INFO EDGE (INDIA) LTD.

Date: June 01, 2023

1. **The Manager- Listing**
   National Stock Exchange of India Limited
   (Scrip Code: NAUKRI)

2. **The Manager- Listing**
   BSE Limited
   (Scrip Code: 532777)

Sub.: Transcript of Q4 FY 2022-23 Post Result Conference Call

Dear Sir/Madam,

In furtherance to our letter dated May 27, 2023 and pursuant to Regulation 30 of the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015, given below is the link of the transcript of the Conference Call on the Financial Results for the Quarter and Year ended March 31, 2023, held on Friday, May 26, 2023 at 05:30 PM (IST), post declaration of results. The same has been updated on the website of the Company

Link: https://www.infoedge.in/pdfs/financial_pdfs/f_Earnings/investor-concall-transcript-26may2023.pdf

A copy of the transcript of the Conference Call is enclosed herewith.

Request you to take the same on record.

Thanking you,

Yours faithfully,
For **Info Edge (India) Ltd.**

CHINTAN ARVIND THAKKAR

Digitally signed by CHINTAN ARVIND THAKKAR
Date: 2023.06.01 11:13:29 +05'30'

Chintan Thakkar
Whole-time Director & CFO

"Info Edge Q4 FY 22-23 Results Conference Call"

May 26, 2023

MANAGEMENT: **MR. SANJEEV BIKHCHANDANI – FOUNDER & VICE CHAIRMAN, INFO EDGE (INDIA) LIMITED**

MR. HITESH OBEROI-CO-PROMOTER & MANAGING DIRECTOR, INFO EDGE (INDIA) LIMITED

MR. CHINTAN THAKKAR – CHIEF FINANCIAL OFFICER, INFO EDGE (INDIA) LIMITED

Anand Prakash Bansal: Good afternoon, everyone. We are about to start. I am Anand Prakash Bansal and along with my colleague, Vivek, hosting this call. Vivek, we have 100 people with us. We can start.

Vivek Aggarwal: Yeah. Thanks, Anand. Hi, everyone. Good evening. Our sincere apologies for being late on the call. We welcome everyone to InfoEdgeQ4 and Full Year Financial Year 23 Results Conference call. As a reminder, all participant lines will be on listen- only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need any assistance in the call, please raise your hand on the screen. Please note that this call is being recorded. From the management side, we have Mr. Sanjeev Bikhchandani, Founder and Vice Chairman, Mr. Hitesh Oberoi, Co-Promotor and Managing Director and Mr. Chintan Thakkar, our CFO. Before we begin today, I would like to remind you that some of the statements made in today's conference call may be forward-looking in nature and may involve some risk and uncertainties. Kindly refer to slide number two of the investor presentation for detailed Disclaimer. I would like to hand over the call to Mr. Hitesh for his opening remarks. Thanks and over to you, Hitesh.

Hitesh Oberoi: Thank you, Vivek and apologies once again for starting a little late. Good evening, everyone and welcome to our fourth quarter and full year earnings call. We will start with an update on standalone financials and then cover the financials of each business in more detail. The audited financial statements and other schedules on segmental billing, revenues, etc. along with our data sheet have been uploaded on our website infoedge.in.
Overall, billings in Q4 stood at Rs 748.6 crores, a year-on-year growth of 15.3 %. For FY23, billing stood at Rs 2366.3 crores, a year-on-year growth of 26.8 %. Revenue in Q4 stood at Rs 564 crores, a year-on-year growth of 23.8%. For FY23, revenues stood at Rs 2158.6 crores, year-on-year growth of 38.2%.
Billing in revenues along with acquired businesses, Zwayam and Do Select, for the quarter stood at Rs 770.4 crores and Rs 586 crores respectively.
For FY23, billing with acquired businesses stood at Rs 2433.4 crores, a year-on-year growth of 28.7%. Operating expenses for the quarter excluding depreciation and amortization were Rs 343.7 crores, a year-on-year growth of 5%. For FY23, operating expenses were Rs 1374.4 crores, a year-on-year growth of 25.1 %. Operating EBITDA for the quarter stood at Rs 220.3 crores versus Rs 128 crores reported last year, a year-on-year growth of 72 %.
And for FY23, operating EBITDA grew 69 % year-on-year to Rs 784 crores from Rs 464.3 crores last year. Operating EBITDA margins for the quarter stood at 39.1 % compared to 28.1% last year. For FY23, EBITDA margins stood at 36.3 % compared to 29.7 % for last year. Operating EBITDA including acquired businesses stood at Rs 231.6 crores, a year-on-year growth of 70.9 %. For FY23, operating EBITDA including acquired businesses stood at Rs 807 crores, a year-on-year growth of 73.3 %. During the quarter, we impaired an amount of Rs 12 crores granted as ICD to 4B Network Pvt Limited.

Cash generation from operations for the quarter stood at Rs 412.9 crores compared to Rs 374.3 crores in Q4 FY22, a year-on-year growth of 10 %. For FY23, cash generated from operations stood at Rs 1038.5 crores, a year-on-year growth of 14.5 %. Deferred sales revenues stood at Rs 1,018.5 crores as of 31st March 2023 versus 819.6 crores as of 31st March 2022, a year-on-year growth of 24.3 %.

The cash balance of Info Edge including the wholly owned subsidiary stands at Rs 3,490 crores as of 31st March 2023. In the recruitment market, we are witnessing a period of cautious spending from customers in IT. The Q4 Job Speak reported a nominal growth of 1 % primarily due to de growth the IT space. On the other hand, positive hiring patterns emerged in sectors like BFSI, real estate, auto, ancillary, travel, and hospitality segments during the quarter.

The Indian real estate market continues to be stable and certain micro markets are very, very hot.Though the price increases have stabilized in the last Q4, the inventory levels are still lowest in the last decade and we're expecting a series of new launches in both the residential and commercial space.

