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"Info Edge (India) Limited
Q4 FY2025 Results Conference Call"

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MANAGEMENT:
Mr. Sanjeev Bikhchandani – Founder & Vice Chairman
Mr. Hitesh Oberoi – Co-Promoter & Managing Director
Mr. Chintan Thakkar – Director & CFO

INVESTOR RELATIONS:
Mr. Vineet Ranjan - Head, Investor Relations

Anand Bansal: Good evening, everyone. I am Anand Bansal and I am joined today by my colleague, Mr. Vineet Ranjan. Thank you for joining us. We will wait for a couple of minutes to allow more participants to log in.

Vineet, we currently have over 100 participants on the call. Over to you to get us started.

Vineet Ranjan: Thank you, Anand. Good evening, everyone. Welcome to Info Edge (India) Limited Q4FY25 earnings conference call.

Joining us today from the management, we have Mr. Sanjeev Bhikchandani, Founder and Vice-Chairman, Mr. Hitesh Oberoi, Co-Promoter and Managing Director, Mr. Chintan Thakkar, Director and CFO. Before we begin, I would like to draw your attention towards the detailed disclaimer included in the presentation for good order's sake. Kindly note that this conference call is being recorded. All participant lines will be in listen-only mode and there'll be an opportunity for Q&A after the presentation concludes. Now, I'll hand over the call to Mr. Hitesh Oberoi for his opening remarks. Thank you and over to you, Hitesh.

Hitesh Oberoi: Thank you, Vineet. And very good evening, everyone. Welcome to Info Edge's earnings call for the fourth quarter of FY25. We will start with an update on standalone financial performance, then cover segment-wise performance along with the commentary on each business. And then, we'll have time for Q&A. For the standalone business in Q4 of FY25, billings were Rs. 984 crores, a YOY growth of 19% and revenue was Rs. 687 crores, a YOY growth of 13%. Billings and revenue including Zwayam and DoSelect were Rs. 1,015 crores and Rs. 718 crores respectively, a YOY growth of 19% and 13%. Operating profits at a standalone level grew by 3% YOY to Rs. 231 crores and the operating margins stood at 34%. The standalone business generated cash from operations of Rs. 536 crores in Q4 of FY25, a YOY growth of 15%. In Q4 of FY25, the cash generation from the recruitment business was Rs. 532 crores, a YOY growth of 16%. The non-recruitment businesses at an aggregate level were also cash positive and generated Rs. 40 crores of cash in Q4 of FY25.

For the full year FY25, in the standalone business, billings were Rs. 2,882 crores, a YOY growth of 15% and revenue was Rs. 2,654 crores, a YOY growth of 11%. Billings and revenue including Zwayam and DoSelect were Rs. 2,972 crores and Rs. 2,743 crores, a YOY growth of 16% and 12% respectively. Operating profits at a standalone level grew by 12% year-on-year to Rs. 973 crores and the operating margin expanded to 37%.

The standalone business generated cash from operations of Rs. 1,318 crores in FY25, a YOY growth of 16%. The recruitment business generated cash of Rs. 1,344 crores in FY25 and the non-recruitment businesses combined also generated a cash of Rs. 21 crores in FY25 vis-à-vis a cash loss of Rs. 44 crores in FY24.

EPS before exceptional items (net of tax and deferred tax) for FY25 stood at Rs. 77 pre-split of shares and Rs. 15 post-split of shares, a YOY growth of 17%.

The company has received shareholders' approval to split the existing equity shares from a face value of Rs. 10 to a revised face value of Rs. 2.

The cash balance of Infoedge including wholly owned subsidiaries at the end of March 2025 stood at Rs. 4,786 crores. The board has proposed a final dividend of Rs. 18 per share pre-split or Rs. 3.6 per share post-split. Along with the interim dividend, the total dividend of FY25 is Rs. 30 per share pre-split or Rs. 6 per share post-split, a 36% year-on-year increase in dividend payout.

The headcount of the company as of March 2025 was 6,065 people.

Moving on to segment-wise performance, starting with the recruitment business. In Q4 of FY25, billings grew by 18% to Rs. 740 crores and revenue grew by 13% to Rs. 511 crores.
The operating profit improved by 8% YOY to Rs. 278 crores and the operating profit margin was 54%. Cash generated from the recruitment operation was Rs. 532 crores, a YOY growth of 16%.

For FY25 as a whole, in the recruitment business, billings grew by 15% to Rs. 2,158 crores and revenue grew by 10% to Rs. 1,983 crores. The operating profit stood at Rs. 1,116 crores and the operating profit margin was 56%. Cash generated from the recruitment operation in FY25 full year was Rs. 1,344 crores, a YOY growth of 11%.

The key operating highlights of the recruitment business is that the billing growth rate in Q4 was broad-based across all segments. Tech, IT services and BPM combined grew by 17%, GCCs by 19%, Other Sectors by 19% and the Recruitment Consultant segment by 15%. GCCs contributed around 16-17% of recruitment India B2B billings in FY25. Key sectors like BFSI, healthcare, manufacturing and infrastructure grew at double digits.

