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“Info Edge (India) Limited Q4 FY '23-24
Results Conference Call”

May 16, 2024

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Vineet Ranjan: Good evening, everyone. Welcome to InfoEdge India Limited Earnings Conference Call for the results of the March quarter and financial year ended 31st March 2024. As a reminder, all participant lines will be in listen-only mode and there will be an opportunity for Q&A after the presentation concludes. Should you need any assistance during the conference call, please raise your hand on your screen. Please note that this conference is being recorded. Joining us from management today, we have Mr. Sanjeev Bikhchandani, Promoter & Vice Chairman, Mr. Hitesh Oberoi, Co-Promoter & Managing Director, and Mr. Chintan Thakkar, Director and CFO. Before we begin, I would like to draw your attention to the detailed disclaimer included in the presentation for good order sake. Now, I will hand over the conference call to Mr. Hitesh Oberoi for his opening remarks. Thank you and over to you, Hitesh.

Hitesh Oberoi: Thank you, Vineet, and a very good evening, everyone, and welcome to Info Edge's Q4 FY24 earnings call. As always, we'll start with an update on the standalone financial performance, and then we'll cover every business segment in more detail, and then we will have time for Q&A in the end.

In Q4FY24, our standalone billings were Rs. 827 crores, a YOY growth of 10%, and revenue was Rs. 608 crores, a YOY growth of 8%. Billings and revenue including Zwayam and DoSelect were Rs. 856 crores and Rs. 637 crores, a YOY growth of 11% and 9% respectively. Operating profits at a standalone level grew 9% year-on-year to Rs. 225 crores and the operating margin was 37%. The standalone business generated cash from operations of Rs. 468 crores in Q4 of FY24, a YOY growth of 13%. For the full year FY24, standalone billings were Rs. 2,496 crores and revenue was Rs. 2,381 crores, a YOY growth of 5% and 10% respectively. Billings and revenue including Zwayam and DoSelect were Rs. 2,572 crores and Rs. 2,457 crores, a YOY growth of 6% and 10% respectively. Operating profits at a standalone level grew 18% year-on-year to Rs. 871 crore and the operating margin was 36.6%, a YOY growth of 250 basis points. EPS before exceptional items for FY24 stood at Rs. 65.90, a YOY growth of 20%. The standalone business generated cash from operations of Rs. 1,135 crores for the full year, a YOY growth of 9%. While the recruitment business continued to be cash-generative, the cash losses in non-recruitment businesses reduced significantly by 75% from a cash loss of Rs. 177 crores in FY23 to a cash loss of Rs. 44 crores in FY24. The cash balance of Info Edge including wholly-owned subsidiaries at the end of March 2024 stood at Rs. 4,191 crores. The Board has proposed a final dividend of Rs. 12 per share along with the interim dividend of Rs. 10 per share. The total dividend for FY24 is Rs. 22 per share, a 16% year-on-year increase. The headcount of the company as of March 24 end was 5,750 people.

Moving on to segment-wise performance and starting with the recruitment business. In Q4 of FY24, recruitment billings grew by 7% to Rs. 625 crores and revenue grew by 3% to Rs. 452 crores. Operating profit was lower 2% YOY at Rs. 258 crores and the operating profit margin was 57%. Cash generation from operations was at Rs. 458 crores, a YOY growth of 2%. For the full year FY24, for the recruitment business, billings grew by 1% to Rs. 1,883 crores and revenue grew by 7% to Rs. 1,805 crores. The operating profit growth for the full year was 4% YOY at Rs. 1,051 crores and the operating profit margin for the full year was 58%. Our recruitment business continues to consistently deliver cash flow with cash from operations in FY24 amounting to Rs. 1,208 crores. Key operating highlights in recruitment business, FY24 was a challenging year for the overall recruitment business largely because of the slowdown in IT hiring, which is approximately 45-50% of our business, directly and indirectly if you would include the business from recruitment consultants. The non-IT business segments, especially manufacturing, real estate, travel, tourism, healthcare, pharma, BFSI, etc. sustained growth and help offset the slower growth in IT to some extent. We continued our efforts of opening new branches in tier 2 and tier 3 cities to penetrate non-IT and SMB segments further. We now operate 79 branch offices all over the country. In Q4, we saw an uptick in billing numbers driven by healthy renewal rates. The billing growth in Q4 was broad-based with IT also growing at 11% and non-IT growing at 12% and the consultant segment being flattish. IIM Jobs and Naukri Fast Forward also witnessed healthy billing growth of 32% and 29% year-on-year respectively. Naukri Gulf reported a YOY growth of 26% during the quarter, primarily led by growth in new customer count on the platform. Our overall client base increased to 132,000 customers in FY24 from 127,000 customers in FY23. A few of our new businesses like Job Hai, Ambition box, etc. started monetizing in a small way in Q4. We believe there is significant opportunity in these businesses in the long term and they have the potential to grow at a much faster pace going forward. We continued investing in both AI, data science, machine learning, generative AI and product improvements to enhance user experience and refine our recommendations and search engines. The deployment of multiple functionalities across our products has improved user engagement, experience, and increased productivity and efficiency. Platform metrics continue to remain healthy. The Naukri database now has 98 million resumes and average daily app installs were highest in Q4 and the average number of resumes added daily grew year-on-year by 40% to 28k. On the job seeker side, we introduced Naukri 360, a comprehensive suite for all career-related

initiatives both on and off the platform, reinforcing our position as a modern career brand. Additionally, we've integrated Coding Ninja, making upskilling a central component of our offerings. In March, we also revitalized the Naukri brand to resonate with the newer generation of working professionals. We introduced a fresh, more vibrant brand identity that maintains our legacy and signature visuals while adopting a bolder aesthetics. We unveiled the same in the current IPL season through a couple of brand campaigns that have gained quite good traction. Overall, we are optimistic about the recent improvements in the core Naukri business and the growth of the new sort of emerging product lines and strategic businesses. We plan to monitor the overall growth over the next one or two quarters before confirming a definite recovery.