In the education space, we are seeing stability return to colleges and universities and the number of students going overseas for education also continues to go up.

Moving on to the financials of the recruitment business, in Q4 of 23, the recruitment segment billings were Rs 583.5 crores, a year-on-year growth of 13.7 %, while revenues were Rs 437.6 crores, a year-on-year growth of 27.1 %.

For FY 23, billing stood at Rs 1858.7 crores, a year-on-year growth of 29.54 %, while revenues stood at 1679.6 crores, a year-on-year growth of 45.5 %. Operating EBITDA for the recruitment business stood at Rs 271.5 crores, a year-on-year growth of 31.3 %, and margins stood at 62.1% against 60.1 % in Q4 of last year. For FY 23, operating EBITDA stood at 1030.9 crores, a year-on-year growth of 51.6 %, and operating EBITDA margin was 61.4 % up from 58.9 % last year. Cash generated from operations for the recruitment in the recruitment business during the quarter stood at Rs 447.3 crores, up from Rs 412.1 crores in Q4 of last year. The recruitment business generated Rs 1245 crores of cash from operations in FY 23, a year-on-year growth of 21.8 %. Billings for Naukri India corporate business for the quarter stood at Rs 494.3 crores, a year-on-year growth of 12.4 %, while revenues for the quarter from Naukri India business stood at 367.8 crores, a year-on-year growth of 37.3 %.

Billings for Naukri India for FY 23, stood at 1567.2 crores, a year-on-year growth of 31 %. Recruitment segment billing including acquired businesses for the quarter stood at Rs 605.3 crores, a year-on-year growth of 14.3 %, for FY 23 recruitment segment billing with acquired businesses stood at Rs 1925.8 crores, a year-on-year growth of 31.7 %.

The quarter witnessed a strong sales effort with judicious use of discount reduction and price increases. Growth drivers in non-IT sectors helped drive billing growth in this quarter and are likely to continue the growth momentum. Global concerns are likely to impact prospects of clients in the IT services in India, but we're optimistic of hiring by captives and global GCCs.

The Naukri site got around 20,000 new CVs registrations per day during
the quarter, an year-on-year growth of 2 %. Daily active user account is up 10 % year-on-year as well.
We increased our marketing spend by 150 % during the year with the view to enhance our branch salience amongst existing users and focus on increasing reach of our digital-led engagement and social media campaigns targeting the Gen Z audience.

Traffic on Ambition box also continued to grow at a healthy rate during the year.

Moving on to the 99 acres business, billings in Q4 and 99 acres grew 30.8 % year-on-year and stood at Rs 103.7 crores, while revenue grew from Rs 61.3 crores in Q4’22 to Rs 75.5 crores in Q4 of 23, a year-on-year growth of 23.1 %. For FY23, billing stood at Rs 311.6 crores, a year-on-year growth of 35 %, while revenue stood at Rs 284.5 crores, a year-on-year growth of 31 %. The operating loss for the quarter for 99 acres stood at Rs 19.1 crores, as against the loss of Rs 33.8 crores in Q4 of last year.
For Full year, operating loss stood at Rs 107 crores against the loss of Rs 78 crores last year.
In Q4, the 99acres business reported a cash inflow from operations of Rs 13.5 crores of the quarter, against an inflow of Rs 3.6 crores in the same quarter of last year.
For the full year, the business reported a cash outflow of Rs 72.2 crores.

The 99acres business witnessed a broad-based growth across all categories in this vertical resale, rental, commercial, and new homes. A healthy demand environment, increased traffic on the platform and multiple initiatives by the business teams to improve content quality led to significant increase in inquiries and leads on the platform for our clients.
A stronger sales rigor and comprehensive Go to Market to cater to launch stage marketing was the key highlight of the quarter.
We will continue to invest in platform content, plan delivery, and marketing in the months to come.
Moving on to the education business, in Q4, in Shiksha, billing stood at Rs 40.9 crores, a year-on-year growth of 42.4 %, while revenue stood at Rs 32 crores, a year-on-year growth of 31.1 %. For FY23, billing stood at Rs 123.9 crores, a year-on-year growth of 28.4 %, while revenue stood at Rs 116.9 crores, a year-on-year growth of 29 %. The business made an EBITDA of Rs 2.3 crores in the quarter against an EBITDA of Rs 4.8 crores in Q4 of last year.
For Full Year, EBITDA stood at Rs 7.8 crores, down from Rs 19.5 crores reported last year. Cash inflow from operations for the quarter in the Shiksha business stood at Rs 15 crores against an inflow of Rs 10.2 crores in Q4 of last year. For FY23, cash inflow from operations stood at Rs 21.1 crores. T

he rebound in the Shiksha domestic business helped drive growth for this quarter. With many more private universities and colleges in India being established, we expect this growth to continue.

Moving on to the Jeevansathi business, billings in Q4 in Jeevansathi declined by 27 % year-on-year to Rs 20.5 crores, and revenue declined by 26 % year-on-year to Rs 18.8 crores. For FY23, billing stood at Rs 72.1 crores, a year-on-year decline of 29 %, while revenue stood at 77.6 crores, a year-on-year decline of 22.5 %. The operating EBITDA losses for the quarter stood at Rs 21.9 crores for the quarter against a loss of Rs 38.8 crores in Q4 of last year. Operating loss for FY23 stood at Rs 101.4 crores against an operating loss of 120.4 crores reported last year. Cash outflow from operations for the quarter stood at Rs 19.4 crores against an outflow of Rs 29.3 crores in Q4 of last year. Cash outflow for FY23 stood at Rs 126.2 crores.
The free chat model in Jeevansathi continues to try profile growth and engagement on the platform. New paid products launched in December resulted in some sequential sales growth. The team continues to explore ways and means to monetize the increase in traffic on the platform. In continuing with our standard strategy, we are reducing our advertising and promotion spends during the quarter. We continue to reduce our advertising and promotion spend during the quarter. Advertising spend was down 51 % year-on-year and 6.6 % sequentially.