The JobSpeak index showed muted movement in Q4 FY25, reflecting a moderate hiring environment. Despite this, our billings improved, driven by growth across both our core business and niche and adjacent segments. Our niche and adjacent businesses such as IIM Jobs, Naukri Gulf and Naukri Fast Forward have all continued a good growth trajectory in Q4 FY25 as well, with year-on-year billings up by 43%, 26% and 18% respectively.

Our employer branding solutions offered across platforms like Naukri, IIM Jobs, Hirist and AmbitionBox, have also been well received by our clients. We are working on strengthening these offerings further and expanding and penetrating the market a little more. FY25 was also the first full year of monetization of JobHai. This business has been growing well in terms of traffic. Although still small, it holds great potential and could become a sizeable business in the medium to long term. On the job seeker side, our Naukri platform now hosts around 106 million resumes and added an average of 22,000 resumes daily in Q4 of FY25.

On the recruiter side, the Naukri business served over 128,000 corporate customers in FY25. We continue to invest aggressively in marketing activities in areas of B2C, B2B, branding and job seeker engagement. Activities including IPL advertising which started in March this year, led to some impact in Q4 margin. In summary, our recruitment business continues to grow across all customer segments, complemented by strong performance in our niche and adjacent businesses. We remain optimistic that this positive momentum will carry forward into the quarters if the hiring environment continues to be modest.

Moving over to the real estate segment, in Q4 of FY25, billing growth improved by 22% to Rs. 160 crore and revenue grew by 14% to Rs. 106 crores. Operating losses were Rs. 15 crores and the business generated Rs. 27 crore of cash from operations in Q4 of FY25. For the full year, billing growth was 17% at Rs. 451 crore and revenue grew by 17% to Rs. 411 crores. Operating losses reduced by 31% to Rs. 48 crores in FY25 vs Rs. 69 crores in FY24. The 99Acres business was cash profitable for the full year with cash generation of Rs. 2 crores from operations in FY25 vs cash losses of Rs. 13 crores in FY24.

For 99Acres, growth in Q4 was driven by growth in both the number of billed customers and in the average billing per customer. The broker and channel partner segment grew faster than developers. The number of live new project listings on the platform grew 11% in Q4 and the live resale plus rental listings from brokers grew by 27% in Q4. Listings from owners grew 14% year-on-year. We believe we gained a significant market share in Q4 and in H2 of last year. In upcoming quarters, 99Acres will continue to focus its investment on growing its user and client base and aim to deliver a superior platform experience to help users make the right real estate decisions.

Moving over to the matrimony business, in Q4 of FY25, billings grew by 24% to Rs. 32 crores and revenue grew by 25% to Rs. 30 crores. Operating losses reduced on a year-on-year basis by 76% to Rs. 2 crores. Cash losses from operations also reduced by 73% to Rs. 2 crores at Q4 of FY25 vs Rs. 9 crores in Q4 of FY24. In full year FY25, billings grew by 31% to Rs. 111 crores and revenue grew by 29% to Rs. 110 crores. Operating losses reduced by 80% year-on-year to Rs. 12 crores in FY25 vs Rs. 59 crores in FY24. Cash loss from operations was Rs. 8 crores in FY25 vs Rs. 55 crores in FY24. In Q4, the Jeevansathi business team continued to build on its monetization efforts, capitalizing on the strongest marriage season of the year to grow billings. Enhancements to the recommendation system were also introduced to improve relevance, engagement and user retention. New monetization levers were rolled out early in the quarter, some of which are already showing positive impact on user conversion and revenue generation.

Marketing investments are increasingly made sharper to drive better efficiencies. The quarter also saw continued innovation in launching new content pieces, which were well received in our target markets. These initiatives helped the business build a salient brand amongst both prospects and their parents. The team remains focused on enhancing the platform experience through new feature development and by leveraging machine learning and generative AI tools. Key engagement metrics such as profile acceptances and the frequency of two-way chats continue to perform strongly.

Moving on to the education business, in Q4 of FY25, billing was Rs. 52 crores, a YOY growth of 16% and revenue grew by 2% to Rs. 40 crores. The business was at a break-even level in terms of operating profit and generated cash from operations of Rs. 16 crores in Q4 of FY25. In the full year, billing in Shiksha was Rs. 162 crores, a YOY growth of 14% and revenue grew by 8% to Rs. 150 crores. Operating profits were at a break-even level for the full year and the Shiksha business generated cash from operations of Rs. 26 crores in FY25.

Within the Shiksha business, the domestic education business grew by 26% year-on-year and the study abroad business declined by 16% year-on-year, leading to an overall billing growth of 14%. The domestic private universities and colleges continue to expand their course offerings beyond engineering with more choices available to students. The emergence of new private universities in India presents an opportunity for Shiksha to further expand its footprint.

We are investing in creating more comprehensive student-friendly content and building deep domain expertise in this segment. Higher visa rejection rates for those aspiring to study in the US and a decline in job prospects for students abroad have reduced student interest. Students are now opting to study more in the UK and continental Europe.

On the AI front, our current focus is on three key AI-driven priorities enhancing existing products using AI, developing new AI-powered features in existing products, and building brand new products which leverage AI. In line with this, we continue to upgrade our database product with AI and machine learning, resulting in improvements in recruiter productivity. Similarly, new AI models for job search and recommendations have driven a 15-20% year-on-year improvement in job seeker engagement. Our AI initiatives continue to drive growth across all our verticals, recruitment, real estate, matrimony, and education.

