question from the line of Srinivas Sheshadri from RBS Equities. Please go ahead.
- Srinivas Sheshadri:** My first question pertains to Naukri or rather the recruitment business broadly, so as you mentioned entering this quarter, one was expecting a subdued set of numbers, but it came out as slightly encouraging. If you could give some more color in terms of which were the particular verticals which surprised us on the revenues as well as may be give some color on how is the buying behavior for the license databases versus the ads etc. so branding solutions. So if you could give us some more color on that?
- Hitesh Oberoi:** Well from a vertical point of view, IT companies continue to hire as far as we are concerned last quarter. The only sectors which got impacted big time not just in the last quarter, but in the whole of last year were sectors like insurance and construction and telecom. Apart from that, most companies continue to hire. There was no urgency around hiring, but they continued to hire and use of services. Normally they are combo packages and they do not really breakup the revenue internally for analysis into different product lines. It is hard to do, but there was no significant change is what I can tell you from the previous quarters in Q4.
- Srinivas Sheshadri:** Okay great, right. So you would attribute the surprise equally to some kind of market shares gain versus the overall momentum which was not too bad versus your expectations, is that how you will put it?
- Hitesh Oberoi:** That is our sense.
- Srinivas Sheshadri:** Secondly the metrics were little interesting. On one hand, you are seeing that the resume addition has kind of slowed down while the modification activity has not slowed down. So just wanted to get a sense on that as to what that implies in terms of how the market is behaving?
- Hitesh Oberoi:** We continue to work on our products. So what happens is as we invest more and more on products, our engagement with our existing customers get improves. So often sometimes, people would come back and create a new CV, they do not need to do that

any more. Having said that, I do not think our registrations have really fallen, we may have had one or two issues on the site which led to a temporary drop, but they are back on track.

Srinivas Sheshadri: The other question was on 99acres, you have seen growth kind of accelerate this quarter on a year-on-year basis also and also the metrics looks fairly good in terms of the paid listings and transactions etc. So what exactly is driving this? Earlier we had this issue of some Noida and Mumbai markets being impacted. So is that kind of overhang coming off or this is kind of a normal growth on the other market which is what is listed in the numbers?

Hitesh Oberoi: Three things are happening as far as 99acres is concerned. One, we have invested aggressively behind this business, so we have upped our headcounts, we have upped our investments and marketing and brand building we have invested in product development. So that is one. Secondly, we are gaining share. So slowly, but steadily we have been improving our market positions in various markets and thirdly, somewhere the community of people selling through our site were seeing benefits site like 99acres and they are now themselves investing in buying laptops and using site aggressively as well.

Srinivas Sheshadri: Finally some data points. In terms of your traffic share as you monitor it for the key websites, if you can give something as to how it is trended versus the previous quarter?

Hitesh Oberoi: There is no one reliable source of traffic share, but we look at several sort of sources. We look at Alexa, we look at comScore, we look at Google Trends. On Naukri, our traffic share on comScore has, it is an all time high of 61.5% if I am not mistaken. In 99acres, we have been somewhere in the mid 30s on comScore, but on comScore some sites are tagged and some sites have been not tagged. So but on Alexa, we are ahead of competition. On Google Trends, we are ahead. In the case of Jeevansathi, we have been at about 18-19% share for a while now. So my sense is that we are gaining share in Naukris slowly. We had gone down to 55 to 56% in some time back. We are now back at 61.5% and improving and in 99acres also, we are slowing and certainly gaining share.

Moderator: Thank you. We have the next question from the line of Anand Bhaskaran from Smart Capital. Please go ahead.

Anand Bhaskaran: On the 99acres, just wanted to understand would the good part of the business still be driven by the broker and the builder community or are you started seeing more peer-to-peer kind of hosting especially on the paid transactions?

