"Info Edge Q4 FY 21-22 Results Conference Call"

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Anand Bansal: Good afternoon, everyone. Thanks for joining us today. I'm Anand Bansal and I will run this conference along with my colleague Vivek. We will wait for a moment as people join and settle in the virtual conference room. We'll start the conference in a minute.

Good afternoon, everyone. Thanks for joining us today. We will wait and start the conference in a minute.

Vivek: Let's start the call.

Anand: We have 80 plus people with us, Vivek, you may start the conference.

Vivek: Hi everyone. Good evening. I welcome you to Info Edge (India) Limited Q4, '22 and financial year 22 financial results conference call. As a reminder, all participant line will be in listen-only mode. And there will be an opportunity for you to ask question after the presentation concludes. Should you need any assistance within call please raise your hand on the screen. Please note that this call is being recorded. Joining us today for the management side we have Mr. Sanjeev Bikhchandani, Founder and Chairman, Mr. Hitesh Oberoi, Co-promoter and Managing Director and Mr. Chintan Thakkar, Chief Financial Officer.

Before we begin today, I would like to remind you that some of the statements made in today's conference call will be forward looking in nature and may involve risks and uncertainties. Kindly refer to slide number two of investor presentations for detailed disclaimer.

Now, I would like to hand over the conference to Mr. Hitesh Oberoi for his opening remarks. Thank you and over to you Hitesh.

Hitesh Oberoi: Thank you, Vivek. Good evening, everyone. Hope you're all doing well. Welcome to our fourth quarter earnings call. We take the privilege of announcing our Q4, '22 and FY '21-'22 of financial performance of the company. We will start with overall financials and then cover each business vertical in more detail. And then of course we'll have time for Q&A. The audited financial statements and other schedules on segmental billing, revenues etc along with the datasheet have been uploaded on our website www.infoedge.in.

I'll first take you through our standalone financials. Billings in Q4 were up 52.5% year-on-year at Rs. 649.3 crores FY '22 billing stood at 1866 crores a year-on-year growth of 58.7%. Revenues in Q4 were Rs. 455 crores a year-on-year growth of 51.6%. FY '22 revenues stood at Rs. 1562.5 crores an increase of 38.5% year-on-year. Operating expenses, excluding depreciation for the quarter grew 35.5% year-on-year and stood at Rs. 327.5 crores For FY '22 operating expenses were Rs. 1,098.7 crores a growth of 30.8%. EBITDA for the quarter stood at Rs. 128 crores versus Rs. 58.8 crores in Q4 of last year, a growth of 117.6% year-on-year. FY '22 EBITDA grew 61% to 463.7 crores from Rs. 288.1 crores reported last year. EBITDA margins for the quarter stood at 28.1% compared to 19.6% in Q4 of last year. For FY ' 22 EBITDA margin stood at 29.7% versus 25.5% last year.

Cash EBITDA for the quarter grew 84.8% year-on-year and stood at Rs. 341.7 crores Cash EBITDA for the full year stood at Rs. 811.6 crores a year-on-year growth of 140.2%. Deferred sales revenue stood at Rs. 819.6 crores as of 31, March 2022 versus Rs. 521.6 crores as of 31, March 2021 an increase of 57% year-on-year. The cash balance at the IEIL level overall level stand at Rs. 3759 crores as of 31, March 2022. The balance stood at Rs. 3558 crores as of 31, March 2021. During this quarter NCLT also approved the merger of IIM jobs with Info Edge. Accordingly the numbers of the standalone business and the recruitment business that we will discuss in the later part of the call will be inclusive of IIM Jobs financials for current as well as previous periods.

We will now talk you through what we are seeing in the market and our different verticals and then we will discuss financials for each vertical. Starting with recruitment the hiring market continues to be strong. Our IT customers continue to see increased hiring pressure on account of high attrition and the increasing gap between demand and supply of IT talent. Thanks to the digital transformation story that is playing out globally. We also saw an increase in demand for freshers on our platform last year and also the last quarter of last year. In the last two quarters we have started seeing demand for non-IT talent also come back as the economy continues to open post pandemic. Q4 saw an average increase of 30% in the Naukri jobs pick index. non-IT sectors like BFSI retail, hospitality, pharma and telecom also demonstrated healthy growth as concerns related to COVID reduced drastically during the quarter. The jobs pick index for the month of April grew 38% year-on-year with sectors like travel and hospitality going over 100%. We are watchful of and off recessionary trends in the U.S. which could impact IT hiring in the coming month once. Fingers crossed on this one. Moving on to the real estate vertical well-known builders are seeing a strong revival of demand for nearly ready to move in homes. There is an escalation in cost of construction of new homes which could result in higher prices for new homes going forward. Real estate prices have started moving up in some pockets. And while it seems like after a long time, affordable real estate prices combined with rising incomes, lower home loan rates and a demand for bigger homes post-COVID are likely to lead to the real estate market picking up in the months to come.

The matrimony market continues to grow at 5%- 10% per annum. We are beginning to see the emergence of small series dating category in addition to casual dating now. The ed-tech segment continues remains vibrant health education search and research traffic consumption continues to grow well. Moving on to financials we will discuss the recruitment business first. In Q4 of '21, '22 recruitment segment billings grew 66.6% year-on-year and stood at Rs. 513.3 crores while revenues were up 344.4 crores revenue grew at about 64.7% year-on-year. For FY '22 Recruitment billings are up 72.6% year-on-year to Rs. 1436.4 crores while revenue grew year-on-year by 44.2% to Rs. 1154.2 crores EBITDA for Q4 stood at Rs. 206.9 crores compared 204.9 crores in Q4 of 2021 a growth of 97.2%. EBITDA for the full year for the recruitment verticals stood at 679.8 crores a year-on-year growth of 55.4%.Margins if the business grew 10% from 50.2% in Q4 of '21 to 60.1% in Q4, '22. EBITDA for the full year stood at, EBITDA margin for the full year stood at 58.9% compared to 54.7% in FY '21. Cash EBITDA for Q4 in the recruitment vertical grew 89% year-on-year to Rs.386.2 crores and cash EBITDA for FY '22 for the full year for the recruitment vertical stood at Rs. 987 crores a year-on-year growth of 110.1%.

New CV registrations in Q4 stood at 21,000 per day, while CV modifications were per day stood at Rs. 417K. Traffic share remains stable and daily active users are at an all time high on the platform. During the year we took several steps in our recruitment business to beef up our offerings to cater to changing consumer and customer requirements. We saw an increase in hiring of freshers through our first Naukri platform. Accordingly, the product was revamped to attract and handle more traffic. We continue to invest behind our ambition box offering to help job seekers find the right place to work and to research salaries etc. We also augmented our assessment services for job seekers on a wider scale through our platform DoSelect. and these times of high attrition and growth, Naukri has emerged as a high value recruitment tool for most recruitment firms and companies. This helped us in driving value selling proposition in most of our sales discussions and helped us rationalize discounts. There is also an increasing focus on adding new customers on the platform. Most of our new customers are now being acquired from the online mode.

A little bit move Doselect & Zwayam are two new recent acquisitions. Doselect a recent acquisition in the assessment space generated a revenue of Rs. 16.2 crores for FY '21-'22. The business has reported revenue Rs. 4.2 crores in FY '21. We saw similar growth in Zwayam with this financial year with revenues going from 6.5 crores in FY '21 to Rs. 11.6 crores last year.