Moving on to the consolidated financial highlights. At the consolidated level, the net sales for the companies stood at Rs 750 crores in Q4 of FY25 versus Rs 657 crores for Q4 of FY24.

The total comprehensive loss was Rs 9,710 crores in Q4 of FY25 compared to a comprehensive income of Rs 7,959 crores in Q4 of FY24. Profit before tax without exceptional items in Q4 of FY25 was Rs 716 crores compared to Rs 324 crores in Q4 of FY24. To summarize, we continue to be enthusiastic about the growth opportunities across all our businesses.

The recruitment business has shown a sustained growth trajectory in FY25, with growth rebounding across all segments. To diversify and expand our client base, we are enhancing our go-to-market strategies and acquiring new customers. We have increased our focus on adding more GCCs and on acquiring new customers in the SMB segment and on expanding our presence in tier-2 and tier-3 cities and on penetrating deeper into non-IT and other sectors.

Our niche and adjacent businesses, IIM Jobs, Hirist, Naukri Gulf, Naukri Fast Forward, DoSelect, Ambitionbox, and JobHai are performing well and unlocking new long-term growth opportunities. Our non-recruitment businesses continue to grow steadily and generated cash from their operations in FY25. In 99Acres, we are focused on expanding our user base, enhancing the platform, gaining market share, and providing valuable content to support informed real estate decisions.

We are also developing new offerings to strengthen the secondary business further while enhancing our position in the primary new launch segment. Jeevansathi’s shift to the freemium model improved matching algorithms powered by AI, and our continued efforts to monetization have driven top-line growth and have succeeded in bringing the business closer to breakeven. Shiksha's domestic business remains on a steady growth trajectory and has been profitable for a while.

Across all our businesses, we are advancing the deployment of AI and machine learning to enhance search and recommendation experiences and to develop new features and increasingly new products. Our robust cash generation and healthy cash reserves remain a significant strength in enabling us to navigate market cycles effectively. We continue to evaluate the best strategies to deploy this cash to maximize shareholder returns.

We are confident that these actions lay a strong foundation for the next financial year and position us well for continued progress and sustained growth in the years to come. Thank you all. We are now happy to take any questions.

Vineet Ranjan: Thank you, Hitesh. We can now start the question and answer session. Anand, over to you.

Anand Bansal: Thank you, Vineet. The first question is from Sachin from Bank of America.

Sachin Salgaonkar: Thank you for the opportunity. I have three questions. First question, wanted to understand the marketing expense specifically in this quarter. We do see a massive amount of QOQ increment as well as YOY improvement in marketing expense. Any color in terms of where this was spent and the general thought process on how do you intend to spend marketing in the near term?

Hitesh Oberoi: So, this higher expenditure is on account of higher expenditure both in Naukri and in 99Acres. We upped our spend in both the recruitment business and in the real estate business in Q4. We normally take marketing calls quarter-on-quarter basis- one, competitor activity, two, our own goals for our businesses. In 99Acres, like I highlighted, we seem to have gained several points of share in the last few quarters and that's why we've upped our spend a little more to see if we can gain even more share going forward. In Naukri, we are on IPL which had some impact on what we spent last quarter and will also have an impact on how much we end up spending on marketing in Q1.

And in general, we've just upped the marketing a little bit to get more users on the platform and it's been working well for us. However, we'll take decisions on marketing quarter-on-quarter going forward. We can't say how it will play out for the rest of the year.

Sachin Salgaonkar: Thanks Hitesh. And just to clarify, this is not led by increased competitive intensity but more to drive market share and growth, right?

Hitesh Oberoi: In 99Acres, like I said, our marketing campaigns have been working well and we're delivering well for the platform and therefore we've upped our spend. It's not a result of higher competitive activity. In Naukri, the team just felt that we've been out of the market. We've not been spending enough on marketing for a long time and we're doing so many new things and we need to just be a little more visible for some more time and that's why we are spending a little more than earlier.

Sachin Salgaonkar: And 99Acres appeared to be closer to break-even and there was a thought process that in this fiscal it should be breaking even. Does it change from that perspective given the fact that you guys are spending a bit more on marketing now?

Hitesh Oberoi: We did generate some cash last year. I mean, just Rs. 2 crores but we did generate some cash from operations in 99Acres last year. Growth in 99Acres also actually accelerated in Q4, so, full year growth of 17 percent, Q4 growth of 22 percent. If we get good response from our marketing efforts, then we will aim to grow the business faster. But where we end up at the end of the year will ultimately depend on how much revenue growth we are able to get. We are sensing that we are gaining share. Our supply is looking up, we are acquiring new customers. Our response on the platform is growing at very high rates, at rates we have not seen in the past. So we are a little bullish and we are investing more at the moment. Let's see how this plays out.

Sachin Salgaonkar: Got it. Second question, just following up to one of the opening remarks statement. You mentioned that you are optimistic on the growth. So, I'm trying to understand, where is the growth coming and where is that optimism in Naukri? And clearly there are four buckets which you guys have mentioned, which is the Tech, IT, Recruitment consultants, GCCs or Other Sectors. Any specific area which is predominantly driving a large part of the growth?