- Hitesh Oberoi:** For owners, actually our site is free anybody can post one or two listings for free on the site. So we do not try to monetize owners. Of course there are some premium products which we sell to owners. Most of our revenue sales come from builders and brokers.
- Anand Bhaskaran:** On the Naukri, you did mention that construction and couple of other sectors are vertical. Is there any vertical to surprise you on the positive outside IT because IT has been bread butter but outside that is there any surprise or had a great FY12 in terms of acceptance?
- Hitesh Oberoi:** There could be one or two small verticals. They are not large part of our business.
- Moderator:** Thank you. We have a next question from the line of Mithun Ashwath from Barclays. Please go ahead.
- Mithun Ashwath:** Just one question. You mentioned that 99acres broke even this quarter, is there any sort of guidance for next year in terms of profitability?
- Hitesh Oberoi:** No, in 99acres, our primary objective as a management team is to gain traffic share. So we want to continue to invest in their business to increase our traffic share. So we are not looking at profitability right now. We want to increase our focus on top-line growth and increase our market share.
- Mithun Ashwath:** You also mentioned with a 23 to 25% revenue growth, you do not expect margins to be impacted. So by that do you mean that margins have kind of peaked here and we cannot really look for improvements?
- Hitesh Oberoi:** So what I said was if growth in top-line comes at below 24, 23, 25%, then margins will not improve. So margins would actually get impacted on the negative side if growth comes in below 24-25% next year because like I said we want to invest substantially behind all our businesses next year Jeevansathi, 99acres, Shiksha, Naukri all these businesses.
- Ambarish Raghuvanshi:** So I do not think it is a question of peaking of margins. It is a question of how much you are investing in the business and we believe that in all businesses including Naukri are going to need an investment in this year. So Naukri is going to be largely in product and in other businesses, it is going to be across several categories which includes product, sales, branding, technology, everything else.
- Moderator:** Thank you. We have our next question from the line of Hiren Dasani from Goldman Sachs Asset Management Company. Please go ahead.

- Hiren Dasani:** Just one question on the 99acres, how many cities we are present today and by your estimates how much of the revenues would be coming from top 2 cities NCR and Mumbai?
- Hitesh Oberoi:** We do not give city-wise revenue, but today we are present at about 10 odd cities, but we likely to add to these numbers going forward.
- Hiren Dasani:** But would it be fair to say that penetration would be much higher in Mumbai and Delhi?
- Hitesh Oberoi:** Definitely, metro has contributed a large part of the revenue in 99acres.
- Hiren Dasani:** And of that 10,000 brokers of overall 2 lakhs kind of a community which was mentioned in some of the earlier calls that kind of penetration also would be much higher in the top 2 cities?
- Hitesh Oberoi:** Metros do contribute a large part of our business. Yes, you are right.
- Moderator:** Thank you. We have a follow up question from the line of Srinivas Sheshadri from RBS Equities. Please go ahead.
- Srinivas Sheshadri:** Just wanted to get the numbers, you might have already told. The revenue and operating profit or loss for Allcheckdeals as well as Meritnation?
- Hitesh Oberoi:** For investee companies, we don't give out the numbers separately, but ACD, we made an EBITDA loss of 3.6 crores last year on a top-line of about 11 crores.
- Srinivas Sheshadri:** And you have Meritnation apart from the standalone entity and Allcheckdeals right, consolidated?
- Hitesh Oberoi:** In the top-line consolidation, yes.
- Srinivas Sheshadri:** In the last year if I remember correctly, some of the investee companies we have taken 100% share of the losses of the company, so just wanted to check if in this particular year we have taken attributed losses rather than 100% of the losses in some cases, if you can give some color on that.
- Hitesh Oberoi:** Yes. So what happened last year was we took 100% of the losses for eTechAces as well which was a subsidiary last year. ETechAces is no longer a subsidiary. So this year, we have taken 100% losses only for Allcheckdeals and Meritnation. And for the others, we have taken the attributed losses.