Moving on to the real estate segment, in Q4FY24, billings grew by 26% to Rs. 131 crores and revenue grew by 23% to Rs. 93 crores. Operating losses reduced by 31% to Rs. 15 crores and cash flow operations was a positive Rs. 30 crores, a year-on-year growth of 121%. For the full year FY24, billings grew by 24% to Rs. 385 crores and revenue grew by 23% to Rs. 351 crores. Operating losses reduced by 42% to Rs. 69 crores. Cash loss for the full year was Rs. 13 crores, a year-on-year improvement of 82%. FY24 has been a healthy year for 99Acres and supported by favourable macro tailwinds and good execution by the team. The momentum continued in Q4 as well for both the primary and secondary parts of the business. Driven by strong demand and premiumization of supply, prices continue to rise significantly in some markets. Affordability measured as property prices divided by annual income also continues to be good. It has improved a lot over the last few years. Unsold inventory levels continue to remain low in the top 8 cities and many developers continue to seek good responses to their new launches. New launch sales continue to be dominated by channel partners. We are working to improve our go-to-market for this segment and grow our market share in the new launch segment. Billing growth in Q4 was driven by growth in both the number of billed customers and improvement in average billing per customer. We saw strong billing growth in metros as well as tier 2 and tier 3 cities. We continue to improve the efficiency of our digital performance, marketing spending, using analytics, creative content and audience optimization strategies. Overall, traffic in Q4 grew by 26% year-on-year driven by growth in new projects and resale traffic. Our app DAU base also grew strongly by 36% year-on-year in Q4. We continue to lead in terms of the quality of traffic, time spent and brand recall. 99Acres continues to focus its investments on growing its user base and delivering a superior platform experience and differentiated content to help its users make the right real estate decisions.

Moving on to the matrimony business, in Q4FY24, billings grew by 26% to Rs. 26 crores and revenue grew by 29% to Rs. 24 crores. Operating losses reduced by 59% to Rs. 9 crores. Cash loss was also Rs. 9 crores, a year-on-year improvement of 54%. For the full year FY24, billings grew by 17% to Rs. 85 crores and revenue grew by 10% to Rs. 85 crores. Operating losses reduced by 44% to Rs. 59 crores and cash losses were Rs. 55 crores, a year-on-year improvement of 56%. The success of the freemium model we introduced a few years ago is clearly reflected in the consistent growth in revenue, organic traffic and the increase in user profiles on the platform, all achieved alongside a continuous decrease in marketing spending. Our marketing expenses are down 50% year-on-year in Q4FY24. All platform metrics like acceptances between users and two-way chats continue to grow aggressively in the quarter. The team maintains its focus on exploring additional ways to monetize platform traffic. In this business, we continue to enhance revenue generation and reduce quarterly losses to achieve break-even soon.

Moving on to the education vertical Shiksha.com, in Q4FY24, billings grew by 9% to Rs. 45 crores and revenue grew by 22% to Rs. 39 crores. Operating profit grew to Rs. 6 crores from Rs. 1 crore in the same quarter last year. Cash from operations was Rs. 15 crores, which was flattish year-on-year. For the full year FY24, billings grew by 15% to Rs. 143 crores and revenue grew by 19% to Rs. 139 crores. Operating profit was Rs. 3 crores. Cash from operations was Rs. 24 crores, a YOY growth of 15%. The registrations for MBA and PG courses peaked this year due to campus placements getting impacted, especially in IT-related jobs. New private universities in India, coupled with expansion of course offerings beyond engineering by existing universities, offer an opportunity for Shiksha to expand its footprint further. We continue to invest in making our content more comprehensive and student friendly in building deep domain expertise in this space. Students' interest in studying abroad in the fall 2024 season was impacted by the weak external environment. We continue to make long-term investments in strengthening the Shiksha study abroad platform.

Moving on to the consolidated financial highlights for the company. At the consolidated level, the net sales for the company stood at Rs. 657 crores in Q4 of FY24 versus Rs. 605 crores for Q4 FY23. The total comprehensive income stood at Rs. 7,959 crores compared to a loss of Rs. 415 crores in the corresponding quarter ending March 23. After

adjusting for exceptional items, the profit before tax in Q4 FY24 was Rs. 324 crores compared to a loss of Rs. 349 crores in Q4 FY23.

Thank you and we are now ready to take any questions that you have.

Vineet Ranjan: Thank you very much, Hitesh. I guess we can begin the questions now. Anand, we can take the questions from the queue.

Moderator: The first question we have from Swapnil from JM Financial. Swapnil, go ahead and ask your question.