Hitesh Oberoi: So, you're right. See, the growth was very slow. In FY23-24, we hardly grew. And we started the year on a very slow note. We grew by, I think, 7-8% in Q1. We've closed the year with 18% billing growth in the recruitment business. Now, it's not as if it's a very hot hiring market. It's a modest hiring market, and you can see that in our JobSpeak numbers.

One, it's a better hiring market than it was perhaps a year ago, but it's not a very hot market. Two, like I did say in my comments, some of our adjacent verticals are also doing well. So, we've launched some new products, new offerings. Our Naukri Gulf business continues to grow at a healthy rate. The Fast Forward business continues to grow at a healthy rate. IIM jobs and Hirist have also been doing well. Data products and some of the branding solutions that we've launched also received a decent response from our customers. As a result of all these efforts and our investing in AI, while we have not launched many new products, at least our algorithms are a lot better than earlier.

Internally our metrics tell us that everything is 15-20% better than it used to be. So, I don't know if that's having an impact as well. But so as far as the optimism for next year, we are assuming that market will continue to be reasonable. If the economy continues to grow at 6-6.5% per annum, if there are no major changes in the way companies hire, then hopefully this growth will sustain. But let's see.

Sachin Salgaonkar: Got it. And last question, I just wanted to understand, how should one think about steady state billings growth for the current fiscal? I'm coming from a point of view that in the last 7-8 quarters, we saw good growth on a quarter-on-quarter basis in billings. Last quarter, as you said, it ended at 18%. Should the mid-20s be something which is very much achievable and that is what we could see in the next few quarters?

Hitesh Oberoi: It will depend on the hiring environment. It will depend on whether hiring picks up or not. There is a lot of uncertainty, as we all know, in the world around us. It's very hard to predict what's going to happen even next week, forget about what's going to happen, in the full year. We are taking it quarter by quarter. All I can say at this point in time is, if the economy continues to grow at 6-6.5% and if there's no major sort of incident or episode, then we will try and sustain this kind of growth rate at least.

Sachin Salgaonkar: Thank you and all the best.

Hitesh Oberoi: Yeah.

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

Ankur Rudra: Hi, good evening. Thank you. So the first question, just again, on the recruitment segment, it's been very strong and surprisingly strong. And thank you for the color in terms of breakup of the segments, very helpful. Now, what I did notice is that there was a sharp increase in number of build customers, especially in the quarter vs prior years. Also, it seems to have gone up quite a bit.

I also noticed that you've done extremely well in your Tech, IT services, BPM segment, which seems a bit surprising given the uncertainty in the market that you also refer to. And the fact that the listed IT services companies are barely hiring. So what drives this difference?
Are you gaining market share? Are you doing something different? Is there any change in go-to-market or any pricing changes that explains your much stronger billing rate, growth performance, and also the metrics, right? And your customers also going up quite a bit.

Hitesh Oberoi: Like I did say in my comments earlier, what we've done over the last couple of years is, or maybe 18 months is, one, we've grown the number of offices we have. We have increased our focus on acquiring small and medium enterprises as customers. We have these adjacent businesses and we are trying to penetrate the market more with those offerings, whether it's DoSelect or data products or the premium offerings we have, and so on and so forth.

So I think it's a combination of three, four things. As far as IT services companies go, I've been saying this. What happened post COVID was that many of them ended up over hiring, and they built up a big bench. And therefore, they stopped hiring for a while. And they got rid of their benches. And at least now, even if they're not growing headcount, they have to replace the people who are leaving. Our hiring and our revenue is a function of attrition.

So gross hiring, not necessarily net hiring. So it's also a function of what happens to attrition rates and also to headcount. So my sense is that at least IT service company, most of them are at a point where their attrition rates have stabilized, they are replacing the people who are leaving, they may not be adding a lot of headcount. It is a modest sort of environment. And of course, we have the cheapest way to hire.

And in a modest environment, companies have some time to hire. So they would ideally not want to spend on recruitment firms, which are a lot more expensive way of hiring. So perhaps we are gaining some share also, hard for me to say.

Ankur Rudra: Thank you. And in terms of the current quarter, a lot of things have changed from the outlook of IT services companies given tariffs and whatnot. What has been the conversations in the quarter? How do you see current trends going in the last couple of months, whatever you can share? And again, across the various segments across the GCCs and the Tech, IT services, BPM segments that you see?

Hitesh Oberoi: Unfortunately, what happens in our case is a lot of the renewals are at quarter end. There's a lot of discussion and negotiation, and companies tend to negotiate hard. But in real, I would really only get to know in the last week of June as to how the quarter is going. What I can say for sure is that it's a lot of it is very company specific. So there are some companies that are doing better than other companies. And there, we don't have a problem there. We still continue, in many cases, still getting a 30-40% jump on what we billed the client last year. But it's very company specific.

Ankur Rudra: Okay, appreciate it. Maybe switching gears a bit on blue collar, if you can talk a bit about JobHai, how is that doing? If I just look at the headline traffic that JobHai gets vs the market leader, let's say like Apna or somebody else, it seems to be a very significant gap. So what is missing? What's the challenge in terms of getting the right product market fit here? And how will you pick the engagement up?