Moving on to the real estate vertical lines 99acres. Billings in Q4 in the 99acres business stood at Rs. 79.3 crores a year-on-year growth of 10.6% while revenue stood at Rs. 61.3 crores a year-on-year growth of 22.3% from Rs. 50.1 crores Q4 of last year. For FY '22 billing grew 25.1% year-on-year to Rs. 231 crores while revenue grew 25.1% and stood at Rs. 217.3 crores EBITDA for the quarter stood at loss of Rs. 33.8 crores EBITDA for full year stood at loss of Rs. 78 crores against a loss of Rs. 22 crores in the last financial year. Cash loss during the quarter stood at least 11.2 crores Against a cash profit will be 5.7 crores in Q4 of last year and cash loss for FY '22 stood at Rs. 54 crores against a cash loss of Rs. 12 crores in FY '21.

Seeing growth in the real estate sector and an aggressive stance by our competitors we increase our marketing expense by almost 44% Q1, in 99acres last quarter. We launched premium listings. This product has received encouraging response from the advertisers during the quarter. With market recovery now back on track we are slowly seeing old broker and beta clients return to the platform and with reduced inventory level we expect increase in new product launches in the sector going forward. Growth of unique users and traffic on the platform shall be priority for the next few quarters. We will continue to invest in both operations and marketing. During the quarter we also announced an investment 237 crores in 4B network. This venture aims at providing a tech platform to connect agents, brokers and builders on the one hand and track and aggregate new home site visits and home loans on the other to make it easier for all participants in the market.

Moving on to the matrimony verticals, Jeevansathi. Billings grew 5% year-on-year Q4, to Rs. 28.1 crores and revenue for the quarter stood at Rs. 25.4 crores down 1.9% compared to Q4 of last year. FY '22 billing grew by 1.5% year-on-year to Rs. 1.9 crores and revenue grew to Rs. 100.2 crores of Rs. 96.9 crores in FY '21 a year-on-year growth of 3.4%. EBITDA losses stood at Rs. 38.8 crores in Q4. FY '22 EBITDA loos stood at loss of Rs. 120 crores against a loss of 95.6 crores in FY '21. Cash loss for the Jeevansathi during the quarter stood up 34.8 crores up from a cash loss Rs. 20.9 crores in the same quarter of last year. Growth in Jeevansathi stabilized in Q4 and like we mentioned in our last earnings call, we have reworked our strategy. We have introduced several free offerings this quarter. This will result in revenue taking a hit for the next two or three quarters. We are still evaluating the impact of these changes. We hope that they will help us gain serious traffic share in this category going forward.

During the quarter we also announced an acquisition of 76% of Aisle Network Private Limited. Aisle is engaged in the business of running multiple serious dating platforms on the web via its mobile apps. For FY '21 Aisle reported a revenue of Rs. 7.56 crores We are quite optimistic of this space and expect the business to grow well going forward. Moving on to our education verticals Shiksha. In Q4 Shiksha billings grew by 48.2% year-on-year to Rs. 28.7 crores while revenue grew 58.8% year-on-year to Rs. 24.4 crores FY '22 billing and revenue grew 64.5% and 59.2% respectively and stood at Rs. 96.5 crores and 90.7 crores respectively. EBITDA for the quarter stood at Rs. 4.8 corrodes compared to an EBITDA of 28 lakhs in Q4 of last year. FY '22 operating profit stood at Rs. 19.5 crores against the profit or Rs. 4.1 crore in FY '21. Cash profit for the quarter stood at Rs. 10.6 crores up from Rs. 4.3 crores in Q4 of last year. Cash profit for FY '22 stood at Rs. 28.7 crores of from Rs. 5.8 crores reported in Q4 of 2021. We continue to invest more in the Shiksha study abroad business and aggregating all useful content for our users on our platform.

Moving on to our financial investments. In January 2020 we launched the Info Edge Venture Fund with the font size of U.S. $100 million in partnership with MacRitchie Investment private, limited and indirect wholly owned subsidiary of Temasek Holdings Private Limited. By 31st March 22 the fund has been able to successfully invest 80% of its purpose of the 28 investments made for the fund 10 have been able to raise a follow on round from marquee investors at a higher valuation. The company now proposals to set up three AIF teams, already approved by SEBI with a target corpus of U.S. $325 million. Info Edge and MacRitchie Investments Private

Limited have committed to approximately 50% each of the total corpus of the schemes. The relevant approval from the shareholders, as per SEBI listing regulations and NCAA circulars have been secured to a postal ballot on 21st May 2022. These funds will have a life of 12 years and further extendable by two years as SEBI regulations. At the consolidated level the net sales for the groups stood at Rs. 472.9 crores versus Rs. 300 crores 300.5 crores in the same quarter of last year. For the consolidated entity and the total comprehensive income level there is a loss of Rs. 6,420.8 crores versus a gain of Rs. 311.9 crores on corresponding quarter of of March 2021. Adjusted for the exceptional items PAT stood at a gain of Rs. 245 crores in the quarter ended March 2022 versus the loss of the 39.6 crores in the corresponding quarter of last year.

Thank you. This is all from us. We are now ready to take questions that you may have.

Vivek: Thanks Hitesh. We will now begin the Q&A session. Anyone who wishes to ask question may raise your hand on the screen. We'll take your name and announce your turn into question queue.

Anand: Thanks, Vivek. We have couple of questions. So the first question is from Vivekanand Subramanian from Ambit Capital. Vivek go ahead and ask your question.

Vivekanand: Thank you for the opportunity. My couple of questions are on Naukri. So Hitesh, I thought that you mentioned about the, you know, your watchful stance on the U.S. recession. Can you elaborate a bit further on this? And how it has been in the past for you? Because, I mean, it has been a very long time since the U.S. went into recession. So that's question one. And secondly, what is your best guess of the proportion of IT hiring that happens through Naukri.com? And how has this trend moved in the last few months?

Hitesh: U.S. we're not for forecasting the U.S. recession, okay. I was just sort of reacting to, you know, the various news items in various sort of media, which I have been reading for the last few weeks. As far as we are concerned, we are not seeing any slowdown as yet in the market. Q4 was our best quarter ever in the last 15 years. IT hiring it's still very, very hard. Salaries are going up, attrition rates are high. Companies are looking to hire more fresh talent to control costs, because lateral hiring is just so-so hard. So at the moment, we're not seeing any slowdown in IT hiring, but I don't know what is likely to happen going forward, given inflation, given the geopolitical situation, and so on and so forth. So, you know, in our history, we've seen two, three sort of serious slowdown. There was a serious slowdown in 2008. And then there was, of course, COVID. What you've seen so far is if there is a serious recession, you know, even serious recessions don't last for more than two, three quarters. And then life goes back to normal. If it's not a recession, that's a temporary slowdown, like if Indian, you know, slight slowdown in economic growth, then you know, that one can take one stride. That may not impact anybody too much. Only a serious recession is something we need to worry about. So I don't know if that answers your question. You had another question, right?

Vivekanand: Yes. So my second question was on the proportion of IT hiring that happens through Naukri and how has it trended over the last few months?

Hitesh: Well, you know, it's different for different companies. The services companies, I suspect ended up doing at least 30% - 40% of their lateral hiring through Naukri if not more. For product companies, it may be 25%, 30%. In certain cases, it could be as high as 50%, 60% as well, for customers. If I want to put, take a number and sort of given as an average for the industry as a whole, I will take a number of more like 35%, 40%. That is what is probably the share of Naukri in all hiring at some of these companies. How has it changed the last two, three years, maybe it's gone up by a couple of percentage points. It tends to sort of be very high in a slow market, because in a slow market companies can take the time to hire, and they're not in a hurry. In a fast moving market, or in the in a hot market companies are under tremendous pressure to hire, it's very, very difficult to hire. So they activate almost every channel to hire people. So probably goes down a little bit in sort of hot markets, or goes up in slow markets.