Swapnil, JM Financial: Thanks for the opportunity. I will start with a clarification first because as there was a mention of some advertising spends for Naukri in the current IPL. So, any qualitative or quantitative numbers you can share as to how much of the spends would be and or will there be any impact on our margins in the Naukri business because of the spends?

Hitesh Oberoi: We cannot tell you how much we would be spending this quarter because the quarter is still on. But yes, we will be spending a lot more in this quarter than what we spent in previous quarters. Whether it will impact on margins or not in the long run will depend on what kind of revenue growth we get this quarter. So, hard to say where margins will land.

Swapnil, JM Financial : And if I were to extrapolate a few things, your Naukri billing seems to have bottomed out. IT also now moving into double-digit growth. Consultant business may also start improving in the next one or two quarters. Assuming that happens, how much time do you think will it take for your Naukri business margins to move to 60% kind of levels, which historically used to be the trend and now they are closer to 57%. If you can quantify in terms of quarters, that would be really helpful.

Hitesh Oberoi: It is very hard to say because we do not know how demand will pan out. But what we have said in the past is that if we are able to grow our revenue, grow our billing by 15-16% year on year, we should be able to maintain margin. If we are able to grow at 20%, that will help us improve our margins. And if we grow at 9-10%, then our margins might take a dip in the short term. So, that will continue to hold.

Swapnil, JM Financial : And with respect to the revenue or billings contribution from JobHai and AmbitionBox, can you give a sense first on the revenue model? How much has been the contribution in Q4 and how quickly do you expect these businesses to ramp up to meaningful levels such that they contribute to the recruitment segment in a meaningful way?

Hitesh Oberoi : We just started monetizing in Q4. And right now, the contribution is tiny. The overall number is miniscule. How fast will this revenue ramp up, hard for us to say. But all we're saying is that we've started monetizing and the response in Q4 is encouraging. But for the revenue to become meaningful to when to start impacting on numbers will take several years.

Swapnil, JM Financial: Okay. And just the last one, your billings growth in the matrimony business seems to be much faster than the competition. What do you think is working for you? And, this is despite the fact that your marketing spends have come down meaningfully, whereas the competition seems to be still spending and not able to grow. So, any specific thing you want to call out or qualitative view as well is fine.

Hitesh Oberoi : If you recall, we changed our model some time back, we started giving a lot of services for free, which we used to charge for earlier, and that hit our revenue for some time. In fact, billings were minus 30% for a while. But we believe that this model change was important for us, we are number three player and for us to stand out and make an impact and get noticed, this was required. Now, what's happened over the last 7-8 quarters as a result of this change, is that our traffic share has grown, we are getting more profiles and earlier, our engagement is also a lot better, we're seeing a lot more acceptances on the platform. And now we are slowly pushing the pedal on monetizing. We've introduced new products and services to help us monetize this engaged audience better. That's why you saw this bump in billings in Q4. So, we are still tiny in the grand scheme of things. But in the markets where we operate, we have significant share. We are a strong number two player in the Hindi belt. And we are perhaps as big as the number one player when it comes to traffic in the Hindi belt now. Let's see how this pans out going forward.

Swapnil, JM Financial : If I were to just to add on to that and ask you, as assuming you break even in the next few quarters in this business, what will you focus on? Will you focus on growth at 20-25% which has happened in this particular quarter? Or would you want to ensure that the profitability also continues to improve in a straight-line manner? And maybe you will accept market growth kind of a scenario?

Hitesh Oberoi : So, in the matrimonial business, our goal is to break even as quickly as possible.

Swapnil, JM Financial: Now, once you break even, what will be the strategy thereafter? Will you want to operate at 0% margin, for some time and focus on growth? Or will you be expanding your margins, growth might be slightly slower?

Hitesh Oberoi: We'll cross the bridge when we get to it. But we are under no pressure to make money in the matrimonial business. We would rather focus on gaining share. But. we would want to break even.

Swapnil, JM Financial: Got it. Thanks a lot for the opportunity.

Moderator: Thank you, Swapnil. The next question is from Nitin Jain from UTI AMC. Nitin, go ahead and ask your question.

Nitin Jain, UTI AMC: Thank you for the opportunity. And congratulations on the good performance. So, my first question is on the recruitment business. So, the margins have dropped by about 3% percentage points year on year in this quarter. So, would you be able to throw some light here? Like, is it because of an increased ad spend or is there something else that we're missing?

Hitesh Oberoi : Margins have fallen because billing growth was almost flattish last year and costs went up. Manpower costs must have gone up by 10%. Marketing costs must have gone up. Overhead must have gone up. We continue to invest in a few areas, we think growth will come back at some point in time. And we don't want to delay investing in those areas, which are important for the long run. So, we continue to invest in data science, machine learning, expanding our sales team, we are focusing more on doing our non-IT business because IT hiring is slow. So, that's the reason, margins went down.

Nitin Jain, UTI AMC: You've indicated that Job Hai and Ambition box has started monetizing. So, can you elaborate what, how we are monetizing and what kind of growth we can expect here?

Hitesh Oberoi: Right now, we just started monetizing last quarter and we were able to get some customers on both AmbitionBox and JobHai. These are very early days. The model will evolve with time. So right now, it's hard for us to predict what's going to happen in these two verticals. It's only been a month or two since we took them to market.

Nitin Jain, UTI AMC: Job Hai, the model is similar to Naukri, is it? Monetizing model?