Hitesh Oberoi: In our view, there is not that much of a gap anymore, given the entries, the numbers we track. Our approach in JobHai has been that, this is a long term play. This is not a market, which is going to happen in one or two years. And we've been investing in building the product. We continue to follow a freemium model. And we believe we've been rapidly gaining share in terms of traffic, at least over the last few months.

Our focus and approach is a little different from the others. We are sort of right now focusing more on NCR and we want to make the model work in the NCR market. In the NCR market, at least our team believes that we are already up there, almost as big as the number one player, which is not Apna, which according to our team is is Work India. So, if the model succeeds in NCR, then we will take it to other cities a little more aggressively. So that's the approach we're following in JobHai. We started monetizing last year, small sums, but we did about a crore in March. For the year we did Rs. 6 crores. So, baby steps, but we're focusing more on getting the unit economics right, getting the model right, and then we'll scale.

Ankur Rudra: If it does not work properly, will you be open to consolidation in this segment?

Hitesh Oberoi: We haven't really thought about it right now. It looks like it's working. So we'll at least give it some more time before we start thinking of consolidation.

Ankur Rudra: This last question is on AMP. You mentioned it went up because of IPL in the last quarter.

Hitesh Oberoi: Not just IPL. We only accounted for some IPL spend this quarter, because IPL is, I think, March, April. In general our team feels that we should be doing a little more marketing at this stage. So that's why the cost went up. IPL was one part.

Ankur Rudra: Sure. I mean, I'm guessing that continues for one more quarter, but how are you thinking about it going forward and why and who are you marketing towards? Is it mainly for candidates? And why do you think you need to have this when the brand presence is already there?

Hitesh Oberoi: Yeah, so it's mostly marketing to job seekers. Our team feels that there are certain segments where we need to make more inroads, and that will help us in the long run. Certain geographies, where we need to do more, which will help us again in the long run. Certain segments, where we perhaps were missing for some time. There are a lot of new job seekers who hit the market every year. So we need to be seen. So I think that's really the reason. And we are experimenting with different sort of platforms and different sort of ways and means of marketing. This is an expense you can control anytime. So it's a tap which can be turned off at any point in time. We are getting decent response to the marketing efforts we are putting in. So let's see, we'll continue with this for some more time and then take a call.

Ankur Rudra: I appreciate it. Thank you and best of luck.

Anand Bansal: Thank you, Ankur. Next question is from Nikhil from Nuvama. Nikhil, go ahead and ask your question.

Nikhil Choudhary: Thanks for the opportunity and congratulations on very strong numbers. Hitesh, I'll start with margin first. This quarter, the margin was obviously quite a bit lower than last quarter. And we have seen promotional expense, at least in FY25, was limited to Q1. This time it is now happening in Q4 as well as extending to Q1. Was there some right shifting of expense, I mean, a fronting of expense to Q4. So let's say the impact in Q1 would be lower than last year or is it fair to assume that at least for now, the marketing expense will be higher even going ahead?

Hitesh Oberoi: Like I said, here in marketing, we decide quarter by quarter. In 99Acres, for example, we reduced marketing expenses over some time and then we ramped it up again, because we changed our marketing strategy. The new marketing strategy started working for us and because it started working for us, and the ROI was very positive, we ramped up our marketing spend. And I think that will continue.

So in 99Acres, we will continue to invest aggressively in marketing. And I think we've gained significant share in the last six months. I hope that sustains going forward. So in Naukri, like I said, again, we'll decide quarter on quarter, there were some goals we were chasing. We felt that we didn't have enough CVs in some geographies. In some segments, we wanted to go after a certain type of audience. So there were some things which our team felt were important, and strategic from a long term standpoint, and we wanted to sort of invest behind those efforts. And it seems to be working.

I mean, of course, the results from marketing will show only in subsequent quarters, you don't get the results immediately, the returns will not be immediate. But it's helping us meet a strategic long term objectives and it will continue for some time.

Nikhil Choudhary: Sure, Hitesh. Second one on employee cost. Even employee cost for this quarter, went up by 250 basis points. Generally, we haven't seen this kind of seasonality in Q4, even there was a decent increase in employee count as well. So I mean, is it more to do with the kind of demand we are anticipating or is it more like a disconnect we generally see between the billing growth and cost increase?

Hitesh Oberoi: Q4 is our biggest quarter. And normally, we set aggressive targets and the variable payout is linked to billing growth, not to revenue growth, right. So part of the bump you see is because we met our targets in all our businesses. And therefore, the variable payout was a little higher than expected, because that's more linked to billing growth than revenue growth. Number two, we are investing aggressively in AI and machine learning and generative AI. And on that investments we are a little ahead of the curve and it's not cheap. Because of AI investments, we need to buy more servers, we need to hire more people and these people are not cheap, they're expensive. But I think these investments are strategic and very important from a long term standpoint. And hopefully, if we execute well, we will see their returns in the quarters to come.

Nikhil Choudhary: Got it.

Hitesh Oberoi: And most of these investments are being made in Naukri.