- Srinivas Sheshadri:** For the others last year apart from eTechAces, we have taken only the attributable losses, then it was not 100% loss consolidation right?
- Sanjeev Bikhchandani:** For Meritnation, last year we took 100% losses. So basically for subsidiaries where you own 51% or more or because of the clauses in the shareholder agreement they are called subsidiaries as determined by the auditor, you take 100% losses. So last year there were three companies. There was Allcheckdeals, there was Meritnation and there was eTechAces which is PolicyBazaar and this year there are two which is Allcheckdeals and Meritnation.
- Srinivas Sheshadri:** And the 11 crore odd whichever is mentioned is reversal that is pertaining to the PolicyBazaar right?
- Sanjeev Bikhchandani:** That is correct because we have taken 100% losses last year, but this gets written back in consolidated accounts.
- Srinivas Sheshadri:** And last time you had given some kind of guidance on the expected consolidated losses which would come from the companies, so is there any number you would like to give for FY13?
- Sanjeev Bikhchandani:** I am not sure we gave that in beginning the year. These are early case companies, will get visibility as we go along. So we probably get some sort of guidance on this a few months down the road as we get more visibility.
- Srinivas Sheshadri:** Okay great.
- Sanjeev Bikhchandani:** But this number will be influenced by who is a subsidiary and that is the classification of a change going along depending on if you go over 51% in a company or if the auditor has a view that classifies one of the subsidiaries till now also any new investments that we make which we would know right now.
- Srinivas Sheshadri:** Sure, I understand that Sanjeev, but just wanted to check on an economic basis, leave apart the accounting aspects, is it fair to assume that the investments or the cash bond rates for these companies as a group will increase significantly next year as well or what are your expectations on an overall basis?
- Sanjeev Bikhchandani:** So, the uncertainty in all these companies is not how revenue will grow. So expenses are planned out. Revenue is hoped for. Now if it comes in, let us say we hope that losses will go up and in early stage it is very hard to predict. So hopefully over a portfolio basis, we are headed in right direction over the next 2-3 years, but quarter by

quarter, year by year, there could be ups and downs. So really to sort of answer your question, really I cannot answer right now.

Srinivas Sheshadri: On 99 acres, just wanted to get some sense on how much is the headcount which is there on the sales side right now as well as the product development or the technology side for the website?

Sanjeev Bikhchandani: For comparative reasons, we don't disclose these details.

Moderator: Thank you. We have our next question from the line of Ketan Shah from Sunman Investments. Please go ahead.

Ketan Shah: Can you tell us how much have you invested in the investee companies till date?

Hitesh Oberoi: 132 crores.

Ketan Shah: And how much has been the cumulative losses?

Hitesh Oberoi: 132 crores, cumulative investment excluding Allcheckdeals which is a 100% subsidiary.

Ketan Shah: And how much has been till date?

Hitesh Oberoi: 132 crores till date in these 6 companies.

Sanjeev Bikhchandani: So last year, the losses we consolidated was about 20 crores, this year it is about 17.5 crores, net of adjustments. That is our share.

Ketan Shah: And which investee company you feel that they have achieved their benchmark and is quite happy with their performance?

Sanjeev Bikhchandani: We are a listed company. So the answer is different in the different days of week. I mean really there are ups and downs week by week, month by month, quarter by quarter, but if you look at say, in Meritnation it has a good team, it has got great content. It is churning out more and more content on the site, it is getting a lot of traffic. It is getting a very large number of free registrations. The challenge, the task there is how do we monetize these free registrations, but it is with not who had a marketing money it is just spend on TV last month with not a lot of marketing money it is getting very large number of registrations every day. So clearly that product has got good word of mouth is viral as far as the free aspect is concerned, issue is to monetize and till you monetize you can't really breakeven and make money. So while

monetization is going on, we need that company to ramp that up. Zomato it is a fabulous brand, great traffic, viral word of mouth, super product, great technology, very, very useful product and again it has got massive traffic and tractions without spending much on marketing. Again the challenge is monetization, we are monetizing, but we need to up the effort. PolicyBazaar, large market, again very good team, scaling up rapidly on revenue. The issue there is what is the path to profitability and there is also a regulatory risk because that is the one market wherein there is a regulator and we have to keep navigating the evolving regulatory landscape and there is a risk there and we recognize that. So each company is different in that sense, but they all have their plus points and they all have challenges. It is possible that each one will succeed, but they are all early stage. It is possible that each one also fails, but hopefully that will not happen.

Hitesh Oberoi: You will have to wait for about a year or two to get an answer.

Sanjeev Bikhchandani: 2-3 years.