Hitesh Oberoi: Basically, you're monetizing job listings and response.

Nitin Jain, UTI AMC : Okay. And for Ambition box?

Hitesh Oberoi: Ambition box, we are selling a few branding solutions for ambition box right now.

Nitin Jain, UTI AMC: For the full year, the difference between billing and revenue growth is notable, like it's around 5%. So, how do we reconcile this? Like, is there a timing difference? Or like, is there any leakage happening here? This is for the recruitment business.

Hitesh Oberoi: Chintan, you want to answer that?

Chintan Thakkar: We are on a subscription basis model. So, what happens is that whatever billing that happens in a particular quarter, the recognition of revenue happens subsequent to that depending upon the tenure of the contract. So, there is no real question of any leakage, because all the invoices that gets booked in billing will eventually get recognized depending upon the tenure of the contract. The contract is usually 12 months or lesser than that period. So, the difference is because what happens is, let's say we had a reasonably encouraging quarter Q4, in recruitment business, particularly. So, billing has gone up, but the revenue that you are seeing in Q4, by and large, it comes from what the sales have happened in Q1, Q2, and Q3. There will be some element of Q4 as well in that revenue, but mostly it would be Q1, Q2, Q3. That's why when there's a sharp rise, or a sharp decline, the billing will tell you actually what

the real impact on the business is, rather than the revenue. Revenue is more a derivative that comes from the billing. That's why you keep talking about the billing numbers.

Nitin Jain, UTI AMC: So, it's more to do with timing.

Chintan Thakkar: Yes, it's timing and the maximum is 12-month time, but it reconciles eventually.

Sanjeev Bikhchandani: It's basically about the fact that you're recognizing a revenue as it accrues. So, if there's a one-year subscription, you recognize 1/365 every day. And so, for the 12 months, the revenue gets recognized over 12 months even though you may have collected the money today and billed today.

Nitin Jain, UTI AMC: And what is the Rs. 12 crores write-off for, if you can elaborate?

Chintan Thakkar: Yeah. So, look, some of the investments that we have, right, and as that most of the investments in startup type of companies, they have started now chasing a lot more about the profitable growth, rather than growth at any cost. Because of that, what happens is that whatever the initial projections were there when we invested, and what the projections now would be, there will be a kind of difference in that. Hence, as per the funding standards that we follow, we need to revalue some of these assets. And on revaluation, we think that the projections have kind of gone down, then we need to take an impairment for that. That's the impairment cost.

Nitin Jain, UTI AMC: Okay, great. And last question for Hitesh. So, for both 99 Acres and Jeevansathi, the marketing expenses have gone down, notably. In the past, you have indicated that these are usually a function of competitive intensity, like if competition spends, you need to spend too. So, how do you see, is this an indication of competitive intensity coming down? Or like you think the brands are strong enough to generate good organic traffic?

Hitesh Oberoi: I think it's a bit of both. So, in Jeevansathi, we changed the model, we took a hit on revenue, because we went free, and that helped us acquire a lot of users, and we are continuing with that model, and the market has also become a little more rational, because we were spending a lot of money earlier, and so were the others. Now, because we brought down our spending, maybe others are also spending a little less than what they would have spent otherwise. In 99 Acres it's still very competitive. But we believe this is the optimum level of spending beyond this is may not help our business. And we would rather invest in other areas. And so that seems to be the current thinking. Let's see how it goes.

Nitin Jain, UTI AMC: Great. All this is quite helpful. Thank you so much.

Moderator: Thank you, Nitin. The next question is from Deep Shah from BK Securities. Deep, go ahead and ask your question.

Deep Shah, BK Securities: Thanks for the opportunity. Hitesh, so one question is that our IT billings have grown 11%, but that recruitment consultants is flat. And typically, we understand two-third of the recruitment consultant is IT. So, how should we marry these two aspects? Is it that IT is a lot more because of GCCs or captives, or any such colour commentary that is there?

Hitesh Oberoi : My sense of what's happening is that a lot of the IT companies had over-hired, because after COVID, there was a lot of digitalization worldwide, and there was a lot of demand for IT services. Our business also grew like a hockey stick for a while at that time. Attrition rates were high and people were hard to get and salaries went through the roof as a result. When demand suddenly disappeared companies realized that they had over hired and utilization rates at these companies, which used to be average 85% pre-COVID, the utilization rates fell. And for a long time, therefore, many of these companies did not hire or did not replace the people who were leaving. The headcount, in fact, went down at some of the IT services. I think we are now perhaps at a stage that where some of these companies, the utilization rates are back to near pre-COVID levels. And they have started replacing some people who are leaving. Maybe that is the reason why our IT revenues started to look up a little bit, of course, as a base element as well, right. So, our bases are much lower than what they were last year.

Deep Shah, BK Securities: So, it's not wholly attributable to GCCs or captives. Obviously, there will be a good part of it there, but not wholly attributable. And then the trend that you highlighted, IT companies haven't been doing very rosy commentary. But the fact is that what you've said is, is visible. So, then fair, I know, I'm not even asking for a number or guidance, but fair to say that with some hiring and IT companies already there. It's very comfortable to say

that we've actually bottomed out and therefore the recruitment side should also pick up, maybe 1-2 quarters later, or what's your thought process there?