Moving on to the consolidated financials. At the consolidated levels, the net sales of the company stood at Rs 604.8 crores versus Rs 472.9 crores in Q4 of last year. For the consolidated entity, at the total comprehensive income level, there is a loss of Rs 414.8 crores versus a loss of Rs 6420 crores for the corresponding previous year.
Adjusted for the exceptional items, PBT stood at a loss of Rs 349.5 crores in Q4 versus a profit of Rs 285.7 crores in Q4 of last year. Thank you. That's all from us and we are now happy to take questions.

Vivek: Thanks, Hitesh. We'll now begin Q&A session. anyone who wishes to ask a question, raise your hand, we will take your name and announce your turn in the question queue. We will wait for the question queue to build up.

Anand Prakash Bansal: Thanks, Vivek. Thanks, Hitesh. The first question is from Vivekanand Ambit Capital. Vivek go in and ask your question.

Vivekanand : Hello. Thank you so much for the opportunity. I have two questions. The first one being on the recruitment business. So, Hitesh, in your opening comments, you mentioned that there is obviously some pain or perhaps caution as far as IT companies are concerned. So, heading into FY24, how are you thinking about the billing trends given that job speak has been fairly muted. That's question one. Secondly, on 99 acres, thanks for the opening comments. So, it's clear that all segments of the markets are growing. So, my question here is, is the market growing much faster than what we reported, given that we have slipped on traffic when I look at similar web data. And if you could give us some sense on what you are doing to mitigate this decline in traffic. Or am I looking at it wrongly? Thank you.

Hitesh Oberoi : yeah to answer your first question, IT hiring. So, we expect IT hiring to continue to be slow for at least a couple of quarters. IT hiring, IT jobs on the platform moved into negative territory sometime back. And we, from what we are sort of seeing around us, what we hear from our customers, we don't expect, you know, we expect things to continue to be like they are for some more time. Of course, a lot will depend on what happens to the US economy. And in the past, what we've seen is every time there's been a slowdown, you know, while Indian IT companies do get hit for a few quarters, but after that, you always see a sharp bounce back because more and more jobs are outsourced to India because when companies want to cut costs in the US, they end up outsourcing more jobs to India over time.

Whether that will happen this time around or not, it's hard to say. But, yeah, I mean, IT companies are sort of slow right now when it comes to hiring. The non-IT market continues to be rock solid. many sectors are doing very well. Sectors like BFSI, sectors like travel, retail, hospitality, sectors like auto-ancillary, sectors like construction and real estate, these sectors are sort of growing well and they continue to hire a lot of people. So could there be a further slowdown in IT hiring over the next few months, possible. 99acres, we haven't seen a reduction in traffic. In fact, our traffic has grown over time.

And we've done a lot of changes, made a lot of changes to the platform, which has resulted in the platform generating many more inquiries and many more leads for our clients than was the case earlier. And that's reflecting in our numbers as well. Q4, you know, billing growth was 31%. Full year billing growth was 35%. The business generated cash actually in Q4.We made a 13-crore cash profit in 99 acers in Q4. And this has happened despite us, you know, reducing marketing spends in Q4 and despite heightened competitive activity as well. So it's not as if competition is not spending all the money, some of our competitors are very aggressive in the market.

Are we growing faster than the market? Well, the market, some markets are, some real estate markets are doing well, and real estate is very sort of local. And there's a lot of, for example, you know, real estate is doing really well in Gurgaon and Noida, but maybe not in many parts of Delhi. So real estate is very local. So some hot spots are doing very well. And because there were very few launches during COVID, the amount of unsold inventory in the market has gone down, which is leading to higher prices. So a lot of the growth that we are seeing in real estate is price driven, while we didn't really aggressively take up prices last year. Our growth is mostly volume driven in 99 acres.

Vivekanand: Okay, this is helpful. Just one clarification on the outlook as far as IT hiring, and your monetization is concerned. So understand that IT hiring, there could be more slowdown, but are you taking any initiative maybe on the product side or on the pricing side or any other such initiative that is helping you perhaps buck the trend as far as, you know, your billing trends versus say, perhaps the headcount addition by IT services companies?

Hitesh Oberoi : See, there's little that we can do on IT hiring right now because see, hiring has slowed down. So of course, we are trying to sell more and more new products to our customers. But what we are working on actually a little more right now is the non-IT side because that's where the opportunity is. So we are fine tuning our product offering for non-IT customers because they are still hiring, and they are hiring in large numbers and there is scope to monetize them better. so that's likely to be the focus for the next few months. On the IT hiring side, we are, it's a wait and watch game. We of course continue to work on our product. We continue to grow our platform. We continue to invest in some of the long-term projects that we've been pursuing. But it's unlikely that we can do anything in the short term which will move the needle on IT monetization for us.

Vivekanand: Okay. Thank you and all the best.

Hitesh Oberoi: Thanks

Anand Prakash Bansal: Thanks, Vivek. Next question is from Abhishek Bandari from Nomura. Abhishek, go ahead and ask your question

Abhishek Bandari: yeah Thank you, Hitesh, Chintan. Despite sounding cautious on IT hiring for last two, three quarters consistently, we have been able to do a billing growth in double digit and given the momentum X of IT, do you think you know we could still look at these kind of numbers, notwithstanding the problem what we're seeing in IT at least in FY 24 ?