Ketan Shah: And on Jeevansathi and 99acres, these investments have been about for 3-4 years at least. Can we expect that they will be breaking even going forward, let us say 1 or 2 years from now and so some reaping profits?

Hitesh Oberoi: So 99acres broke even last year. 99acres broke even the year before that as well and it is growing aggressively. If the business was very, very well, then of course we could make the money, but right now that is not our agenda. We are focused on improving our top-line, we are focused on gaining market share as far as 99acres is concerned. As far as Jeevansathi is concerned, we are a number 3 player. We are still losing money, but it is potentially a large market and we want to continue investment in this business. So I think Jeevansathi will continue to lose money for the next 2-3 years.

Moderator: Thank you. We have our next question from the line of Dhananjay Mishra from Sushil Finance. Please go ahead.

Dhananjay Mishra: One question on matrimony business, acquired company in 2004 and even after 8 years we are not going ahead as much we are growing in other businesses. So where we are lagging behind in terms of against our competitors, can you throw some more light on that?

Hitesh Oberoi: But actually what has happened in Jeevansathi is that early on our competitors invested a lot more aggressively in business than we did and that is why they were able to gain share, but it is a large market and marriages often happen in the same class and

community in India, that is arranged marriages. So it is possible to segment this market and become strong in certain segments and that is what we have been trying to do. We have been focusing on the North Indian market and we are in the North Indian market, I believe number two player, not a number three player, but it is huge market, it is still very early as far as the internet is concerned. This is one market where the size of the market will grow at the rate of internet penetration. So today there are just 100 million people on the internet and if 5 years from now, there are 500 million people, they can take the market to 3, 4, or 5 times than its current size and therefore we are still hopeful and we want to continue to invest in this business.

Dhananjay Mishra: So for next 2-3 years, we continue to be number 3 player, any new strategy we have to at least become number 2 in this segment?

Hitesh Oberoi: No, we don't want to continue to be number 3 player, we want to be the number one player, but yes it will take time and it will require a lot of investments. Our first task will be to become the number one player in the North that is what we are aiming for and then we will take it forward from there.

Dhananjay Mishra: And one question on the balance sheet side, what is your net cash on the balance sheet as of now?

Ambarish Raghuvanshi: The net cash on the balance sheet is 481 crores.

Dhananjay Mishra: And next year what is investment plan in current companies for FY13?

Hitesh Oberoi: So we don't have a target number of budget as such. New companies we invest in a lot of opportunities and it is lumpy and as and when deals happen, but we haven't invested in a single new company ever since last May right so almost been a year because when valuations went very, very high, we became a little bit more cautious. Now that valuations are corrected, we may start looking at the investment again and yes depending on how our current portfolio does and the future rounds we want to raise this financial year, we will perhaps participate in some of that.

Moderator: Thank you. We have our next question from the line of Nikhil Pahwa from Media Nama. Please go ahead.

Nikhil Pahwa: Just wanted to get a sense of how you think your investment in eTechAces has been impacted by the IRDA guidelines which limit the cost per lead to Rs.10, the guidelines were effective 1st this year. How has that affected the company and therefore the valuations of your investment?

Sanjeev Bikhchandani: So we haven't sort of got the investment valued or anything. So we are just focusing on helping the team to run the operations. As far as the pricing on leads is concerned, obviously if your cost of generating a lead is more than the price of selling it that you can get, you should not be selling leads. So issue there is to evolve the business in a manner that you are not selling leads you are selling other stuff and that is what the business is focusing on.

Nikhil Pahwa: What do you mean by selling other stuff?

Sanjeev Bikhchandani: By selling services you can do distance marketing. There are many, many ways of monetizing a website in the insurance space.

Ambarish Raghuvanshi: So the important thing is to build a dependence vis-à-vis the insurance companies. If you have done that and you are a strong channel to provide them with business and with sales leads, then you can find different ways to monetize that and as Sanjeev mentioned that there are two or three. So challenge is really to build that dependence and that is what they have managed to do over the last 3-4 years.

Nikhil Pahwa: Also was wondering what is the plan is with one of the investments that you have done last year, the social networking platform called blink.me because it is relaunched earlier this year. Could you tell us a little bit about what is going on there?