Vivekanand: Thanks that was useful. Just one follow up. You have been looking to build, you know, adjacencies on recruitment, through acquisitions, and also to your own products. So what are the niches or segments of recruitment where you think employees is lacking? And where will the investments be focused?

Hitesh: Yeah, so you know, we've already signaled that to our acquisitions, and the various sort of new initiatives that we are pursuing in house. So premium hiring, or hiring a premium talent was a weak area for us which is why we acquired IIM jobs a few years ago. And we are now trying to sort of build that, take that business to product to more customers in our sort of portfolio. Ambition box is a startup yet acquired many years ago. Ambition box is now as big as classroom in India. So, you know, if you want to research companies, you want to research salaries, you want to research interview questions, Ambition box is the box where you go today. So that business has really grown. That site has really grown, grown in terms of usage and traffic over the last three years for us. It's fairly sort of big now. For us FirstNaukri is something we've been investing behind for the last few years. That business do more than 100% last year, because campus hiring really moved, picked up last year. And he's likely to stay strong this year as well. Then we acquired Doselect. So you know, we think screen based hiring will sort of increase going forward. And companies will need platform to sort of assess skills. And that's where you select sort of fits in. that business grew to 16 crores last year. Again, it's a very good product, very good team, all we're doing is using our sales system to take the product to more customers. And then, of course, Zwayam which is our applicant tracking and Networking assistant our recruiting management software, which, you know, last year became part of our portfolio, our long term plan is to add on more machine learning to their offerings, and again, like use our sort of Salesforce to take their product to more customers. Internally, we're also investing behind Job Hai which is a blue collar platform early days, but that is scaling up nicely in terms of traffic, in terms of staying in usage. We're also experimenting with BigShyft again, a premium platform for end to end hiring, you know. So that they focus on closing transactions for tech companies, early days started inside the company. But that is something we have been sort of, you know, playing around with for the last couple of years as well. So these are all the adjacent sort of areas where, you know, to start with the verticals may be small, the business may be small, but they hold tremendous potential for the next five, seven years.

Vivekanand: Thanks, Hitesh. Just one last question on recruitment which is on the billing. So the number that we seen the current quarter, does it have any lumpy year end renewals that came through or is it fair to assume that this is the run rate that will percolate into revenues in fiscal '23?

Hitesh: No, this is I would not call it the run rate. Because before this our biggest quarter, and there are lots of renewals, which are given in Q4 and so so you know, so there is seasonality in our business, because of the subscription business. And Q4 is is always our biggest quarter. So, you know, so the growth rate, you know, in Q4 is of course, you know people maybe no, if the market stays the same, then you can extrapolate that for future quarters. But that is of course, a big if, but the base for every quarter will change because Q1 last year, for example, was much smarter than Q4 the year before last. So you can't say this is the annual run rate.

Vivekanand: Alright. Thanks. I'll come back.

Anand: Thanks Vivek. Next question is from Pranav. Pranav go ahead and ask your question from Edelweiss.

Pranav: Hi, thanks for the opportunity. I have a couple of questions. My first question is regarding, you know, the slowdown in hiring, especially in the startup world. I mean, this has implication on two sides. One is, you know, somewhat your employee cost is also linked to it. So how should we see this and secondly, on the recruitment business side that, you know, you will have some revenue, which can potentially, you know, slow down. So, how do you see this impacting in the current scenario?

Hitesh: Well, if the slowdown is only in startup hiring, that is actually a positive for us, because we don't make a lot of revenue from startups. They are very tiny part of our revenue. On the other hand, you know, we lose a lot of people to startups and big tech companies. So if startups and big tech hiring, as in the internet kind of hiring slows down, then that may actually be a benefit us because it'll help us control our costs and wages. On the other hand, will not affect our revenue so much. On the other hand, if there is a slowdown in IT services hiring, in product companies hiring, back-offices, hiring traditional dev centers hiring, that is likely to hurt us, because a large part of our revenue comes from some 8000, 10,000 companies in the IT space we sort of work with. And that I guess it's more indexed, is going to be more indexed, what happens to the U.S. market and then anything else.

Pranav: Sure. My second question is, you know, can you please elaborate, you know, how do you see the, you know, the philosophy on the investment in the listed space? So for example, you have a large investment in Zomato, and Policybazaar. So, how should we see this in the longer term? That's what I would like to do?

Hitesh: Sanjeev you want to take it.

Sanjeev: Yes you are talking about Zomato and Policy Bazzar?

Pranav: Yes, yes. Absolutely.

Sanjeev: So look we are still figuring it out. We are locked in till July in Zomato and we are locked in till I think a few months later, I think November in Policybazaar. So we still have some time we'll figure it out. But we haven't taken a view on it yet. But look, as long as there's no growth left in the companies, and there is a, we don't have a competing use of the cash, we, you know, there may be substantial value to be built by staying on. But on the other hand, if you believe that isn't rock left, or we have competing use for the cash, maybe we'll look next, but we have not taken a call yet.

Pranav: Sure. If I can just ask one follow up on this. I mean, you know, the valuation in the, you know, the startup world is seems to be correcting. In that sense are you looking to accelerate your deployment of the cash in the AIF in the current period? Or how are you seeing this space?

Sanjeev: So the first, fund is invested in 28 companies, it won't do any new companies, whatever one is left that will be used for follow on in the current companies. There are follow on fund, which will used further on for the follow on in the current companies. And there are two new AIFs which will be for new companies. Now, we are being a little careful discerning, figuring it out, you see. A few things have changed in the last 2, 3, 4 months. You got to go for companies where, you know, if you believe it's going to be heavily cash consumptive over the next few years, there's a real risk of it not getting a external investor and therefore, we'll be little careful. I think we won't invest in a hurry. We will be very, very discerning.

Pranav: Sure. Thank you so much. And I wish you all the very best.

Anand: Sure. Thanks Pranav. Next question is from Vijit Jain from Citi. Vijit you ahead and ask your question.

Vijit: Thank you. Part of my question was answered in the previous part. Just a follow up on that investment strategies Sanjeev. Is there any change in views regarding which stage of companies you would invest in, given that now maybe in the private space, a lot of companies will come in at more reasonable valuations? That's part one.

Sanjeev: Yes. Should I answer?

Vijit: No? Yes. So my question was, is there any change in views regarding?

Sanjeev: There could be in the later stage, we will still be like your first institutional checking. You know, the thing about growth and late stage investments is that, you know, if the valuation is lower, there's a reason and if the company is still burning cash, it's going to consume our cash and we are not in the big money game. Our fund sizes are modest, right, 100 million or 150 million, 75 million. They're not large funds. So if somebody is raising 50, 60, 70 million, there is no way we can support that turn around and for a small ownership. And for, and when the market is correcting even at a lower valuation, if the operating skill is high it's still a very risky investment for.

Vijit: Thank you Sanjeev sir. My second question is to you Hitesh. If you can talk about the ANP spend outlook into FY '23 and also any views on your own hiring for your own team in FY '23? Is that going to continue to go up because of product investments? Or how should we think about that?