Hitesh Oberoi : See, 50% of our billing comes from non-IT and about 50% is IT at a very macro level. Now, if the non-IT, if the economy does well, if the economy starts to grow at 6-7% per annum, for example, the non-IT hiring piece could grow at 25-30% per annum. On the other hand, if the economy were to slow down, then even non-IT hiring could take a hit. IT hiring has been very, very slow for about 3-5 months now and could continue to be slow for the next 3-4-5 months. We don't know when the IT hiring market will turn and have we hit the bottom? I don't know. Right We will know only in a couple of months. So, we are hoping and banking on the fact that IT hiring will turn around by H2 sometime and the non-IT market will continue to be solid. And if the non-IT market continues to be solid and if IT hiring turns around in the second half this year, then we may still end up with, Naukri business growing in the teens somewhere. But if IT hiring were to slow down further and the economy were to also sort of move sideways, you know then it could be a challenge.

Abhishek Bandari: Got it. That's helpful, Hitesh. Hitesh, my second and last question is, you know, any thinking around now lifting the dividend payout for the shareholders? You know, we are generating such a handsome amount of cash from our, you know, core business. The business does not need too much investment. We have, you know, almost 3,500 crore cash lying. But yet, you know, our dividend payouts are very, very low. You know, we are just paying 9 Rs in Q4. So, do you think you would want to increase the payout ratios from the current level?

Hitesh Oberoi: Chintan, you want to take that?

Chintan Thakkar: Sure, so, this 9 Rs, you know, first of all, it's more as a factual clarification. This 9 Rs is the final dividend. We already gave 10 Rs as an interim dividend as well. So, its Rs 19 Rs overall. But I understand the overall question that in comparison to the amount of cash that we have this may look small. If you look at dividend policy, which is there on our website as well, that we usually distribute a certain portion of cash, and that's what we have done. So, if you look at it this year, it's like 35% of PAT. So, it's like one third of the cash that we earn, we have given as dividend. Now, is there a case for any special dividend? I think that's a very separate consideration. We still think that there could be an opportunity for us to invest in this money and we continue to look for good opportunities for the same. So, right now we would like to hold on to the same, but should an opportunity arise, should that occasion arise, where we think that this cash is in excess of what we think we require. Certainly, we can look at special dividend or buy-buy or something, but right now there is no thinking on those lines.

Sanjeev Bikhchandani: May I add to that? Sanjeev here. So, look, I think we have ah customer advances that money doesn't belong to us. What is the amount of customer advances we have right now?

Chintan Thakkar: Should be around 800, my guess could be worng around 1100 crores.

Vivek Aggarwal: around 1100 crores

Sanjeev Bikhchandani: 1100 crores, so that is not our money. So, that is bank, you know, in tomorrow in case customers ask for it back, you know, if something goes wrong and they have to get it back, that goes back to customers. So, you move 1100 crores from 3400, 3500, you're left with 2300 crores. You want to keep some rainy-day money, you want to keep some money for acquisitions, you want to keep some money, in case there's a serious downturn, and cash goes down. So, it's not that much money, but, you know, I'll give you a couple of examples of situations where this seemingly high cash balance has helped us, the most latest one being COVID.

So, in March 24th, 2020, there was a lockdown enforced by the Government of India. April-June 2020, Nakuri billing growth, I think was minus 44%. there was no clue, nobody had a clue as to what was going to happen, how long the lockdown will continue, how severe the pandemic was going to be, is there a vaccine, is there a cure, what was going to happen to hospital capacity, and everybody was at home.

At that time, we asked Chintan, and we gave him a simple sort of thing to solve, ah which is, okay, assuming sales revenue goes to zero and marketing expenditure goes to zero and increments go to zero, how long can we run on the current cash balance? And he came back with the answer of three years. And that emboldened us to take a call that we would not sack anybody. There were very few companies in the digital space that did not sack people in India. We were one of them. And, you know, in our opinion, at a time like when the pandemic had just begun, people were anyway tense about their own lives and their health. We, you know, if you start downsizing them and they won't get a job for many months, it will get very, very tense for them. And we can't do that because companies have been built by people. And we were able to take that call simply because we had this cash balance. So, and this has happened earlier as well, and when Lehman went down, we had the cash balance to not sack people. And I personally believe that this is the right thing to do. And therefore, we do it.

Abhishek Bhandari: Got it. Thank you for the detailed answer, Sanjeev, Hitesh and Chintan, and all the best for next year.

Anand Prakash Bansal: Thanks, Abhishek. Next question is from Pradeep Ganesh from ICICI. Pradeep, go ahead and ask your question.

Pradeep Ganesh: Yeah, hi, this is Abhishek. Sir, only the Jeevansathi business, right? There has been a lot of competitive action there. If you could give us some clarity on how the competitive landscape is looking there, and what is your outlook on monetization going forward.

Hitesh Oberoi: In Jeevansathi?

Pradeep Ganesh: Yes, Jeevansathi.

Hitesh Oberoi: Well, it's a very hotly contested market. So we have two big players in that market, Jeevansathi and Bharat matrimony, and they've been spending a ton of money on marketing. And the pricing has also been very aggressive. So, we changed our strategy a while back. We moved to a freemium model. We made chat free on the platform. So some of the stuff we are charging for earlier is now free. And in line with that strategy, we also fine-tuned our marketing strategy. We are not spending as much money on marketing as earlier because the proposition in itself is helping us acquire users cheaper. So, that's been our approach. So, we've uh kind of, you know, brought down our marketing spend substantially in the last two quarters. And despite that, our user growth is solid and there's a lot of engagement. And we are enabling many more matches on the platform than earlier.

Now, of course, this strategy has also resulted in our revenue crashing. Our revenue is down 27% year on year. And now the team is sort of working on, ways and means to monetize better. Now, that is still watching process, still early stages of that. So, we don't know how things will pan out. But traffic growth is healthy. Engagement is healthy. There's much more match making happening than earlier. We cut marketing spend and it still seems to be okay. Okay. I don't know what, how competition will react going forward. and at the same time, we're also seeing a lot more activity in the dating space. So, there are lots of players who are active in that space. But that's not a market which even Jeevansathi completes in. But we are of course seeing a lot more activity in that market as well compared to earlier.