Hitesh Oberoi: I hope that is the case. I really don't know. Demand for IT services is more indexed to what happens in the US, than to what happens in India. So, while a lot of Indian companies also hire IT talent, while startups also hire a lot of IT talent. I mean, in the grand scheme of things that hiring is tiny, right? If GCCs grow, that will also help our business. So, it's not just a function of what happens to IT services companies but also a function of what happens to GCC hiring, what happens to startup hiring, and what happens to Indian companies who hire IT professionals. But the IT companies continue to be a big part of the puzzle. And, maybe we have bottomed out or maybe we haven't, I can't say for sure. All I can say is that, on our website, more IT jobs are being posted every day than was the case three months ago. On our website, more CVs are being viewed by IT companies than was the case maybe 3-4 months ago. Let's hope it sustains.

Deep Shah, BK Securities: Thanks, Hitesh. The second is on this Naukri 360 that you alluded to in your opening remarks. So, is it something like the RMS thing with which we had launched, I think, four or five years ago, or is this something different, more comprehensive if you could just explain a bit more.

Hitesh Oberoi: We have a candidate service business called fast forward, where we write resumes for people, we help them fast forward their job search. So, Naukri 360 is basically a suite of services which we've launched for job seekers to help them navigate the career market a little better. We, for example, have some interview prep services. We are experimenting with a bunch of new offerings. And the whole idea is in the long-term position Naukri more as a career brand, not just as a job board. So, that's really what Naukri 360 is all about.

Deep Shah, BK Securities: And this is sold as a separate license, separate subscription, or it's a value add to say someone who's using your career database, like...

Hitesh Oberoi: No, these are for job seekers, these are for job seekers.

Deep Shah, BK Securities: Okay. That is for a job seeker. Understood. Thanks, Hitesh. Yeah, that's all from us.

Moderator: Thank you, Deep. Thank you so much. Next question is from Vivekanand from Ambit Capital. Vivek, go ahead and ask your question.

Vivek, Ambit Capital: Thank you so much for the opportunity. So, on recruitment, again, extending what Deep was asking related to a recovery, you did highlight that the activity on the portal is improving. And we see that in the job seek database as well. Month on month, there is an improvement. Do you think that now as we enter FY25, since the first nine months of FY24 had a decline in billing, is the base quite favourable? And perhaps the growth could accelerate from this low base? Or am I reading it wrongly? And it's still very unclear. That's question one. Second one, on the recruitment side, and now that that you've started monetizing these products, have you thought through what the market size could be for some of these segments? And if you could help us understand, that'd be great. Thank you.

Hitesh Oberoi: The base is a lot lower. And therefore, it should be possible to grow faster on this base, if the market remains reasonable. So, if the economy continues to grow at 7% per annum, if demand for IT services starts coming back, even moderately, I think that should certainly help us grow a lot faster. I mean, in Q4, you saw that, right? Our billing growth was much higher than what was in the first three quarters of the last financial year. So, if attrition rates start to pick up a little bit, if demand starts to come back a little bit, if the economy continues to be buoyant, we should target higher growth in the core business. Then, of course, there are these newer verticals, we've been investing in, like IIM jobs, HIRIST, Doselect, these verticals, we would want them to grow even faster, because there, we have an opportunity to penetrate more customers. So, there's a penetration opportunity as well. If Naukri has 120,000 customers and maybe 20,000 large customers or 15,000 large customers or 30,000 large customers, then the number of customers who use some of these offerings are a fraction of that number. So, there's an opportunity to grow these products and services faster than the main Naukri business. So, we'd be investing behind that. And like I said, we've also opened new offices. Because there are many more cities where we think we can get some business. Now, it's not as if any one of them is going to move substantially, but they will hopefully all add up over time and help us go a few percentage points faster in the medium term.

Vivek, Ambit Capital : Okay, understood. Very helpful. Just on recruitment itself, trying to understand the cost associated with some of the branch expansions. Is that now fully in the base? Or will there be any meaningful pickup in costs? I understand you don't want to comment on the IPL spends. But other than that, is the fixed cost for the new infrastructure already in place?

Hitesh Oberoi: We are expanding our sales team, so we're hiring more sales people. Now, some of them have been hired, but some are yet to be hired. So, Naukri headcount will grow next year over last year. And, but a lot of the hiring and then we're also going to be investing a little more in data science and machine learning. So, that headcount will also grow. So, some of these costs some of these people have already been hired, but some more will be hired over the next couple of quarters.

Vivek, Ambit Capital: Last one on the ad spends, you highlighted about the optimization of programmatic advertising on 99acres. Is it possible for you to walk us through the nature of ad spend that you currently have? How much of the Rs. 270 crore is brand advertising? How much is programmatic? And how does it look like across the various verticals that you're presenting? Thank you.

Hitesh Oberoi: So, we don't give out those details. And I really don't have the numbers with me right now either. For competitive reasons, we would not want to give out that information.

Vivek, Ambit Capital: Sure. Sanjeev, if you can discuss a little bit about the investment that you announced in Gramophone. This was one of the five odd promising businesses that you had articulated or discussed in 2022 when you expanded AIF to new funds. Any comments here in terms of how it's scaling up? I can see that the revenue has declined in Gramophone.

Sanjeev Bikhchandani: So, 2021-22 was a different environment. Since then, the company has faced some headwinds. It is still early stage, still carrying early-stage risk, but we continue to support it because we believe it has potential. This is an internal round where current investors are putting in money, although we are putting in the bulk of the money. And with this, they're going to follow a break-even plan. And let's see how far they go with this.