Hitesh: So let's start with the ANP. So you know, see, look, we look at advertising and marketing expenses, quarter-by-quarter. We don't have a budget for the year. We spend money, evaluate the impact of that spend, and then course correct and fine tune and refine as we go along. Now, what I can tell you for sure is that, you know, Jeevansathi, as we will continue. Because that's the nature of the beast, our competition, also spending aggressively, we also need to spend aggressively to stay in the game. 99Acres also be likely to spend more money than last year, because again, that market has also become very competitive. There is a lot of competitive density in that market. We may spend a little more Naukri, because our business is doing well. And, you know, I mean, we just sort of, just to sort of build some brand recall, we've been out of media for a while, we may spend a little more on Naukri as well. But like I said, you know, it'll be quarter-on-quarter. We'll see how this sort of how the market sort of shapes up and, you know, plan accordingly. As far as hiring goes, see, we will continue to higher and our newer verticals. So verticals which are small, but likely to grow in the long run, you know, these are investment words. So whether it's the study abroad vertical in Shiksha or whether it's Job Hai , the blue collar vertical with that we are building which generates no revenue, or whether it's, you know, BigShyft or whether it's, you know, Ambitionbox, or Zwayam or Doselect in these verticals, we will continue to sort of invest more and more with, you know, and again, like I said, you know, we are watchful, we may invest, we'll invest for six months, see the impact, and then at the review and so on. In our regular verticals, we might hire few people more in functions like sales, operations, customer service, as business grows. We are unlikely to, you know, seriously or sort of, you know, invest a lot more in technology and product and in terms of number of people in our traditional core operation, because I think that is adequately staffed for the moment.

Vijit: Correct. Thanks, Hitesh. Those are questions.

Anand: Thanks Vijit. Next question is from Geeth from Geeth go ahead and ask your question.

Geeth: Hi, Hitesh congratulations on a great set of numbers.

Hitesh: Thank you.

Geeth: And this is specifically from the Shiksha point of view, just wanted to understand the breakup of revenue. What how much? What is the percentage of penetration that you've gotten already from free and paid listing over there? That was the first question that I had.

Hitesh: Actually, you know, penetration levels are very low, but I would not read too much into them. Because we have all kinds of listings on our platform, a lot of government colleges are also listed on our site and they are unlikely to pay well. So you know, so while you know, most of our revenue comes from maybe 700, 800, sort of colleges and universities, and we may have 40,000, or some very large number on our platform, it is unlikely that we'll pay ever, right?

Geeth: Like just trying to estimate the growth potential over there and how much do you think there is? I mean, it's been growing at like, above 50% for a long time. So how long can that sustain?

Hitesh: You know, very difficult to say. See in the Shiksha business, our revenue is a function of the number of leads we're able to generate for our customers and the price we are able to charge per lead. Right. So now if we keep growing at this rate, we will keep growing our traffic, we will improve conversion rate on our platforms, we have to be able to monetize these at a higher price. It's not possible to sort of do this year-on-year every year for a long time. So let's see. I mean, it's hard to say whether we will be able to scale up traffic at this rate going forward also. Right. Can we can we add new customers? Yes. Can we look at different revenue models? Maybe yes. For example, we already experimented, we are already sort of doing a lot on the study abroad side. Now study abroad, we are following a very different model. We have gone full stack as in we are doing end to end transaction. And the study abroad business did a reasonable job last year. We generate about 20 crores of revenue from the study abroad business and started from almost from zero, you know, three, four years ago. So it's a started inside Shiksha. We plan to invest behind that business and do it faster going forward. Let's see what happens. The domestic business can it continue to grow at 50% year-on-year for a long time. It's going to be very difficult unless we are able to track some new sort of model of growth.

Geeth: Got it. Also, one last question is, what is the breakup between agency hiring and direct hiring on the platform right now from Naukri?

Hitesh: So agency, I think I mean I don't have the latest number but used to be about 25% of our revenue. Maybe we can take out the numbers and send it to you separately.

Geeth: Sure. Thank you so much, and congrats again on the numbers.

Hitesh: Right.

Anand: Thanks Geeth. Next question is from Mohit Motwani from Edelweiss. Mohit go ahead and ask your question.

Mohit: Hi, thanks for the opportunity. I will have two questions. One is on the paid listings in 99acres. If we see that the paid listings have come down in the last two quarters, but the ibllings have significantly increased. So can you give some insight on what has led to the increase in billings? That's my first question.

Hitesh: No, see, billings have gone up because billing per price well, you know, we have upped our prices, we've sort of, you know, cut discounts. So that's the reason you're seeing more monetization per listing. Our response also gone up over the last few months. We have to be delivering a lot more to our customers. Now, why have paid listings gone down? See, there are two, three reasons. One, you know, what happens in, see paid listings often put by brokers, and often brokers used to put up multiple listings for the same property, right. And when prices go up, they probably sort of become a little more careful about how many listings they post because they don't want to pay much more by posting the same listing, you know, again, and again. That's one. Secondly, I suspect, but this is just, you know, my suspicion right now that you know, the market has become a lot better than it was, and properties are moving a lot faster. So earlier, it used to take maybe, you know, four months, five months, six months to sell a property. Now, because the market has become a little better than it used to be, maybe you can, you know, put a property you start getting the response, you can maybe get out in two, three months, you know, on the average. So it's a fast moving market, as well.

Mohit: Sure, that's helpful. Thanks. And my second question is on the matrimony business. So I know that you know, you have been very bullish on the matrimony space. The last five years –

Hitesh: Anyway carry on.

Mohit: Yes sure. So in the last, like, you know, five years, I think it has been making losses at the EBITDA levels. So I believe the what you're betting on is the number of paid profiles will come up in the matrimony space, right. But there are no repeat use cases if you look at the matrimony segment, there won't be any repeat use cases. So you know, how are you seeing the future of this matrimony space? Are you expecting more paid profiles or because the pricing power may not be there considering the competition.

Hitesh: So you know, see, we've done badly in the matrimony space in the last few years for only for the simple reason that we are number three player nationally and that we have only 15% share in the market. And it's hard for a number three player in any market to make money. It's not a market where one player dominates like Naukri does in jobs. So what we have tried to do over the last four or five years is gain, at least in terms of profile share, traffic share, matchmaking share it with the hope that revenue will follow once you gain share. So four years ago we implemented a heavy sort of discounting, variable discounting strategy for a while and caught us a lot of traffic, that caused us a lot of paid users. It resulted in more matches happening on the platform. We know it increase our share of matches, if not necessary, and not necessarily revenue in this space, but then competition caught on. It took them about, we also sort of, you know, sort of supplemented and complemented it with more advertising to get more traffic, more profiles to register to start. Strategy really did good games for about 5, 6, 7 quarters, but then competition caught on, they also have upped their advertising spend, they also started discounting very aggressively. And then of course, we ran into COVID. And lately, the strategy has stopped working for us because you know, everybody is doing the same thing. And we can, again, we're a number three player. Lately, what we've done is we've changed our strategy once again. We have in fact become even more aggressive instead of giving heavy discounts, we have actually gone free for a lot of our paid services. Right. With again, the intention is to like I said, the traffic share, you know, get profile share, you know, enable more matchmaking on our platform, and hopefully, as a result get more word of mouth, and we'll be able to sort of garner a larger share of the matrimony market. Once that happens, then, you know, over a year or two, you can sort of, you know, play around with monetization as well, you know. So that's the idea. It's early days, you know. We're happy with what we're seeing. Now what the strategy, as a result of this strategy, we will our revenues will take a beating, or at least two three, four quarters. But we are also hoping and that, you know, our marketing costs will also come down early it is, early days of that one because you know, if Jeevansathi is free, it helps us differentiate ourselves from our competition. So let's see how this plays out over the next 2, 3, 4 quarters. We are hopeful and bullish that, you know, it will help us gain share. But, you know, again, it's also going to be a function of what happens in the market, how our competition react and so on, so forth. So fingers crossed, let's see how this plays out.

Mohit: Sure. So just if I can follow up on my last question. So the new AIF schemes which are setting up, so those will also have investments similar to how you had with the first AIF fund, like in similar areas, like AI, machine learning and those kinds of areas.