Pradeep Ganesh: Understood. So, in terms of market share, would you say that you have gained there? I mean, how is your position vis-a-vis say 1 year back?

Hitesh Oberoi: See, we have lost revenue share. But we have gained traffic share. We've gained share of users vis-a-vis Shaadi, for example, in the north and west, which is where we mostly present. And we have of course cut burn.

Pradeep Ganesh: Got it. And so, would you give us some, you know, some flavor of what you are thinking about in terms of investment opportunities? What kind of businesses you are looking at? whether it's B2C or B2B, because B2B has suddenly become a very hot space. So, I would like to hear your thought process on what would be the best investment opportunities that you are trying to assess.

Hitesh: Financial or strategic? Which ones are you?

Pradeep Ganesh: Financial.

Hitesh Oberoi: Financial. Okay .Sanjeev, you want to take that?

Sanjay Bikhchandani: Yes. Sorry, could you repeat that?

Hitesh Oberoi: Which spaces are we looking at for financial investments.

Sanjay Bikhchandani: In financial investment, we look at every sort of tech space other than jobs and careers, education classifieds and matrimony and dating and real estate. But other than that, all is open in the tech space. So, we've done a whole wide range. We typically don't do it top down. We do it bottom up. We assess about a thousand startups a quarter, uh either through meetings or through phone calls or even just looking at the decks that come to us and then maybe we invest in a few. So, it's bottom up. Good founders, chasing good ideas or seemingly good ideas. we might go in.

Pradeep Ganesh: I understand. Thank you so much, sir.

Anand Prakash Bansal: Thanks, Pradeep. Next question is from Ankur Rudra from JP Morgan. Ankur, go ahead and ask your question.

Ankur Rudra: Hi, good evening. Thanks for taking my question. So, the first one is on IT. did you say that the mix is still 50% IT versus non-IT on a billing basis?

Hitesh Oberoi: Approximately.

Ankur Rudra: Okay. So, given the difference in growth rates and the difference in how the growth is trending out, do you think that the balance of growth, whatever you see the weakness in IT will be more than made up by the strong momentum you're seeing at the moment in non-IT over the course of this year?

Hitesh Oberoi: It'll depend on how much the Indian economy grows going forward and it'll depend on when IT recovers. So, right now it looks okay because non-IT companies are doing well. and of course, if the Indian economy starts going faster, then they may do even better. In the past, we've seen that when domestic growth starts to hit 6-7%, it's possible to grow at the business at 25-30%, at least in the non-IT space. As far as the IT hiring, of course, a lot will depend on when IT starts to recover. So, and how bad the slowdown is, right? You know, so, have we hit rock bottom? I don't know. Okay. Will things get better from here on? I don't know. It's hard for me to predict at this stage.

Ankur Rudra: Sure. Can you give us some more color, Hitesh, on the IT Billings trajectory? I think you said it hit negative on a Billings basis a few months ago. Was that in the March quarter or is that in the current quarter?

Hitesh Oberoi: so, it's been trending south for the last few months. The job index, I said, has been in negative trajectory for the last at least three -four months now, it was minus 27% for software services. The job speak index we publish captures volumes more than anything else. So, in April, March and now May is not looking any better. So, the IT hiring has been sort of very, very slow for at least four, five months, six months.

Ankur Rudra: On a billing basis, could you give us a sense? How is IT billing growth momentum right now? And if that trajectory has gotten worse, because you've obviously seen two more months of the current quarter, how's that trending in June vs march Qtr.

Hitesh Oberoi: Very good. This way, it's not getting any better.

Ankur Rudra: Okay. And is this, is it already negative on a Billings basis also? Is what we're seeing on job speak representative?

Hitesh Oberoi: Chintan Thakkar can we give out that data?

Chintan Thakkar: Hard for us because the quarter is still going on. And most of the billing also happens in the last month of the quarter. So, it would probably be wrong if we have to give some estimate to you.

Ankur Rudra: Okay. But it, you can clarify that it didn't hit negative on a Billings basis at least in the March quarter, right? IT part of the whole

Chintan Thakkar: No, I think you are talking about Q4. So Q4, even Q3 in that sense, actually, the growth was more reflected because of the non-IT rather than IT. So on your original question whether non-IT growth will compensate for IT. So far, the trend has been so in Q3 as well as in Q4. Now, what Hitesh is just saying is that will it remain the same in Q1 or not? I think we are yet to see. And, you know, we'll have to see till we complete the quarter and come out with the results.

Ankur Rudra: no ,no, I totally understand. I was wondering if you can share with us any color for if IT Billings hit a negative trajectory for any of the months of the March quarter.

Chintan Thakkar: I don't have the exact number right now. But as I said that, the growth trajectory of non-IT was more than enough to compensate for reduction in the IT.

Ankur Rudra: Okay. Maybe changing tracks a little bit, you know, fourth quarter has always been your strongest quarter and, you know, many deals close. Has there been any increase in discounts given out this time, given the weakness in half your portfolio?

Hitesh Oberoi: I'm sure this is always the case. Yeah, whenever the market slows down, you end up getting more discount because that's the nature of the beast. So, I'm sure that's happened in a lot of cases with a lot of clients in IT. That must have happened.

Ankur Rudra: Would this, is this something you're concerned about from a pricing perspective for the next year?

Hitesh Oberoi : no, this is this is standard stuff. Yeah, this is what happens in every slowdown. And once the market starts to recover, then pricing will go back to normal

Ankur Rudra: Okay. last question on this side. do you think there's ability to sustain margins given where the momentum is right now?

Hitesh Oberoi: So, in Naukri, we continue to invest in many areas which we think, important for the long run. We are hoping that this slowdown will not last for more than a couple of quarters. So if we are able to grow billings at even at 14-15% this year, then I don't think our margins will be impacted. On the other hand, if billing growth slows down and we start growing in low single digits, then of course, margins will be impacted this year in Naukri because we don't want to cut our investments in areas like data science and the blue-collar job board we're working on and some of the other stuff that we're doing which we think is strategic and important from a long-term standpoint. Can we maintain margins? We are hopeful and confident that the market's will come back. IT market will also come back by Q3 or Q4 of this year.