Vivek, Ambit Capital : Understood. Thank you.

Moderator: Thank you, Vivek. Next question is from Nikhil Chaudhary from Nuvama. Nikhil, go ahead and ask your question.

Nikhil Chaudhary, Nuvama: Thanks for the opportunity and congratulations on strong quarter. So, Hitesh, first question is on the recruitment side, we have seen IT and non-IT now growing in double digit, while third party consultants still flattish. Generally, even third-party consultants indirectly are impacted by IT and non-IT hiring. So, based on your experience, how much time it takes for a consultant to start delivering growth?

Hitesh Oberoi: I think a lot of this is a function of attrition, one, at IT companies and two, whether they want to grow their headcount over the previous year. So, if attrition numbers start to look up at IT services companies, and normally that happens when there is demand, and then they come under pressure to hire people faster. That's when they try whatever can help at that stage. So, that's when they start going to consultants. If they're under no pressure to hire, they would rather use portals and be done with it, because they can take their own sweet time to hire. They're under no pressure. They're not losing business. So, hiring through recruiting consultants start looking up and demand starts looking up for IT services.

Nikhil Chaudhary, Nuvama: Sure. Second is a follow up on that with IT, non-IT in double digit, that two, quarter four last year had higher base compared to next 12 months. Now your Naukri job speak has shown even further improvement. IT for the first time has grown after 15 months on a YOY basis. And that too, with the IT company reporting negative headcount, right? So, is it fair to assume now the billing should be heading towards double digit, especially in Naukri?

Hitesh Oberoi: I hope so. Hard to predict the future. Like I said we are seeing more activity on our platform. We are seeing more jobs being posted every day. Of course, the base has also been corrected. So, when I say more jobs are being posted, it's compared to a year ago. We are seeing more recruiter activity in terms of CVs being viewed. So, anecdotally, we at least we are hearing from a lot of companies that their utilization rates have moved up. But at the same time, there is this whole overhang of the US election and of generative AI and what it could do and so many

other things that it's very hard for us to call what the next few months are going to look like. There's also demand for certain skills, like new age skills like data science and machine learning and data engineering and AI, but they are a small part of the overall demand right now.

Sanjeev Bikhchandani: May I just add one little nuance here? You see, a lot of our billing is indexed to how many clients we have, to some extent is how much they use it, and what products they buy, but also number of clients we have. What Jobspeak measures is total activity, which could be coming from fewer clients, or more activity. So, the correlation between Jobspeak and our billing growth is not perfect.

Nikhil Chaudhary, Nuvama: Understood. That's it for my side. Thank you so much. Good luck for coming period.

Moderator: Thank you, Nikhil. The next question is from Vijit Jain from Citi. Vijit, go ahead and ask your question.

Vijit Jain, Citi: Thank you for the opportunity. My first question is on the non-IT side billing. So, obviously, last year, if I look at my notes, you had started to call out IT billing growth was challenging. It was still a decent growth here, and you attributed that to non-IT. So, is it fair to say that here non-IT is moderate because of the low base, or do you see the non-IT thing actually moderating? Because 11-12% is probably lower than what you've seen in the non-IT side in the last few quarters before, right?

Hitesh Oberoi: Yeah, you're right. So, non-IT growth has also slowed down from maybe a year, year and a half back. Some sectors continue to sort of do well. Growth in other sectors seem to have moderated a little bit. I also feel it's just because there is so much more talent supply in the market, because IT companies are not hiring and ITES companies are also not hiring, which are actually also, which also do a lot of non-IT hiring, there's just more talent supply, and it's easier to hire even for non-IT companies. So, somewhere if IT hiring starts to pick up, then perhaps that will also impact non-IT hiring somewhere, because attrition rates may start going up for those companies as well. So, they're all also connected, in some ways. But you're right, non-IT hiring has slowed a bit from perhaps a year back.

Vijit Jain, Citi: Fair enough. And so, thanks for adding that color earlier about the way IT companies are looking at hiring again. I think what you mentioned is that they are now beginning to replace people who are leaving versus maybe not doing that earlier. So, it looks like, as you said, hopefully early stages of recovery here. I'm just wondering, in terms of the kind of people they're hiring, is there a different pattern to it now versus maybe 2-3 years back, in terms of are they hiring more in the more experienced end of the spectrum or in new skill sets? Any colour you can give on what the hiring, where the hiring recovery is and any colour on that, that will be helpful.

Hitesh Oberoi: We haven't done a very detailed analysis, but clearly demand for certain skills is higher than it was maybe 3-4 years ago. So, all these new-age skills are in more demand, AI, machine learning, data engineering, data science, modeling, and analytics. These kind of skill sets are in more demand than the regular skill sets like Java and Python and others. But we haven't done a very deep analysis of this yet.

Vijit Jain, Citi: Sure, no problem, Hitesh. My last question, Hitesh, just looking at the non-recruitment verticals, right, obviously, if I look at year-on-year combined, all three businesses have shown a pretty sharp decline in losses. And you've said already that in both property and matrimonial business, your aim is to get to break-even? And education is almost kind of trend towards break-even in any case. So, do you think you have a pretty clear line of sight to actually getting these non-recruitment businesses to zero and above overall? Is that how you would look at it? Or would it simply, would it still be just three different pieces?