Sanjeev: Yes. So there's a follow on fund invest only in the emerging winners from fund one, that's 100 million. There is fund two which will basically invest in new companies, where we have not invested earlier and are on the same strategy as fund one. And that was working on AIR That was more consumers net mobile app install which offers, you know, nowadays you can't avoid AI/ML because they are amazing but you know, pure tech companies are very few. And then there is fund 2B capital 2B which is going to be more product tech-ish, deep tech-ish kind of investments, will be more AI/ML type. But there will be some overlap, but we'll figure it out.

Mohit: Sure. Thank you for all the answers. Thank you so much.

Anand: Thanks Mohit. Next question is from Aditya from Macquarie Aditya, go ahead and ask your question.

Aditya: Thank you. Good afternoon. So a few questions. First was more on kind of real estate and matrimony stuff. I guess it's a long game here. You mentioned past consolidation as gain. Last year, we had 30 million loss. The year before losses bit lower than that. So I guess in terms of fiscal '23, can we get any thoughts in terms of how much your losses you're willing to fund here at the upper bound, and then I had a few more questions.

Hitesh: There's no upper bound. But you know, naturally, like I said, we lost about 120 crores last year. So now, we are hoping that, you know, it'll sort of, you know, we'll sort of be able to make serious gains in terms of traffic share and you know what, if you do that, then the rest of the stuff follows from there. Now, whether we will end up with 100 crore loss or 150 crore loss is difficult for me to say at this point in time, because like I said, we've changed our model. It's very, very early days. We know revenue take a hit for the next three, four quarters. So we did 100 crores last year, you know, you know, we will see a drop, at least four to three quarters, you know, and then only if you gain market share and traffic share, if you're able to figure out new ways of monetizing revenue will go back. We are also looking to cut our marketing spend slightly. But again, like I said, it will be one quarter at a time we'll play around, experiment, see what happens and refine and fine tune as we go along. In real estate also, again, it's become very competitive. There are many more players in the market than was the case two, three years ago. Some of them are very heavily funded. Market is also showing signs of making a comeback. So again, it will be like you know, one quarter at time. But needless to sort of say we will sort of if we have to stay competitive, if we have to stay, you know, in the game, we will have to respond to competition. We cannot sort of lead competitions or take the game away from us if you want to stay in the game. And if that means taking extra losses for a couple of years, we have to, we should be prepared for it.

Aditya: Thank you Hitesh. I guess the second question was more on your Naukri business right now. Here clearly in a kind of very strong demand environment, your margins have expanded as well. So the the priors your EBITDA margins was 55%. I understand that there are levers which you can pull but I guess into fiscal '23 do you see a downside to where your current margins are in Naukri?

Hitesh: Well, it will depend on what happens to demand and revenues. See if revenues continue to or billing continue to grow at 25%, 30% or more, I don't think margins will in fact improve from here on right. On the other hand, if there is a slowdown in the second half of the year, if you know it hiring takes a hit, if there's a recession and so on so forth, and it's hard for me. So you know if and but like I said we manage quarter-by-quarter. So in the past I've always said listen at 15%, 20% growth, also we can maintain our margins. But this year, we are being aggressive in terms of the salary increases that we're doing out in terms of investments to the in the adjacent verticals, right. I mentioned most of them inside the company. They're not going to generate a lot of revenue in the short term. But we think it's important to keep investing in them to invest in them for the medium term. So we don't want to cut down on those investments. Recessions, in the past we've seen normally don't lasts for more than two or three quarters.

Aditya: Yeah. Can I ask one more question Hitesh?

Hitesh: Yeah.

Aditya: So just when you're investing companies, maybe just a quick update there on some of your larger carrying value investments, whether it be Shopkirana business, etc and also, I guess, related to the AIF, I mean, are you increasingly facing a more challenging environment in terms of capital and having to kind of go down the risk of as you kind of competing with some of the larger kind of VC firms?

Sanjeev: Well I will take that. See, actually, what's happened last two, three months is that people have been very careful, even other investors. So it's not as if it's a very competitive situation where we are having to fight to get into investments. That's not the case. I think everybody is being careful. And therefore the risk is outside that what if your current companies can't get the next rounds, and you're dealing with that, and you're figuring out how much cash they have, how bandwidth they have and you know, and so on. So if somebody's got two years of cash, you know, it's, he's okay. But, you know, if he's got six months or cash, he better start raising now immediately, and you know, and pretty quickly, right. So it's not as if it's, it's really competitive, you know, in getting into these right now. You should actually be pretty careful what do you want to get into. Right. Now as far as Shopkirana business are concerned I mean, they're, both reasonably well capitalized right now. But yes, there will be more coverage. They need at least one round more but the business is scaling up nicely, but they're not making money. So obviously, you know, next few months or so, they will be, we will have to do a capitalization options there.

Aditya: Thanks Sanjeev.

Anand: Thank you so much Aditya. Next question is from Bhavik Mehta from JP Morgan. Bhavik go ahead and ask your question. Bhavik you are there? We will take next question while he is coming back The next question is from Vivekanand from Ambit Capital. Vivek go ahead and ask your question.

Vivekanand: So thank you for the follow up opportunity. First one is for Sanjeev. So we saw that in the past Zomato and PB FinTech you invested almost close to 1000 crore in these two companies. In fact, in PB you invested around 400 crore in one round itself. Now, given the new AIF structure, does this imply that you're no longer able to cut such large checks in follow on rounds for your investments?

Sanjeev: That is substantially correct, you know. The truth is that we you know, in our earlier sort of capital allocation in our portfolio, we cut some large checks which would never have passed muster actually in a structure because even SEBI not allow more than X amount of you have been going into one company. Right. And, you know, you've got third party capital now. And therefore, you got to have, you got to follow norms of commercial prudence. Now, it worked out for us and one in particular is the fact that we can these large checks given us this kind of outsized return, but it is also getting risk. So therefore, yes, we will be more commercially prudent than we were earlier. And yes, we won't take bet the fun kind of investments, where you're investing a large percentage of funding into any one company. So you can't invest across. You are absolutely right in one check in one company.

Vivekanand: Okay, that that was very useful. Just one follow up. So does this mean that for deploying the same amount of capital or perhaps now, you know, 3X the capital that we deployed in the first AIF, we will potentially have to invest in around 100 companies?

Sanjeev: No, it doesn't mean that. You see 100 million of this 325 million is going into a follow on fund which will only invest in the emerging winners of fund one. So that doesn't go into new companies at all. Right. What you will have 75 million and 150 million, 225 million yes you will have maybe 2X of the companies. Maybe.

Vivekanand: Okay, and some of these startups that are listed here, the unbox robotics, the IoT company, are these also earmarked for the deep tech AIF or is it part of the previous?

Sanjeev: So listen, we had a small sort of pool of capital we had put in the company balance sheet to invest in a very early stage deep tech companies. And this was done through a subsidiary called Red stack right and this is, those companies, a ton of them, we'll have to figure out where to put them. They're still being worked out.

Vivekanand: Okay, last one is for a Hitesh. So now that Shiksha's billing is higher than that of Jeevansathi. Does this mean that your business priorities also changed in tandem with the higher billing of Shiksha over Jeevansathi.

Hitesh: See internally, we have a business unit structure. So every business has a business head, and they sort of make a case for their business. they uild business plans, and then they execute. They are empowered to sort of hire people, invest in marketing, etc, etc. Now, Why? Yes, of course, Shiksha has done well for the last two years, and we are going to be sort of increasing our investment in Shiksha going forward. Like I said, we are looking to invest behind the study abroad, sort of section in vertical in Shiksha and so forth but in Jeevansathi, you know, it's been one bad year, you know, we expected to grow at 15-20%, we wanted only maybe 2, 3% , but now we have a again sort of reworked strategy. Now, if this strategy starts to yield results, we'll continue to invest both behind Jeevansathi too.