Ankur Rudra: Okay. One question on 99acres. Any changes in thought process about monetization besides the classified model that you've thought about over the last one year? I know you've written off 4B, but in general for 99 acres.

Hitesh Oberoi: So in the resale business and at the rental market, we have a classified model at work. But increasingly for some of the large customers in the new home sort of category, we run a lot of CPL cost per lead campaigns. And so our billing is indexed to how many leads you are able to generate for them. And it's not just a listing fee, which we charge them. So, the business has slowly been moving in that direction, as far as new homes monetization goes. We currently follow this model with a lot of large clients.

Ankur Rudra: and how big?

Hitesh Oberoi: for small customers, we have a listing model.

Ankur Rudra: Understood. How big would this be in terms of volumes or revenues? Hitesh, could this be a significant part going forward?

Hitesh Oberoi: It will, it could be a significant part of the new home business going forward.

Ankur Rudra: Okay. Understood. Thank you and best of luck.

Hitesh Oberoi: Thanks

Anand Prakash Bansal: Thanks, Ankur. Next question is from Vijit Jain from Citi. Vijit, go ahead and ask your question.

Vijit Jain: Yeah, thank you, Anand. Hitesh, my question is just going back to the recruitment side, you mentioned earlier that in the non-IT side, you see scope to monetize better, and you also singled out certain sectors where you were seeing good growth. So, I guess I'm just wondering, you know, in the non-IT space, are all sectors looking similar broadly in terms of how you monetize them or are you ahead in certain sectors and still lagging in certain other sectors? If you can just throw more color on non-IT segment wise, it will be great

Hitesh Oberoi: So, let me tell let me just rewind to about 15 years ago, when infrastructure was hot, clutch of sectors like infrastructure, construction, real estate, heavy engineering, auto, energy, these sectors together were almost 27% of our business. And till last year, revenue from these sort of segments was down to 14- 15% of our business. So, these sectors didn't grow for a long time. After a long time, we've seen a lot of action in real estate, we are seeing a lot of action in construction, and we are seeing a lot of action in similar sectors. Now, if this action continues for a long time, then there is no reason why we should not be able to bill a lot more from companies in these sort of spaces going forward. So, that's one thing we're seeing in non-IT. The services piece continues to be solid- banking, financial services, insurance companies, travel, hospitality, retail sectors that are impacted by COVID, they are bouncing back.

So, there's a lot more action in these sectors when it comes to hiring. We are seeing a slight slowdown in sectors like consumer durable, in sectors like fast-moving consumer goods, in sectors like healthcare and education, which were super-hot till some time back. There's been a slight slowdown which we've seen in some of these sectors in the last few months. But by and large, you know, the non-IT market continues to be strong, hiring market continues to be a strong. Now, at our end our product works reasonably well for non-IT companies also. So, you know, a lot of companies hire salespeople, their customer service professionals, finance professionals, HR professionals, marketing folks through Naukri. But there is an opportunity for us to sort of expand our business to more cities, for example. So, right now, we operate in about 40, 45 cities.

There's no reason why we can't take our business to over 100 cities in the next two or three years if the markets are supportive, because we are seeing a lot more growth in small towns than earlier. Of course, it may not result in a lot of revenue in the short term, but long term, these can become interesting markets for us to operate up again. And they are mostly all non-IT driven services led and so on. We are fine tuning our search and recommendation engines so that they work better for non-IT hiring. You know, a lot of our focus for the last few years or two, three years was on IT hiring, because that's where that the IT hiring market was very hot. But now that we are seeing a bigger opportunity in non-IT, we are going to work on fine tuning our search and recommendation engines to ensure that companies are able to hire more people through our platform in some of these segments as well. So, that's just too sort of help you understand the nature. See, where we are seeing the biggest slowdown right now is in our recruitment construction business because about 30% of our business comes from recruitment firms, and these recruitment firms hire a lot of them hire for IT companies. And they are the ones which are hit first, because they are in some ways a more expensive way to hire. And when companies cut sort of budgets, they are the ones who get impacted first. And therefore, their spend on naukri gets impacted as well. So that's just to give you a sense of how the market is spending right now. I hope I was able to answer your question.

Vijit Jain: Yeah, Hitesh, that was super helpful. My second question is just on the 99acres business, the property segment. you mentioned some of your competitors have been super aggressive spending on marketing and everything. And in revenue terms as well, it does look like some of them at least, especially say a housing.com, which REA has already disclosed numbers for has grown faster than you guys. Is that something that is happening, you think, because there are more products on their end, which is which is still work in progress at your side? Because you monetize a little bit differently? Do you think that is driving that difference? Or is it something else.

Hitesh Oberoi: Well, you have to sort of lift the veil. So, you know we still believe that we are the largest in the space. And we are growing reasonably well, Q4 was great. And we think in some sort of markets, we have gained share. and we don't do a lot of stuff, which other companies do. So we don't do any barter, we don't do combo deals with newspapers. We don't have any pass-through revenue through our platform. We don't, monetize other services, we sell only real estate advertising. So we don't make money from packers and movers. We don't make money from home loans. We don't make money from a lot of other Ancillary services, which all these companies do. We don't have any transaction revenue, which are all these companies have. So we are relatively speaking a pure play than some of our competitors. so it's important to compare apples to apples.

Vijit Jain: Got it. Thanks, Hitesh. Those were my questions.

Anand Prakash Bansal: Thanks, Vijit. Next question is from Nikhil Choudhry. He's from Nuvama. Nikhil, go ahead and ask your question

Nikhil Choudhry: Hi, Hitesh. First question is regarding your comment on discount and pricing. You mentioned that you have cut some discount and there is some increase in pricing. So just wanted to understand how much of the billing growth basically came from this initiative and how much further tail room you have to increase it further going ahead?