Hitesh Oberoi: We have a plan and the team is working on a plan. A lot will depend on how they execute. A lot will also depend on whether the market is supportive or not. And a lot will also depend on whether competition continues to be rational or not. So, if all these things fall in place, then of course, we would want to target break-even in our non-recruitment businesses.

Vijit Jain, Citi: And Hitesh, if I can just ask a quick follow-up to that. So, I mean, if I just look at the property business, right, and given how your costs in that segment have grown, maybe if your revenues are about 25-30% higher versus now, which could be next year or maybe in six quarters, you could break-even. Is that a fair assumption to make here?

Hitesh Oberoi: A lot of these platforms have been built, normally these businesses have reasonably high operating leverage. Brand is also sort of reasonably well-established. We have an existing customer base. There's a renewal business. So, if we are able to grow the 99acres business by 25-30% again this year, then we should be able to make

some, generate some cash this year. But fingers crossed, I mean, see, we've had a good 4-5-6-7 quarters in 99acres. But, till we see another 2-3 quarters of solid recovery, I would not want to comment on what the next year would look like.

Vijit Jain, Citi: Sure, I understand. Thanks, Hitesh. Thank you everyone for your time.

Moderator: Thanks, Vijit. Next question is from Abhishek from Nomura. Abhishek, go ahead and ask your question.

Abhishek, Nomura: If you could talk about the competitive intensity in the core recruitment business. This quarter, we didn't see any slide on the traffic data, what you guys normally share, and whether this marketing spend, what you're increasing is more opportunistic given the IPL season, or you think the intensity has changed and we need to keep it for a longer period?

Hitesh Oberoi : So, this traffic data, the data we get from independent sources is no longer relevant, because most of our traffic is on the app. And app traffic for others is hard to get. So, we can release our traffic data, which is as per our sources. But it doesn't make any more sense to look at data from independent sources, because mostly that data is website traffic data, and that is a very small proportion. In Jeevansathi, for example, 90-95% of our traffic is on the app. And in Naukri, maybe 70-80% of the traffic is on the app. In 99acres, 60-65% of the traffic is on the app. So, app usage has really grown. And that's where most of the action is in all our platforms. And that data is hard to get for other players. We can release, we can give you our data, but you won't be able to compare it with others. As far as the advertising is concerned, we've been working on a bunch of things in Naukri, we were out of media for a long time, we have launched some new offerings, we just changed our logo. And, we want to grow our non-IT business, which is, so you need to reach more audiences, you need to reach more cities. So, we felt that it made sense to advertise on IPL. And if you get a good response, then we will invest a little more in marketing going forward. It may, if we get our 15-17% growth, then we'll be able to maintain margin, but we might take a hit in the short term if growth continues to lag for a while. But like I said earlier, we know that the market will come back at some point in time. We don't want to compromise on what we think is important to grow the business in the long run. We continue to invest in Job Hai, we've been investing in Job Hai for the last three years. We will continue to invest for another few years before it makes money. We continue to build our capability in data science and machine learning. We think it's important in the long run. We continue to invest in adjacent verticals. And even in marketing, since we've been out in media for a while, we just felt that maybe made sense for us to go back at least for some time. Hopefully, growth will come back. And therefore, margins again start going up.

Abhishek, Nomura: Thank you for that answer, Hitesh. Just one more if you could talk about your cash usage plan now, we're almost at Rs. 4200 crore cash. Last year was a benign year from an opportunity point of view in the market, valuations are very subdued in private market. Yet, we didn't aggressively participate, maybe because of a lack of opportunities. And we are now still generating a lot of cash. So, has the Board thought about increasing the payout levels from here, and you have a highly liquid investment like Zomato and PolicyBazaar, which can be sold any moment if you need cash strategically. So, if you could answer that.

Chintan Thakkar: So, look, you're right we have something around Rs. 4200 crore cash on hand. But if you really kind of slice and dice the balance sheet you'll see that we also have deferred revenue of almost like Rs. 1100 crore. So, that's a kind of a liability in some ways that there's the, because of the negative working capital that we, so we would write on a conservative basis, we would like to keep that as a cash balance because that's a working capital that we have received money from the customers. Secondly, if you look at 12 months expense for us, it will be something around Rs. 1500 crore. So, if you really take these two items out, then we are not really left with very high amount of cash. The third is that, look, we are always open for any opportunistic inorganic activity or any investments in the strategic startups. And none of the good digital assets are cheaper nowadays. So, keeping all that in mind we think that, yes, we have enough sufficient amount of cash, cash is central to our part of our strategy. Having said that, we have increased our payout. We have just announced the final dividend and we have increased a little bit, despite the fact that our profitability was kind of flattish, we have increased the dividend, which gives us a signal in some ways. But we think right now we have a kind of a right size cash balance on hand.