Hitesh Oberoi: We have put in a total of 2 crores so far and the immediate task for the team there is to get to try and usage traffic traction and that is what they focus on. There is not any monetization plan right now. So it is very early days, we are still getting into the first stage so cannot get traction.

Nikhil Pahwa: But what you see as the opportunity for you in that business?

Hitesh Oberoi: The company does not have any plan for monetization of any of its traffic right now. Our first task to get traction. Once we get traffic and traction and usage, we will think of monetization after that.

Nikhil Pahwa: Could you dwell a little on the strategic objectives of each of your in-house businesses for the next one year. Where do you see Naukri going, where do you see Jeevansathi and 99acres going in a year's time? What are the objectives for these businesses over a one year timeframe?

Sanjeev Bikhchandani: Well, like I mentioned earlier in Naukri, we want to sort of not only depend our position, but also gain more and more share going forward from some of the other job boards. Like I said, we are worried about LinkedIn still, though it is not impacting our

business. So we want to continue to sort of invest in that space. We have a Naukri Premium service which we want to build next year. In Jeevansathi like I said, our task is really to try and become a strong player in the North and that is what we are focusing on. In 99acres, we are going to invest heavily to gain market share. We are still in the mid 30s or maybe late 30s. We want to get to 50% and that is going to take a lot of effort. So we will continue to invest in both brand building and product development in 99acres.

Nikhil Pahwa: What is the status on Brijj and FirstNaukri?

Hitesh Oberoi: Brijj we continue to experiment with the model. We are making some progress, but we are trying out new stuff. It is not a big success as yet. We are looking at how to take Brijj to Facebook, that is something we are working on next year and as far as FirstNaukri is concerned, we made some progress, we are getting business, and we are getting repeat customers. The model we started out, it did not work, we changed the model. The new model is working out to some extent, but still a lot work needs to be done there as well. So really speaking, while Naukri is great for lateral hiring in junior and middle levels, we are looking at adding new services like Naukri Premium and FirstNaukri to get into other segments which we do not cater to right now.

Nikhil Pahwa: What about Shiksha and what is the plan for the year and how is the competitive activity around Shiksha?

Hitesh Oberoi: Shiksha did very well last year, in fact in Q4 Shiksha sales grew by 87% and it is not losing lot of money. It is still losing money, but not a lot of money and we are very bullish on the business. As far as competitive action in Shiksha is concerned, most of the competitors seem to be doing very badly. So that is both good and bad news. Good news because there is not much competition. Bad news because in an early stage business, what happens is that if you have competitors, it helps to grow the market faster. We have a few sort of innovations lined up in Shiksha. We have launched a couple of things which are doing very well and we are bullish on the business and on the business model.

Nikhil Pahwa: In case of Naukri, have you seen any subsiding or competitive activity in the last 6-8 months or a year or has it been the same?

Hitesh Oberoi: From the job boards yes, there has not been any much competitive activity. It has gone down.

- Nikhil Pahwa:** In that sense, where do you take Naukri to, are you looking at expanding sales team I remember once you mentioned that you set up small accounts team for Naukri at the height of the recession, how is that doing and is there a focus on bringing more and more companies on board?
- Hitesh Oberoi:** In Naukri, we are investing substantially behind product development right now. So we have upped the size for product team, we have upped the size of technology team. We are investing in analytics and we are investing behind customer service. These are the drivers which we think could take Naukri to the next level over the next two or three years.
- Moderator:** Thank you. We have our next question from the line of Ankur Rudra from Ambit Capital, please go ahead.
- Ankur Rudra:** Congrats on great set of numbers. First question is on 99acres. I noticed the realization seems to have come off on a year-on-year basis. I was wondering if there is anything to read into it in terms of competition driving more discounts or tough markets or may be market expansion at smaller cities.
- Hitesh Oberoi:** No, see what happened in 99acres last year was that we added a lot of new customers. New customers often try out products for three months, six months, twelve months and buy smaller products to start with. So that is why the realization often goes down when you add a lot of new customers. That is what happened to 99acres last year. That is one. Secondly of course, new launches help realization and we do not see lot of new launches last year.
- Ankur Rudra:** Okay so those two reasons only?
- Hitesh Oberoi:** Yes.
- Ankur Rudra:** Fair enough. Secondly can you elaborate on the challenges that ACD faced you mentioned in the last quarter and how is the business likely to revolve going forward?
- Hitesh Oberoi:** Well, ACD faced two major challenges last year. One is the management team, which team change which has impacted our business in Q1 and there were these issues around Noida Extension which also impacted the business. A large part of our business still comes from Noida. Those issues are now behind us, both these issues. So ACD has a reasonable Q4 and we hope to do better than this next year.
- Ankur Rudra:** And in terms of profitability, will it be similar to this year?