Nikhil Choudhary: Yeah. Hitesh, for last 2-3 quarters, you have talked about AI and gen AI in particular. Two part to it.

First one, are we seeing some new start-ups coming and trying to enter, let's say, the job market? We have seen some of it getting funded recently. So are we seeing at least some niche area where we are seeing higher competition? This area is obviously going faster than overall industry. And second part of the question is, you have mentioned, I think, two quarters back that you're investing in AI, but the monetization of this AI investment will be much faster. So any quantifiable data you can tell us, maybe the product you launch or where we are in this monetization journey?

Hitesh Oberoi: See, AI continues to surprise us. AI is evolving rapidly. It's a horizontal technology , there could be AI in everything. You can have AI in HR, you can have AI in finance, you can have AI in product offerings, you can have AI in whatever, right? It's that kind of technology. So as far as AI hiring start-ups go, we are not seeing any impact as yet. At least on our business, there's nothing which has come to us which is bubbling up and which our sales team has pointed out to us, as yet. I'm sure there's a lot of action and I'm sure there are lots of startups getting funded, but there's nothing that we are seeing on the horizon as yet, which is impacting our business. As far as our AI investments go, there are multiple types of investments we are making in AI.

One is leveraging basic, classic machine learning. So let's call it AI 1.0. Classic machine learning to improve our recommendation engines, to improve our search engines, to improve our matching engines. This is not the stuff that you will see on the outside, but I can tell you that in Jeevansathi and in Naukri, wherever we've applied the latest sort of models, we've seen a 15-20% kicker in terms of all the metrics we track. So whether it's the number of acceptances in Jeevansathi, whether it's the number of job applications on Naukri, wherever we've applied some of these models, the latest models, we've seen a 15-20% kicker in our metrics and hopefully it will result in some revenue at some point in time and maybe it's already helping.

Second is generative AI, call it AI 2.0.We are trying to use generative AI to launch new features. So I'll give you an example. We have launched an AI listing in 99Acres. Basically what happens is that you record the broker's voice and you have the listing and you can actually hear the listing in the broker's voice. So it's a sample that you record and you can sort of hear the listing in the broker's voice. A lot of people, a lot of clients are upgrading to this type of listing. We have lots of use cases where we are using generative AI. For example, if there are lots of reviews on the platform, you want to give us summary. Generative AI can help people post jobs faster. You can give us summary of a resume, all kinds of things that are possible with generative AI, which we are doing. So new features with generative AI is another area where we're investing.

Third is brand new products. I mentioned data products. We have a whole suite of products that we offer to companies to help them do their talent and salary planning. So a lot of companies have started paying us for these offerings. Again, very early days, but this is using our proprietary data. We are piloting right now this agentic AI offering, which I'll call AI 3.0, which is basically, a recruiter agent that we have built for companies, which can help them do what they used to do in 10 days earlier, in 10 hours. And this is being beta tested in about 10 or 12 companies. Now we are moving to the commercial testing phase. Enough companies are sort of saying that we'll help, we are happy to pay you. We have to figure out the pricing. We'll have to figure out how it sorts of ties up with our overall strategy. But these are examples of brand new products. Now we are investing in these products. As a result, our AI team has grown substantially over the last few years. We are not monetizing very aggressively, but hopefully the benefits will accrue to us over a period of time.

Lastly, of course, is AI for our own internal productivity to help us save costs. Right there, we've taken baby steps. It's not been a very big focus area for us, but slowly we are now encouraging everybody in the company also to see how they can leverage AI to become more productive and more importantly, to just to do stuff faster and more innovative.

Nikhil Choudhary: Sure. Any comment on competition in this area?

Hitesh Oberoi: See the regular competitors we have I'm sure they're trying to do things as well using AI, but I can tell you, it's not that easy. It's not easy to attract the right kind of talent. It's not easy to retain them. It's not easy to make AI work for you. A lot of people may claim to be doing AI, but to make AI really work for you from a business standpoint is not easy.

Nikhil Choudhary: Thanks, Hitesh and thanks for sharing additional data on segments. Appreciate it.

Thanks Sanjeev and his team for sharing data regarding the kind of return you have generated since 2019. Obviously, we knew about Zomato and Policy Bazaar, but especially returns since 2019 and other investments, we really appreciate it. Thank you.

Anand Bansal: Thank you, Nikhil. The next question is from Swapnil from JM Financial. Swapnil, go ahead and ask your question.

Swapnil Potdukhe: Hi, everyone. Thanks for the opportunity. My first question is on the breakup of your recruitment segment billings.

You did allude that Naukri Gulf, Fast Forward and IIM jobs are doing well for you. But could you put it into context as to how much contribution does these businesses actually do? I remember you guys used to report Naukri India separately and the other businesses separately. Used to give that kind of a share at one point of time. How has that moved could help us understand the potential in the new businesses.

Hitesh Oberoi: Did we give out these numbers?

Vineet Ranjan: So Hitesh, we used to give product basically how much Resdex is contributing, job posting is contributing. We have stopped that because we sell all these services as a package deal now. So they're very difficult to attribute. Therefore, we have stopped doing that.