Sanjeev Bikhchandani: May I just add to that? You see, what cash in the bank gives you is the confidence to take some calls that you might not have taken in times of crisis. And there have been two very specific occasions when we have done this, and the cash in the bank has helped us take those calls, giving us the confidence. The most recent example

is April-June 2020, when there was a lockdown, there was COVID, there was no light in the tunnel, there was no cure, there was no vaccine, there was no nothing. And Naukri billings de-grew by, I think, 44 or 48% that quarter, YOY. And we had cash. And there were several companies who downsized and let go of people. And we were faced with that choice. And it was a cash in the bank. So, the stress test that Chintan did, and then presented to the board and to Hitesh and me, was that the question we posed him was that, okay, Chintan, if revenue goes to zero, if marketing expenditure is zero and increments are zero, how long can the company last on the current cash balance? And the answer he came back with was three years. Now that answer gave us the confidence to not sack people. And it'd be terrible apart from the fact that it'd be completely contrary to our core values that people have built this company. And in a time of crisis like COVID, if you let them go, as they are already tensed about COVID, and they're stressed, and if you take their jobs away, it's a terrible thing to do. And from a business perspective, when the bounce back happened after a couple of quarters was so good and so great that because we hadn't sacked people, we were able to take advantage of it. And for a long time, Naukri really grew very fast. And we were able to get that growth because we had not let go of people. So, cash allows you to take those calls and we think it's okay.

Abhishek, Nomura: Got it. Thank you so much, Chintan, Sanjeev, and Hitesh, and all the best for Fiscal 25.

Moderator: Thank you so much. We have some questions in the chat box, so we'll take those now.

Vineet Ranjan: Yeah, maybe I can read it out. Hitesh, first question is for you. What specific initiatives have led to the growth in Billings for Jeevansathi?

Hitesh Oberoi: We went free sometime back and we took a hit on our revenue and because we were giving a lot of stuff for free. Now we've started tightening the screws on what is free and what is not. We've gained share in the last couple of years, traffic share. We've got many more people who are active on the platform than earlier. We are enabling more matches than earlier. And therefore, we've started charging for some stuff which was perhaps free earlier. I mean, it's still free, I mean, but some stuff is not as free as it was earlier. Right, and that's led to this growth in Billing in Jeevansathi.

Vineet Ranjan: The next question is for Sanjeev. Any plan to reduce your stake in PB Fintech or Zomato in near future?

Sanjeev Bikhchandani: Look, I mean, the board is always open to a discussion around this, but what we believe is that there's plenty of growth left and valuation left in both these companies. And for the moment, we would like to hold and not sell.

Vineet Ranjan: Sanjeev, an additional question is, can you give an update on some investee companies and also an update on performance of AIF?

Sanjeev Bikhchandani: The AIF performance we don't go public with, but let me say that it's a good team managing it well, both all the AIFs. And yes, like all AIFs, it's a portfolio. There'll be some good companies, some middling company and some not so good companies. Overall, I think we are okay, but I cannot be more specific than that.

Moderator: Next, we have Nitin Sharma from Moneycontrol Pro Research. Nitin, go ahead and ask your question.

Nitin Sharma, Moneycontrol Pro Research: So, Hitesh, real estate listings look kind of flattish in terms of YOY basis. Would you say there's a scope in terms of volume growth from here and how you are placed versus the competition in terms of pricing?

Hitesh Oberoi: What happens in a good real estate market is that real estate sells faster. And perhaps what's happening is that, one, there's not enough supply, and two, whatever is put out is moving faster than earlier. In a bad real estate market, sometimes you can take years to sell, sometimes you can take many months to sell. In a market which is hot, it tends to move faster, and supply is also sort of limited. Can we grow supply from here? So, if more supply hits the market, definitely, because we'll get our share of that. Of course, we're also working on gaining share. In some geographies, we are, in some markets, we are very strong, in some geographies, we are relatively weak. So, we're also working on improving our share in certain geographies. And if that happens, then, of course, we'll end up getting more supply in those localities and geographies as well.

Nitin Sharma, Moneycontrol Pro Research: And on the pricing side, what kind of competition you're seeing in terms of pricing, a general colour would be helpful.

Hitesh Oberoi: We make money from new homes, we make money from new launches, we make money from rental, we make money from resale, we make money from commercial listings. In the new home part of the business, our real competition is actually portals like Facebook and Google, and the price is really set by them. And we are price takers in that market. And in the resale and rental market, we are a leader. But of course, we have competition from players like Magic Bricks and housing. And there we believe there is an opportunity to take prices up further, because we believe that we're creating a lot of value for our customers. Of course, prices of real estate have also moved up substantially. So, if you just look at the value of a lead if real estate prices are up 20% year on year, for example and we're still generating the same number of leads as earlier, the value of those leads is up 20%. So, but you don't take prices up in one go, so we'll slowly and steadily take up prices on the resale side of the business, as we deliver more and more value to our customers.

Nitin Sharma, Moneycontrol Pro Research: Understood, thank you.

Vineet Ranjan: Hitesh, there's a follow up on Jeevansathi. Did the growth in Jeevansathi driven by order value or the number of orders and what will be the strategy going forward?

Hitesh Oberoi : So, I suppose like I said, we are charging for some services we were not charging for earlier, and we've launched some new services which were not there earlier. And so there are so, the number of users on the platform has also grown. So, we are therefore getting both many more customers than earlier. And some customers are also buying more services than earlier. I don't have the breakup.

Vineet Ranjan: Thank you, Hitesh. Maybe we can just conclude this call. Thank you, everyone, for attending.

Hitesh Oberoi: Thank you, everyone. Have a great evening.

Sanjeev Bikhchandani: Thank you so much. Good night, everybody.

Moderator: Thank you so much, everyone. Thank you.