- Hitesh Oberoi:** This year, we lost about 3.5 crores. I don't know what is going to happen.
- Ankur Rudra:** Is there a number you focus on rather?
- Hitesh Oberoi:** No, we are still to sort of plan out for ACD. A lot like the real estate market, environment continues to be volatile, so I can tell you what is going to happen next quarter but it is very hard to say what is going to happen next year.
- Ankur Rudra:** So next quarter is likely to continue the same sort of challenges you faced so far over the course of FY12?
- Hitesh Oberoi:** Yes.
- Ankur Rudra:** Fair enough. Can you comment a bit more about Shiksha? It seems to have scaled up quite nicely. I was wondering if any of the channels of monetization has matured a bit more than earlier in terms of either lead gen or content or something else?
- Hitesh Oberoi:** Shiksha had a good year. We managed to renew a lot of our customers, we added new customers. We increased the booking offerings. We are seeming to get our act together on the business model. It seems to be working. Our traffic is growing. We are getting about close to 50,000 visits a day from students. So all and all we are happy with the progress in Shiksha.
- Ankur Rudra:** Is there any one particular of those business models which seem to be more likely because still I guess it is in an early stage right?
- Hitesh Oberoi:** That is in early stage. We are still experimenting a lot. We generate revenues from two or three sources. They are all scaling up nicely.
- Ankur Rudra:** And just on PolicyBazaar. Can you elaborate how FY13 might be? I know there are few challenges on regulation you spoke about it. Any sense of revenues profitability, the numbers you have reported for FY12 and how are you seeing FY13 pan out?
- Sanjeev Bikhchandani:** Like I said, PolicyBazaar is scaling up well on revenue. It is still burning cash flow and we are sure in the next 2-3 years is going to be what is the path to the profitability and yes the regulatory environment is evolving and that is something we need to keep an eye on and navigate.
- Ankur Rudra:** At the moment, what do you think likely to be the most likely source of monetizations with likely to be advertising or some kind of BPO services outside of the region if it is not.

Sanjeev Bikhchandani: Both are being explored, the model will evolve over the next year or so and naturally any change in regulation will further change the model.

Ankur Rudra: I have missed out the initial numbers on the revenues and PAT on PolicyBazaar, will you please share that.

Sanjeev Bikhchandani: We do not give out individual investee company numbers. We have given the total number of all our investee companies, so we do not share that for competitive reasons.

Moderator: Thank you. We have our next question from the line of Tejas Sarvaiya from Trust Capital. Please go ahead.

Nishit Rathi: This is Nishit Rathi from Trust Capital. Just wanted to ask one question around your investee companies. Could you help us size the opportunities of your investee companies the way you look at your investee company in terms of currently?

Sanjeev Bikhchandani: All the 6 investee companies you are talking, they have been very early stage investments. We have done series A, sometimes we have done it purely with a business plan and without the business being launched and at that stage, I think the first thing we look at it is the quality of the team and only then we look at market potential, market size, and the second most important thing we look at it is the competitive position or the competitive situation in the space we want to enter. In general, we want to be investing in companies that are first movers or early movers where the hierarchy of riding in the market is not decided yet and so there are two or three we look at and beyond that, cost structures, model structures, pricing power.

Nishit Rathi: So you would not be having a smart idea as to currently today as it stands how do you size the market for these companies right now?