Hitesh Oberoi: See, you know, it's unlikely that we will up pricing in IT, given that the IT hiring market is very slow. where we may be able to realize more is in the non-IT customers going forward, because they are hiring large numbers. Last year, first six months, we were very aggressive on pricing. A lot of our revenue growth was pricing led. Of course, there was a lot of volume growth as well because the market was really hot. But maybe in the second half, our growth was mostly pricing led and not so much volume led. Going forward, this year, in non-IT, our growth is likely to be volume led to a large extent and also pricing led. But in IT, we are unlikely to see any growth because of either volume or pricing.

Nikhil choudhry: Sure. Sure. second question, Hitesh, is on the impairment of Shoe Connect. Just if you can give color what happened in basically what led to the impairment and one of the things which is mentioned, the filing about unspecified buyback library.

Sanjeev Bikhchandani : So it's like you see in all our SHAs, we have a waterfall drag-along clause there. In three years' time, you'll give an exit of five years' time, you'll give an exit. The exit could be a listing, it could be a strategic sale, or it could be a buy back. If you fail to do that, we have the right to impose a buyback. All the investors together, if you fail to honor that, then we can drag you along for a sale. These are standard clauses in VC investment agreements. All VCs do it. Now, this clause was construed to be a liability, not a contingent liability. Now, if there's a liability in FMV, FMV of biznis is what it is given last round of valuation, then it was construed that the company may not have enough money to pay off the investor should they ask for the money. And therefore, we were supposed to write it off. It's a technical writer from my view. It does not reflect the business prospects of the company. But it has to be done for principle of conservatism and that's what it is.

Nikhil choudhry: Sure, Sanjeev. Just one follow-up here. Do you see any possibility of such scenario happening in any other portfolio companies, any large portfolio companies?

Sanjeev Bhikchandani: I don't think so. There's nothing to announce here, but Chintan, any observation there?

Chintan Thakkar: I think every case is a bit different because the agreement and the language of the agreement could be different. The investor's insistence on whether they want it or they can dilute this also is different. I'll tell you, one of the big differences is that because we are listed entity, we are expected to follow Ind AS, while some of the other PE and VC firms may not be under obligation to follow that. So that's why the certain standards that the auditors want to apply on how the assets are being valued for us could be very different than what the standards that might get followed by some of the PE and VC firms. So like Sanjeev said that this is not a reflection on what their growth and what the potential or the business model of that company, but this is more arising because of how the shareholders' agreement is being interpreted by the auditors.

Sanjeev Bikhchandani: let me explain. If this had been construed to be a contingent liability, There would be no problem. But because it was construed to be a liability, not a contingent liability, we had to write it off. That's the big difference.

Nikhil choudhry: Sure, Sanjeev. Thank a lot, Hitesh, Chintan, and Sanjeev. Thank you.

Anand Prakash Bansal: Thanks, Nikhil. Next question we have from Jinia Garg from Nibadh Investment. Jinia, go ahead and ask her a question.

Jinia Garg: Good evening all. Thank you for the opportunity. Sir, I just have one question, which is considering the current slowdown in the startup funding and the decline in valuations of many startups. What are your perspectives on when the startup funding pipeline is likely to be normalized?

Hitesh Oberoi: Sanjeev, you want to take that?

Sanjeev Bikhchandani : Sorry, could you repeat? I'm really sorry about that.

Jinia Garg: no problem, sir. So considering the current slowdown in the startup funding and there are many decline in valuations of many startups, what are your perspectives of the funding pipeline is likely to normalize?

Sanjeev Bikhchandani: Look, it's hard to predict, but in general, we are finding that there is still enough entrepreneurial activity. There are a lot of number of startups. It's actually a good time to invest if you look back. If I look back, our best investments Policy Bazaar and Zomato were made in just around the global financial crisis or just after it, or maybe just before it. These are actually good times to invest if you have a 7, 8, 10-year perspective, which is what we do have. So for us, actually, it's quite good.

Jinia Garg: Okay, sir. Thank you.

Vivek Aggarwal: There's one question in the chat box for you, Hitesh.The question is from Sanjay Ladha. I'll read the question for you. How should we think the business will move going forward? Which business to drive growth going forward? What is your focus area in each of the business segment? And how should we think business growth in the next two to three years?

Hitesh Oberoi: The Nakuri business has done really well in the last two years. I mean, we managed to almost triple our cash flows from operation. We almost doubled, we more than doubled our revenue in the last two years.
We are seeing, hopefully, a temporary slowdown in IT hiring. Hopefully, the AI boom will actually end up creating more sort of opportunities for Indian IT services going forward. That's what's always happened with, at least in the past. And hopefully, India is part of the solution. If companies in the US want to cut costs, they'll also end up outsourcing more and more jobs to India. And to me, it looks like infrastructure is back. Government is investing a lot of money in infrastructure and that is also going to lead to a lot of job creation in the short term and in the medium term. And in general, the economy seems to be in good shape. It's perhaps in better shape than it was when we went into COVID.

So, if the economy continues to sort of do well and IT hiring bounces back, and we are able to grow at 6%- 7% per annum, then the Naukri business can grow at a very healthy rate, at more than 20%. And it's a very high margin business. It's not as if we need to, we will have to invest a lot of money to get this growth. We already have offices, we already have salespeople, and the platform is already built.

Now, we've also been acquisitive for the last three, four years. We've invested, we've acquired a few startups. And of course, our plan is also to sort of grow these businesses that we acquired over time. Businesses like Zwayam, businesses like IIMjobs, businesses like Do Select. So hopefully, these businesses will start scaling once we put the naukri might behind them. And then, of course, some more opportunities we've identified, which I don't want to talk about right now, which, like I mentioned, small towns, so we will expand into more and more cities going forward. We've invested in a ed-tech platform, Coding Ninja. We want to be able to understand that company. And we intend to work closely with them to help them grow their business faster and to also to get our offering for candidates, for job seekers on Naukri.