Vivekanand: Alright, understood. Thanks for all of these.

Anand: Thanks Vivek. Next question is from Mukul Garg from Motilal Oswal, Mukul go ahead and ask your question.

Mukul: Okay. Thanks. Hi, Hitesh, good evening. Hitesh a couple of questions from my side. The first one was, you know, on the just a bit of clarification on the recruitment side. There is a difference of about 75 crore between recruitment and Naukri billing. Is this purely due to IIM jobs and, you know, can you just help, you know, break out how much growth IIMI jobs has done?

Hitesh: I just want to clarify the recruitment for us includes quadrangle, it also includes Naukri Gulf. It also includes, you know, for the working gets almost zero revenue from Job Hai and make sure, but it also includes those verticals. It includes Ambitionbox. It includes the candidate services business and Info Edge. And now I don't know whether our Chintan can you just clarify whether it is what we have reported includes IIM jobs and Zwayam and Doselect as well or?

Chintan: Yes the recruitment solutions numbers include, IIM jobs numbers, because that merger is complete. It won't include Zwayam and Doselect. I think those numbers we have given it out separately. But you know, broadly, that then explains that, you know, Naukri is just one subset of recruitment solution, of course, that's the big part of it. But there are other small, small, small brands also. And that's everything kind of accumulates into the overall recruitment solution numbers.

Mukul: Right. So Chintan is it fair to assume that there is no major change in last few quarters because of these smaller businesses? Their overall share in the recruitment billing? Or else, you know, something grown quite rapidly?

Hitesh: Actually, I mean, I don't think we give all the numbers but our core Naukri business, regional business do the fastest.

Mukul: Fair enough.

Hitesh: More than anything else.

Mukul: Right. And also, the second part was, you know, a follow up to earlier question on 99acres Hitesh. You know, if you look at the paid listing drop, you know, is it fair to assume that this was partially due to market share laws as you increase prices? And, you know, if you look at the number of paid listing, it is probably the lowest in recent history, excluding obviously, the Q1 disruption. Now, I had to go back to all the way to FY 15, to get a lower number. And also, if you can just kind of break it up. Was the impact more on the rental side versus a developer side? How's the mix shaping up?

Hitesh: So the fall if listing like I said can be attributed to two, three things. One is, of course, higher prices and therefore, brokers putting up you know, fewer of the same listings. Two, is the market being a little better than it used to be. Three, maybe there is more, like I mentioned earlier, there is more competitive intensity as well. Yes, we have lost some customers at the bottom, because that was bad design in the beginning, at least because, you know, a lot of the customers were paying us money. So we didn't feel it sort of was important to sort of service them. Also, there was a slowdown, so many sort of opera clients went out of business, especially in the first half of last year. They're all slowly and steadily they're all coming back. But, so let's see, let's see what happens going forward.

Mukul: Understood. The third was on the you know, while obviously there are concerns on the IT side going forward and affect to three, but how should we think about the non IT portion the remaining 50% of the Naukri business that went through a deep compression in last two years? How should we see the growth, especially compared to, you know, what it was in FY 20 or pre-pandemic. You know, is it something which can really see a, you know, a fast catch up next year.

Hitesh: So, you know, again, the non IT sort of piece, I would break up into two parts. One is the, you know, sectors like travel, tourism, hospitality, retail, which were massively impacted by the pandemic. And then there are the other non-IT sectors like, you know, education, pharmaceuticals, FMCG, etc. So, we've seen, so, you know, the second sort of, segment, you know that we started that seeing hiring in the sectors pick up in the second half of last year itself, you know. So some of these companies are hiring very aggressively towards the second half of last year. But lately, what we are seeing is the other segment also comeback. You know, the hospitality travel to, you know, retail, these kinds of sort of sectors, because they've started opening up, you know, post-pandemic. Now, I suspect, and what we're also seeing on the ground, in fact, even in our company, is till last year, we were worried about tech attrition, and therefore, we had to give massive increases to people in our product development sort of organization. But this year, we are having to sort of pay a lot more to people in functions, like customer surveys, and operations, and sales and finance and accounts and as well, you know, because demand for these professionals is also storing and certainly coming back. Now will this continue for another two quarters, four quarters, one quarter is hard for me to say. Things are opening up, many of these companies had laid off people they had shut, they had downsized over the last two, three years. They are beginning to see hire once again and that is resulting in higher attrition in other sectors as well, not just in these sectors, because but for how long would this continue is hard for me to say.

Mukul: That's fair. The last question –

Hitesh: I want to make you see many of these people, sort of many of these workers also went back home, right. And a lot of them are working from home. So as companies encourage them to get back to work, that could also lead to some attrition in some places.

Mukul: Sure. If I may ask one question to Sanjeev if he's there. You know, if you look at the last fundraise, there was a discussion about, you know, the scaling or acquisition in the non-Naukri, vertical standalone entity. With funding drying up and obviously, peers kind of struggling, can that opportunity for direct acquisition or because no, that will not be possible through AIF?

Sanjeev: No, so acquisition not happens with AIF but there's enough money in the balance sheet. I will let Hitesh answer that question, because that really comes down to him.

Hitesh: No. No. See like when we raise money, also, when it said that we're looking to one, of course, invest in, you know, our operating businesses in adjacent areas. Two, you know, we thought we said we would sort of do more, investing in companies outside also do some tuck in acquisitions. And the third thing they we said was, is that you have sort of, you know, also hoping to sort of do a big acquisition at some point in time in the next two, three years. But big acquisitions as we have learned, are one of course, they're opportunistic, you know. There are just a handful of companies you can acquire. And what also happened over the last two, three years is that valuation sort of went out of whack. Therefore everything looked very, very pricing, could things on this front change going forward? Maybe, maybe not. Time, will tell. But, you know, big acquisitions will, you know, you'll probably see we'll probably do one or maybe one in the next couple of years if we get an opportunity. Hard to predict what's going to happen on that one. We'll continue to the smaller ones. We will continue to sort of invest on travel businesses. Those are easier.

Mukul: Sure. That's fair. Thanks for taking my questions. And best of luck for 2022. Thank you.

Hitesh: Thank you.

Anand: Thanks Mukul. Next question is from Swapnil from J M Financial. Swapnil go ahead and ask your question.

Swapnil: Yeah, hi. Thanks for taking my questions. So couple of them. First one Naukri. So given that we have a high billing base this year. I would presume your revenue would grow significantly well next year and you mentioned that you will be doing some investments within Naukri itself. So how should we think about margins of Naukri in the near term at least? If you could give us some sense on that.

Hitesh: The investments are not going to be very, very substantial. Like I said, we look at things quarter-on-quarter. We, you know, make some investments, see results, results. If it's working, it's going to scale up. So we will continue to invest in our newer verticals. But if you know if revenue growth continues to be, if billing growth continues to be solid. And by solid, I don't mean 60, 70%, which is what we got last year. By solid, I mean, even if he are able to grow 25, 30% this year, you know, I think a margin should continue to be very, very healthy.

Swapnil: Okay. And second question is on Jeevansathi. You mentioned that you're not charging the customers as a changing strategy. Now, should we assume that, theoretically speaking, can it, can the billings go to zero? Or is it like, is it for partially you're charging some customers and not the other part of it? And just a follow up on that, like, what would be your fixed expenses in Jeevansathi? And what will be the variable part of it, so that that will help us model?