Sanjeev Bikhchandani: Take a look at Zomato for example, it is basically created a new market and it is a defining and expanding that market size where it will end up, we do not know. So if somebody is to look at before we are going to launch, what is the advertising budget for restaurants in India, you will come out with a very low number. Yet, given the kind of traffic and traction that they are getting, they will go on to discover new ways to monetize and they will be creating new markets. Hopefully, they will create large market, but this is frequently about market creation and then it is very hard to predict.

Nishit Rathi: Could you just help us with what is the business model for each of these companies as of now today like Zomato in a way is advertising for companies, but also selling events tickets and all of that right?

Sanjeev Bikhchandani: So tickets was a pilot they did around the end of last year during the Christmas last year, but the main business model is restaurants listings and monetization of traffic around that. So it will be advertising for restaurants, it could be a lead generation for restaurants. In terms of PolicyBazaar, it is with the new regulations, leads are still not profitable. So they are looking at distance marketing and advertising. For Meritnation, it is subscription by individual students. So it is a premium model, where a large number of students register free and to a certain upgrade to pay so you get lot of stuff for free but you get some value-added services if you pay up and so on. So these are some of the business models.

Nishit Rathi: Are there any comparable companies for your investee companies like Zomato, PolicyBazaar, Meritnation around the world, which we can relate to or look up?

Sanjeev Bikhchandani: PolicyBazaar has got enough comparison sites in Europe like confused.com or moneysupermarket.com. Zomato has got many restaurant listing around the world including yelp.com. The monetization model is slightly different because there the charge for reservations but in India the culture of reserving and going to eat is not prevalent except in maybe five star hotels and therefore they took different monetization models. For Meritnation, there are education sites around the world, but there is nobody who has really scaled up with this kind of monetization model that we know of. There are many sites to compare with mydala and for 99labels. Nogle does not have a business model right now.

Moderator: Thank you. We have a follow up question from the line of Srinivas Sheshadri from RBS Equities. Please go ahead.

Srinivas Sheshadri: Just one small data point if you can share the full year growth for Shiksha for FY12?

Hitesh Oberoi: 85%.

Moderator: Thank you. We have a next question from the line of Yogesh Kirve from Anand Rathi. Please go ahead.

Yogesh Kirve: Just wanted to focus on the Naukri revenue. If you break out the Naukri revenue in terms of the pure database access services which we received online and advertisements and other things, so how was the revenue mix change over the last one or two quarters?

Hitesh Oberoi: It does not really change much.

- Yogesh Kirve:** Okay. I would presume since the hiring outlook that made cautious, the share of this our revenues would have taken a bit of a dip, so is that happening?
- Hitesh Oberoi:** Well, not at that movement at least. We continue to sell combo products to customers and we are getting the renewals. Of course there would be certain cases where customers downgrade, but there are many other cases where they upgrade as well.
- Yogesh Kirve:** And what has been the trend in the revenue from the jobseekers?
- Hitesh Oberoi:** Well, they have been going healthily but not at 30-40% level, but in the 20s.
- Ambarish Raghuvanshi:** The last year was a good year for the candidate services. We have got a new management team in place, some new products and so on which were launched and generally it was a good year both in terms of top-line growth and in terms of margins.
- Yogesh Kirve:** So it is fair to assume that revenue from the candidate services have grown faster than your Naukri revenue.
- Hitesh Oberoi:** No, that is not true.
- Yogesh Kirve:** Okay and is there any plan for the investment in the investee company for FY13, what would be the total investment?
- Sanjeev Bikhchandani:** I just sort of alluded it to earlier. It is very hard to predict because the new investments are opportunistic and while we keep looking at companies, in last one year we have not looked at new company simply because when valuations were too high, we were very cautious. As valuations corrected, we are now looking at companies with greater interest. Maybe one or two should happen, but there is nothing in the pipeline that we would like to announce right now. It is kind of hard to predict simply because it is opportunistic and lumpy and one or two of our current portfolio companies may require further rounds of funding in that we might participate.
- Yogesh Kirve:** Okay. So what is the amount of the committed investment which you have not yet put in as of now, as of today?
- Sanjeev Bikhchandani:** We have disbursed everything till date. There is nothing right now, we have shareholder agreement signed and it is yet to be disbursed.
- Yogesh Kirve:** Thanks for that and lastly Ambarish you can tell there was a bit of increase in other income in this quarter. So what was driving that?