Especially for these segments like Naukri Fast Forward or IIM Jobs or Hirist, we don't give that separately. But obviously, Swapnil, from Hitesh's commentary, you can refer to the growth rates these businesses are doing, but we have not been disclosing the size of the business.

Swapnil Potdukhe: I mean, the only point I'm trying to make here is that it will help us better understand the TAM or the opportunity which is there to conquer and get a sense as to how the core business is doing vs the other business. That's why I'm coming with that question. If you can give some color going ahead, I mean, would be helpful. That's the limited point there.

Vineet Ranjan: Absolutely yeah, Thank you.

Swapnil Potdukhe: The second question is with respect to your corporate cost. I think your corporate cost on a quarterly basis used to be around Rs. 14 to 15 crores till a couple of quarters back. If you just go back a few quarters, they have now seemed to double close to around Rs. 30 crores. Any particular reason there has been a substantial jump over the last couple of quarters, especially?

Hitesh Oberoi: Chintan, you want to take that?

Chintan Thakkar: Yeah. So I think it's mostly, like earlier Hitesh said that in Q4, we have booked a lot of management bonuses. And so it relates to either because of the improved performance in our businesses, including the investments that we have done. I think it relates to some of those type of expenses and many of them would be one time.

Swapnil Potdukhe: Okay. Got it. And the third question is with respect to your cash allocation policy, because we have a substantial bit on our balance sheet, roughly around Rs. 4,800 crores. I understand you have increased your dividend decently this time around. But still, if I were to just take out your deferred sales and the payout that you would be making this year, you will still be having a substantially large amount of cash sitting on your balance sheet. I mean, could our payout increase materially from what you are doing right now given that, unless and until we have any specific requirement of it. I mean, you are also generating every year a decent amount of cash.

So triangulating those things, I am just trying to understand, do we really need so much cash on the balance sheet and would it be rather distributed to the shareholders?

Chintan Thakkar: No, so look, you are right. The way we look at cash is that cash is very central part of our overall strategic thinking. And we look at the deferred revenue, which is advance from customers, we look at what the contingency and reserves that we require in operating businesses. We also continue to look at what the other opportunities of investment, it could be anything in the operating businesses like AI or JobHai, where we are continuing to invest. We also evaluate if there are any opportunity for any inorganic activity, which need not necessarily be a 100% acquisition, but we have made some strategic investments and it could be a significant minority to a 51% type of holding also in some of these companies. So those type of opportunities we continue to evaluate.

As you would have seen that recently, we got the shareholders' approval for another fund for about Rs. 1,000 crore rupees. So we look at that as well. We are keeping some reserves for the investment activities as well. We have come out with the returns that we have been generating on the investment side as well. So that part of the business also would require some funds. So we continue to keep an eye on that.

So having said that, every quarter we look at what the cash balances are, and we evaluate what the opportunities that looks in front of us. Keeping that in view, I think we have increased the dividend as of now, we might continue even more as we go ahead. Again, it depends on the business and how we evaluate the opportunities that are in front of us.

Swapnil Potdukhe: Got it, Chintan. And just the last one on your guidance for profitability in 99Acres and Jeevansathi. I mean, you did allude in some calls that you're looking to make them profitable next 12 months or something. Obviously, you also mentioned now that there has been some rework on the marketing strategy, especially 99Acres. So any rethought as to that guidance, are we sticking to that irrespective of the changes in our decision with regards to market share and other things? I'm just trying to get a sense as like, will we stick to it or are we revising anything?

Hitesh Oberoi: See, two years ago, we were losing maybe Rs. 200-220 crores a year in our non-recruitment businesses. We worked very hard over the last two years to get that to. This year we generated about I think Rs. 20-30 crores in terms of cash from operations from all the non-recruitment businesses put together. 99Acres, Rs. 2 crores positive, Shiksha about Rs. 26 crores, Jeevansathi Rs. 8 crores negative.

Now, see, it's not as if we want to lose money, if we would ideally want to make money in all these verticals. But if we see an opportunity to gain share, and improve our long-term competitive position, then we go for it, right? So in 99Acres, we've gained some share in the last six months, and we are continuing on that path. Now if revenue growth is solid, then it's not as if we will lose money, we would want to make money. But if revenue growth lags by a couple of quarters, we'll still go for share. In Jeevansathi we'll try to break even this year as well. But at the same time, we would want to continue to grow at 20-25%. The industry will be growing at 8-10%, but we would want to continue to gain share, even in Jeevansathi. So that's our philosophy, we don't want to lose a lot of money. But if we sense an opportunity to gain share, we'll go for it.

Swapnil Potdukhe: Any chance that there could be a possible M&A. Any thoughts around that? I mean, it's a long pending question. But still.

Hitesh Oberoi: For that, we have to go to AstroTalk.

Swapnil Potdukhe: Got it. All the best, guys. Thanks a lot for the opportunity.

Anand Bansal: Thanks, Swapnil. Next question is from Damodaran from Equitas Capital. Damodaran, go ahead and ask your question.

Damodaran N: Thank you for the opportunity. Just one question. I mean, follow up on Jeevansathi.

Jeevansathi has regained its Rs. 100 crore plus top line, and you're almost on the verge of breaking even. And all this was achieved in the backdrop of the industry leader declining. So the question is, do you think the industry is saturated, and incrementally all the players will continue to fight for the same market? And if that is the case, what change do you think you will be making to your capital allocation strategy there?