Hitesh: No, you are right. Theoretically, billings can go to zero, because, you know, a substantial part of what we were sort of charging for is now free. Having said so there are some value added services just in paid. And we expect, you know, revenues to fall substantially, but not go to zero. But we were maybe a 30, 40% correction is very like could happen. Drop in revenue could happen easily. We are hoping like I said in the long run to make it up through more registrations, more matchmaking, more activity, more engagement on the platform, but that's the big if. You know, we build about a revenue Jeevansathi with 100 crores last year, we spent about 220, we lost 120 at the EBITDA level. I think at least half of this, or if not more was advertising and marketing costs. So the other costs would have been maybe closer to 80, 90 crores but I can, we can get back to you with the exact number.

Swapnil: Sure. Okay. Thanks a lot for taking the questions.

Anand: Thanks Swapnil. Next question is from Vijit Jain from Citi. Vijit go ahead and ask your question.

Vijit: Thank you for the follow up opportunity. I've just two questions. One, with study abroad Hitesh is there a change in approach with that, given that you've talked about it as a new initiative versus other classified business? Is there going to be more marketplace type of offerings, more value added services, if you will, that you can monetize effectively? That's one. And my second question is on the IT in the recruitment business. Is there an overlap between the kind of resumes you think are, you know, sought by the new age internet companies, so to say, the ones where, you know, a lot of funding has been raised in the last few years, and the conventional IT services companies that is, you know, the core of your business? Those are the two questions.

Hitesh: So listen, so the Shiksha study abroad it think start of an experiment in the past, it flooded with these assistance services in Naukri I mean we have service, which is you know, we get 370 crores revenue. We have assistant services in 99acres. We have assistant service in Jeevansathi but we never gone the full on whole hog on, you know, and said, okay, we'll do the transaction. Shiksha study abroad is actually the first, as far as we are concerned where we are actually saying, we actually get paid on closure. You know, we will send these kids overseas to these universities. We will hand hold them, counsel them, get them a Visa, and so on and so forth. Now, we've been surprised by the fact that we've been able to execute reasonably well, given that this is not a skill we had in the company so far. Now, if it scales up nicely, if it scales up nicely, you know, and we are able to develop this new competency then over time, you know, we could experiment in other verticals as well. I've already mentioned BigShyft. So there is a experiment going on inside the company where we're looking at an end to end sort of play in premium tech hiring. But it's early days of BigShyft. BigShyft is just about the platform, they haven't even started monetizing as well as yet. So let's see how this plays out. But it could open up a new sort of avenues for the company in the medium term for these one or two experiments. If these one or two experiments were to succeed. As far as you know, as far as your second question goes, you know, is there a big overlap between the kinds of people IT services companies hire and, you know, these startups which are heavily funded hire? I don't think so. Because IT services companies have traditionally hired from tier two, tier three campuses. Their starting salaries on campus are more like 3, 4, 5, 6 lakhs per annum. And they hire in 1000s and hundreds of 1000s in fact. On the other hand, these innovative tech startups, which are heavily funded, don't hire as many people as IT services companies, but they like to hire sort of from tier one campuses. Their starting salaries are often double or triple of what IT services companies offer on campus. And they hire very few numbers. So between I think all the startups put together, you know, if you were to look at the total tech workforce, it will be smaller than perhaps the Wipro or Infosys. Right. So that's the, so they're not big in terms of size. But they hire higher quality. They hire from more premium, premier institutions. And they pay a lot more.

Vijit: Right. Thank you. Thank you Hitesh.

Anand: Thanks Vijit. Next question is from Abhishek Bhandari from Nomura. Abhishek go ahead and ask your question.

Abhishek Bhandari : Yeah. Hi. Thank you. Hi. Hitesh. I hope you're doing well. Hitesh you know I just had one basic question. If I look at your billing, which is an indicator of your market size, your recruitment is almost around 14, 15 odd crore, you know, kind of business. So what do you think, you know, could be the bucket size for your remaining, you know, three key verticals, whether you look at real estate, or education or matrimony next five years time?

Hitesh: So actually, you know, recruitment has become a very large market field, with 14-15 crores and there's LinkedIn that do a few 100 crores. Then there are recruitment firms, and there is referral hiring. So I know, I wouldn't be surprised if companies are spending at least a billion dollars, or close to that much on recruitment in India if not more. And this is not including the cost of their internal HR recruitment team and so on. Right. So that's one. Now as far as the other verticals go the 99acres now, if you look at, it depends on how you define the market. So if you just look at the advertising market for real estate, right, 10 years ago, or 14 years, 12, 14 years ago, it used to half a crores and what all of it used to go to newspapers and hoarding and so on. Then the real estate advertisement market shrunk, because real estate went through a rough time, you know, starting with RERA, then demonetization, GST, NBFC crisis, COVID, etc. etc. etc. the market actually shrunk to maybe, you know, two thirds of the size, even though after 10, you know, so 10 years later, the market has maybe two thirds the size. Now the nature of the advertising spend is, of course, changed. Most of it now goes to online, right. It doesn't go to newspapers and hoarding anymore. But within online, also a large part of it now goes to Google and Facebook. Right. So there's Google and Facebook and then there are the real estate portals. And then there's this web page and newspaper advertising. And so if you were to look at the spend on real estate portals, and Facebook and Google today, it's probably close to 1000 crores if not more already, right. And ratio is now entering the growth phase. And then there is this reprioritizing, etc, which will slowly again, keep migrating to online. So it's very likely that you know, 10 years from now, the real estate advising market in India, could be 5000, 7000 crores, who knows. Right. And this does not include, you know, transaction. It does not include brokerage. It does not include some, so, over time, you know, some of these sort of markets will also be up for grabs, you know, depending on what models people develop and so on. Right, so, it's not a tiny market in any standard. It's just that there it was like 7, 8, 10 years. Right. If you look at matrimony. Now, again, depends on how you define the market. If you look at traditional matrimony, which is basically caste and community based matrimony, like Jeevansathi, Shaadi and Bharat Matrimony today, it says that market is close to $100 million, right. But growing and maybe 74, 8 10% per annum. The reason one reason why it is $100 million and why even real estate is 1000 crores not 2000 or not 1500, 2000 crores because a lot of competition. What happens when you have a lot of competition is that prices are driven down, unlike what you're seeing in recruitment. The recruitment because there isn't a lot of competition, you know, we are able to command the price you deserve to get in that vertical here because there's a lot of competition in both matrimony and real estate. There's aggressive discounting from all players which results in lower realizations. Now, if you want to do this matrimony imaginary market and the dating market, right because the dating market did not exist a few years ago. And the dating market also evolved into this casual dating which is Tinder and then there is serious dating which is Aisle which is something we invest in then that market is also now I don't have the numbers, exact numbers but maybe it's a 250 crore, 300 crore market already right and growing much faster. So these are not small market by any standard and over the next 5, 10 years it could become fairly large especially and especially if you know there is consolidation.

Abhishek Bhandari: Got it. My second question Hitesh is that you know, now that know in our jobs classified business Naukri is a cash cow and we are a clear dominant market share, has it occurred to you that we should actually –

Sanjeev: Sorry may I take that so cash cow is not the correct capitalization Naukri even it is growing very fast. So it's highly profitable very fast. I do not know what you'd call it, but it doesn't put into a

Hitesh: It's called a star.

Sanjeev: No, star is a, it's a mature business growth but yeah sorry to interrupt.

Abhishek Bhandari: No problem. I didn't mean, it's going slow by any standard, what I meant that, you know, it's a fast growing engine throwing cash, Has it ever occurred to that you should go up the value chain, and probably start targeting, you know, more premium? I know, the investments in IIM jobs and all that there. But you know, more like, probably like a LinkedIn kind of approach, you start building communities, and, you know, it becomes probably, you know, one of his own kind, given the wide network you have and I think, you know, the effects of network can actually be realized very quickly over there. So any thought there will be helpful.