Ambarish Raghuvanshi: Well, we upped our investments in fixed maturity plans in the FMPs and where the income gets accounted for on a year-ended basis. So we had certain incomes which accrued in quarter 4 and that caused some of the increase and also interest rates and the yield on some of our treasury investments were up in general because of the liquidity concerns and the tight liquidity condition. So yields on fixed deposits on liquid plus schemes which is what we largely invested helped increase the other income and for FMPs, so it is a bit of mix, the year-ended nature of treasury income.

Yogesh Kirve: Okay. That increase is mainly driven by investment related income, not any one other one-off things?

Ambarish Raghuvanshi: No. In other income, it is only treasury income there.

Moderator: Thank you. We have the next question from the line of Ajay Tyagi from UTI Asset Management. Please go ahead.

Ajay Tyagi: The question is related to your cash flows. Can you just guide to what were the free cash flows on a consol basis for FY12?

Ambarish Raghuvanshi: No, I am not sure whether this is computed that right now. On a standalone basis, we do have some of the figures.

Ajay Tyagi: So can you share those?

Ambarish Raghuvanshi: If you have any other question while we compute that, not that we had not got computed but we just pull that out, any other questions?

Ajay Tyagi: What was the capital expenditure on a standalone basis and also console which should also be including your share of your associates. So CAPEX would also include. Yes, you are right, the investments and core associates.

Ambarish Raghuvanshi: So about 100 crores went into the companies that we invested in through the year, between 100 and 102 crores, it is in that range. CAPEX was very small, it was about 7 crores for the year on a standalone basis.

Ajay Tyagi: And what was the cash from operations?

Ambarish Raghuvanshi: 160 crores cash from operations.

Ajay Tyagi: This is again standalone?

- Ambarish Raghuvanshi:** This is all standalone figures.
- Ajay Tyagi:** And would you have some sense of just the CAPEX on a consol basis?
- Ambarish Raghuvanshi:** It will not be a very significant number because all internet businesses are not very CAPEX intensive. Apart from PolicyBazaar which is growing headcount and therefore need office space and so on, again it is not a very significant number. So I don't see CAPEX as a big driver for any of our businesses internally as well as externally.
- Ajay Tyagi:** And you did mention about the fact that you are not too sure about how much investment you will be making into your present subsidiary associates in FY13, but any broader side now that we have this benchmark of 100 crores that you made this year? Can you guide to some number whether it would be South of this, North of this?
- Sanjeev Bikhchandani:** I don't know. I can't guide you on that number.
- Moderator:** Thank you. We have a next question from the line of Miten Lathia from HDFC mutual fund. Please go ahead.
- Miten Lathia:** You mentioned that loss on consolidated from the investments was 20 crores last year and 17.5 crores this year. Does that take into account the fact that we reversed 11 crores this year?
- Sanjeev Bikhchandani:** Yes, it does. So if you recall, we have guided around 30 crores expected for the year and that is come lower than expected because of this entry.
- Miten Lathia:** So actual this year is about 28-29 crores and net of the 11 crore reversal, we have a 17 crores this year.
- Sanjeev Bikhchandani:** That is right.
- Moderator:** Thank you. We have a last and final question from the line of Dhananjay Mishra from Sushil Finance. Please go ahead.
- Dhananjay Mishra:** Just one question on tax rate guidance you can give.
- Ambarish Raghuvanshi:** Last year, the tax rate was about 31%. This year it is down about a percent and a half, some of that effect is because of other income because we have the mix gain somewhat towards FMPs which is slightly more tax efficient. So little bit of gain there and there was some changes on the surcharge and that helped us with about 0.75% at the operating PAT level and 0.25% on some other sort of other operating income which

got reversed from last year. So roughly you should look at somewhere between 30 to 30.5% would be a good number to target for or model on.

Moderator: Thank you. That was the last question. I now hand over the conference to Hitesh Oberoi for closing comments. Please go ahead sir.

Hitesh Oberoi: Well, thank you everyone for being in this call. Have a great evening.

Moderator: Thank you. On behalf of Info Edge India Limited that concludes this conference. Thank you for joining us.