So there are a bunch of things we're working on as a platform, and we will continue to invest behind these sort of initiatives. Some of them are short terms, some are more medium term. We have been working on a blue-collar job board for the last three, four years. We'll try and start monetizing this sort of product sometime this year. But this is more a long-term play. We don't expect any significant revenue from this business over the next two or three years. But long term, we think it's a good bet, and it's important that we have a foothold in this space. So these are some of the things we're doing in Nakuri, which we'll hopefully drive both going forward.

Similarly, in 99 acres, we've done well in the resale and rental categories if you ask me. That part of the business has done quite well. Commercial part of the business has also done well.

But we see a lot of opportunity in new home monetization. There are lots of new developments being constructed everywhere. There are lots of satellite towns emerging. Inventory is down to all-time low. There is a lot of interest in real estate once again from buyers and investors. We are a very small part of this market over a few thousand crores that are invested in are spent on new home marketing. We got to get a small fraction of that. So, if we can somehow solve, you know, do a better job of executing in the new home space, then that can drive both in 99 acres for the next few years. Of course, if the team executes well, then of course, there's also not there will also be an option to get more market share over time in 99 acres. And that could again drive growth, even higher growth in 99 acres going forward.

In Shiksha, we have a domestic business, which is growing at 20% - 25 % per annum. But about a few years ago, we also entered the study abroad space. That is today a small business for us. But we spent, we sent over 1500 kids overseas last year. This year, we are targeting to send more than 2000 kids overseas. And if we get a good handle on this business, then this business can also become a large business over time. In Jeevansaathi, we are working on a new model. And if you are able to get our act together and monetization, if you're able to cut burn, you know, the Jeevansathi business could sort of get to a decent place. And we also acquired 76 % stake in Aisle, which is a dating platform. Again, early days, but we are investing in that business. And if we see good traction, then we will double down on the dating category as well. So, these are some of the areas where we are investing. All of them are work in process. But hopefully, some will work out over the next two to three years for us.

Anand Prakash Bansal: The next question is from Vivekanand from Ambit Capital. Vivek, go ahead and ask your question.

Vivek: Hello. Thank you so much for the follow up opportunity. How much of the committed AIF money has been deployed already. Sanjeev, if you could give us an update on the four AIFs that we currently have.

Sanjeev: Well, the fund one and the follow on fund - a significant chunk of that has been deployed. Fund two and capital two be, it's comparatively less because we've been going slow and careful and there's still enough time left to do our first checks. We do not announce exact numbers on this.

Vivek: Okay. And the reason why it's taking you longer to deploy in the fund two and capital two be is because you have to scout for new names.

Sanjeev: Those are more recent funds. We've got three years to write the first checks. We want to take our time and be very, very selective given the state of the market. We want to be particularly careful about valuations and enterprise. We want to be particularly careful about, you know, getting going after capital, efficient companies and entrepreneurs given the tight funding environment. So, we're taking our time. That's all. And yes, we do not invest from fund two into fund one companies or from capital two be into fund one companies. Those are water tight compartments.

Vivek: Okay. My last question is on the financial investments that sit on the balance sheet, not included in the AIFs. So, did you make any major investments in the current fiscal year? As follow on rounds in, say, Ustra or Shopkirana or some of the other

Sanjeev: Not sure it's major, but we've done some. I mean, Chintan, can you elaborate

Chintan: I don't have the numbers right now, but yes, we would have made some follow-on rounds and some small investments even in companies.

Sanjeev: But the big tickets are done. The big tickets are done there.

Chintan: Yeah, it's not nothing, you know, major.

Vivek: Okay, great. Thank you.

Anand Prakash Bansal: Thanks, Vivek. The next question is from Vijit Jain from Citi. Vijit, go ahead and ask your question. Yeah, Vijit, go ahead and ask your question.

Vijit Jain: Sanjeev, my question is to you. I guess if you look at what's been trending in the startup space in India and globally, more recently, in India, its ONDC specifically, I guess, AI, obviously globally. My question is, are you seeing any opportunities.

Sanjeev: What's the question?

Vijit Jain: Sorry, so my question is, are you seeing any opportunities and those two that you're excited about? Are these focus areas or any interest areas for you in terms of how you look to deploy?

Sanjeev: Like I said, we do it bottom up, top down. But yes, of course, some of the deals we have looked at and possibly even done have components of AI, machine learning. You know, there are a number of people trying. So, we don't do D2C, you know, typically in our fund. We prefer, you know, we don't think that's central to our mandate. And therefore, ONDC may or may not work for us. Now, having said that, if we see a really great deal, great entrepreneur, will we do it? We might. I'm not ruling anything out, but this is less likely.

Vijit Jain: Thanks, Sanjeev.

Vivek Aggarwal: Sanjeev, there's a question in the chat box from Ishan Bagga. On startup investment, how is our portfolio companies as a whole performing in the current macroeconomic scenario? Are there any signs of stress or markdown in some of the companies?

Sanjeev Bikhchandani: Every portfolio will have some situation of stress and we are no exception. Having said that, I think we're doing fairly, fairly all right so far. But, you know, tomorrow is another day. We don't know. We are waiting and watching.

Vivek Aggarwal: no more questions on Q&A.

Anand Prakash Bansal: Yeah, that was the last question we had.

Vivek Aggarwal We'll conclude the call on behalf of the company.

Sanjeev Bikhchandani: Thank you. Thank you, everyone. Have a great evening.

Hitesh Oberoi: Thanks, everyone. Thank you so much. Bye-bye.

Anand Prakash Bansal: Thanks everyone.

Sanjeev Bikhchandani: Thank you.

Anand Prakash Bansal: we can close the call.