Hitesh: See what we've seen over time is that, you know, it's very hard for me to play or to succeed in any market, right. So you have to have a differentiated strategy. You have to have a differentiated offering. If you try and do what somebody else is doing, and if that somebody else is already very strong, very powerful, and has a lot of resources, it's unlikely that he will succeed which is why you know, we are doing what we're doing in Jeevansathi also. We have to have differentiated ourselves. Now, so should we do another professional networking site? I doubt it whether that approach will work. But what are we doing, we're doing IIM jobs, we're doing vertical sites. We are also experimenting with a protocol high risk you know, in the IIM jobs table, which is premium tech hiring. We are trying to pitch shift which is, you know, like I said, we are flirting with the idea of doing end to end sort of transactions, you know, end to end on a platform using technology, maybe in a small area. So maybe the right approach to premium hiring, or to sort of entering that market is, you know, these niche sort of vertical approach as opposed to, you know, trying to build another sort of network to compete head on with Microsoft, you know. So that's, our thing at this point in time, but like I said, some of these things change and you know, tomorrow if you see an aggressive startup, which is sort of likely to succeed in this space and you know, is making great progress, then none of this will matter.

Abhishek Bhandari: Thanks. Thank you Hitesh and Sanjeev. Really helpful. Thank you.

Anand: Thanks Abhishek. Next question is from Aatman Ajmera go ahead and ask your question.

Aatman Hi, good evening. This is Aatman form Nordea Firstly, congratulations on Naukri's performance. I mean, business has done really well over the last two years, businesses a lot bigger and you know, virtually a flat employee base, clear testament to the scalability of this, of the platform. My question Hitesh is more on 99acres and Jeevansathi. Most questions have been answer but just one question I was curious about is, so what are you really optimizing for when you incentivize a business hits? So, you know, are they going after traffic share? Is it you know, is someone in the organization penalized for a high marketing spend? You know how do you measure a successful outcome in these two businesses when you know, the market is what it is? But some things you can do internally as well. So what are you really incentivizing your business head for? What's a good outcome?

Hitesh: So the number one thing we focus on in almost every vertical we operate in is our traffic. How many users sort of end up on our platform? What is the amount of time they spend on our platform? How engaged are they with our platform? So that's the number one thing. So whether it's Naukri or 99acres or Shiksha we have the emphasis to track what's happening, right. The number two thing we focus on because we are a matchmaking platform is matchmaking, right. So you may get a you can get a lot of traffic but bounce and it may not spend too much time it may not end up sort of in Naukri they may not end up finding the right jobs or not being shortlisted and hired. In Jeevansathi they will not find the right sort of matches and they may sort of just you know disengage after a while. So the number two thing we sort of focus on in particular sort of verticals almost all of our verticals is matchmaking; how many matches are we able to enable through our platform and we again like I said we have dashboards, your analytics, etc. to the board stuff like this on a daily basis. The number three thing and which we focus on is traffic share, right which is you know, how do we visualize that competition. So you know, our business maybe growing, our visitors will be growing 20% per annum our matchmaking maybe 30% per annum our competitions growing 50% per annum So because as you know, in the internet space, it's often winner take all especially in the kind of markets we operate and if you're not a strong contender, or if you're not a strong number two or number one player it's very, very hard after a while, which is why I mentioned recently, just now on the mean that this new approach is Jeevansathi because what we did three years ago started working for us for some time, we gained share, we gained, you know, in terms of the number of matches we were enabling, and so on. But then competition followed, and then we are now sort of forced to do things very differently if you have to be in shape. So these are the top three. And then of course, there's revenue, because the proof of the pudding ultimately, in the eating. And often monetization is not easy. And you know, to be able to think of smart ways to monetize, because you can do all this. And but if your monetization model is not in sync with what you're doing, then you may not be able to read the benefits of all these changes that you make to your platform, right. So we have to constantly sort of reinvent or reimagine monetization, also on all our platforms. So these are the four sort of big things we focus on. Like I said, in the long run traffic share is the most important, but also our newbees because you have very high traction, but if you're a tiny market, if you don't have too many visitors, it doesn't matter, it doesn't matter, right. And in the end, the proof of the pudding is in the eating. So you have to be able to monetize, and you have to be able to command the right price, especially if you're a leader, because that is what ultimately leads to good margins.

Aatman: Right. So thanks for that just a follow up. There is a lot of things you mentioned can be achieved through marketing spends, right? I mean, you can invest higher to get traffic. So are the business heads given X budget? This is what you spend and do your best with the can in terms of traffic? Or is this sort of, you know, is there a pool that the business heads are fighting for? And you know, was there a constant combat saying we need more to sort of grow traffic?

Hitesh: Yes and no, see marketing is not a panacea for all in sense So you know, in the sense that, you know, if you spend more money on marketing, and your competition also start spending more money on marketing, you're back to square one, right. So marketing works up to a point. It works, especially when competition does not respond. It often does not work, it works, grow the market, expand the market, you know, but it does not work beyond a point to get your share. Right if your competition is also as aggressive as you are. Now, therefore, a lot of the focus is also on doing smart things, you know, on the platform. So in many, some of our verticals, we need to invest more than operations. We need, like I said, we need to invest in smart algorithms to enable good matchmaking, we have a data science team, which sort of is constantly sort of focused on that. We sometimes need to launch new features and get into newer areas, to sort of just, you know, you know, get a higher share of the funnel at the top. So it's a combination of things. Marketing is not the, I mean, marketing is required from time to time, and it's important, you know, especially if competition is advertising, and you are not able to respond. But it's not as if you can get all the results you want only for marketing. Now, is there a budget? Is there, so like I said, you know, every business prepares, it has a business head, they prepare business plans. They survey the environment, they understand what competition is doing, they understand they we have a lot of past data on how effective marketing has been for us, right. Because the good thing about internet marketing is that you can track everything. You know, you know what happened when you spent last time. So they look at all that and then they sort of arrive at a plan, and they prepare a budget, which is then sort of approved. Now that budget is not cast in stone, because in our space, unlike in mature setups where things don't change too much things change every month, right. Earlier, it used to be only because of competition and because of structures, but now it is also the environment, which is every quarter. So once we agree on our budget, they implement it quarter-by-quarter and review and you know, evaluate, and then that's how it works.

Aatman: Understood. Just to wrap this up let's say if this quarterly loss was extra 35 crore was, let's say 100 crores this quarter, hypothetically, would someone be penalized in the organization for that?

Hitesh: In which vertical? Sorry. So you know, they won't, I mean it's unlikely that that has happened because see we we track, like I said things on a daily basis. So, you know, we have data coming in on revenue, on costs on all this on a daily basis. At the end of the month also there's a review.

At the end of the second month also there will be a review. At the end of the quarter also there will be a review. So it's not, when I say quarter-by-quarter it is you know, I mean, at my level, it's quarter-by-quarter, but at the you know, the business heads, and the sales heads, and the product heads are reduced off every week.

Aatman: Understood.

Hitesh: And they will also make it required.

Aatman: Right. Very clear. Thanks Hitesh for that.

Hitesh: Yes.

Anand: Thanks Aatman So that was the last question for the day. We will wait for some time. If there are any more questions, please raise your hand. Vivke no more questions. You we may conclude the call.

Vivek: Thanks, everyone. On behalf of Info Edge, we conclude this conference. Thank you and you may now disconnect your lines.

Hitesh: Thank you everyone. Have a nice day.

Sanjeev: Bye. Bye.

Hitesh: Thanks. Bye.