Hitesh Oberoi: Yes. As far as the matchmaking market is concerned, see, the category is growing at 10% per annum. We are a small player in the category. We are a number three player. Maybe it's a thousand crore category. We do about Rs. 100 crores or maybe its a Rs. 900 crores category and we do about Rs. 100 crores. We've done a bunch of things over the last few years to improve our sort of standing in this industry. We've worked very hard, we changed our model. We've improved, worked very hard on the AI. We've cut costs. We've focused on a few markets. So, we've done a host of things to get the business to where it is today. It's not been easy for us. And we are growing well now.

And I think we are gaining share. And we would want to continue on this path for the next couple of years and see where it takes us. The industry is what it is. I mean, it's a three-player market. And till the time it continues to be a three-player market, it's going to be very, very hard for any one player to make high margins or to grow very rapidly.

Damodaran N: Okay. So, you don't think that it's reached some saturation point or is it in structural decline or something like that, given the leader, declining last year?

Hitesh Oberoi: No, I think the leader may be declining because the leader is losing share.

Damodaran N: Okay Right.

Hitesh Oberoi: I mean, that's what I suspect is could be happening. I don't know, because we really don't operate much in the South and the leader is a very strong player in the South. So I suspect if the leader is declining, it could be that, it could be that they're losing share.

Damodaran N: And they are unlikely to be losing share to us, right, Hitesh?

Hitesh Oberoi: Yeah. So, they may have lost share to us in the North, because we are very strong in the North. But for them, the North is not a very big part of their business, or was never a very big part of their business.

Damodaran N: Sure. Okay. That's it. Thanks.

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

Vijit Jain: Thank you for the opportunity and congratulations on the results. My first question was actually on Resdex, and I think you've answered part of it. In general, I wanted to better understand the comment you made on how your packages have changed and so separating your revenue mix from Resdex and others does not make sense anymore. If you could elaborate on that. Because in general, I would have thought that with all these commentaries, the share of Resdex would start to meaningfully decline from here.

Hitesh Oberoi: I think the real challenge there is that when we sell to customers, we have a rate card, let's say, for data products, for AIRex, for branding, for a bunch of other offerings, IIM Jobs, Hirist, etc. And when we sell to them, it's often like a package. And then we have to allocate to different products, but is the customer really paying for all those offerings or is it paying for the bundle? And for the value it's deriving from in the bundle is, so it's very hard to see what's really happening. And for that reason, we have stopped sort of giving out this data. Is that correct, Vineet?

Vineet Ranjan: Yeah

Vijit Jain: And Hitesh, also, because I mean, obviously, on the recruiter, on the candidate side, the site attracts a lot of traffic, and there is branding opportunity there as well. So are there low hanging fruits there in terms of how you can improve your overall monetization outside of Resdex, just simply the share, monetization of the traffic that you get, people uploading updating resumes and whatnot? Is that something that has meaningfully changed?

Hitesh Oberoi: Yeah, so it's not as if we go after regular general advertising, but we focus on recruitment advertising. And so last year, we grew our recruitment advertising business, which is what we call internally, “branding”, which is different from listings and Resdex, substantially on a small base. So we are working on some of these initiatives.

And we saw good traction last year, perhaps because the reality of life is that everybody wants to attract good talent. And now there are so many GCCs, there are so many companies fighting for this talent. Outside the top 1,500 companies, nobody really knows what the rest are all about. So everybody wants to showcase themselves and tell the world how they're different. So it's an opportunity we see and some of the offerings we rolled out last year, seem to have been received well by customers. So let's see how if you're able to sustain this growth momentum going forward.

Vijit Jain: Thanks, Hitesh. And my second question is to Sanjeev on the investments portfolio. So first off, thanks again to the entire team for the disclosures. And I'm very mindful that, Zomato, PB Fintech type outcomes cannot be guided. On a long enough timescale, what is the kind of IRR you would classify as, success or base expectation?

Sanjeev Bhikchandani: See, the post-carry, post-expense IRR for the 2019-20 vintage fund, anything above 18-19% would be decent, above 25% would be excellent. Now, where you end up will depend on how many outliers you end up getting from that portfolio, if any.

See, IRR is tracking where it is, but you've got to understand the way IRR is measured. Until you actually get exits or a company lists, where you can have a mark-to-market, the proxy variable is if the company raise money from another investor at a higher valuation. If yes, then you mark it up and you work out the IRR. Now, given the private market valuations, they go up, they go down, companies do well ostensibly at valuation, but operationally they get in trouble sometimes, sometimes they blow up. We've seen that. IRRs can go up or down. IRRs also have this time decay element, as no doubt you guys are well aware, perhaps more than me. So, the current IRR can go down tomorrow, even though the company is doing equally well because it didn't go up, and it took two more years. The IRRs are indicative, and they should be taken somewhat with a pinch of salt. And until the companies get listed, or sold, or we get exits, we don't really know, what will be the IRR or what was the IRR.

Vijit Jain: Fair enough. No, no, that's helpful Sanjeev, always good to have color on how you're thinking about this. Thank you. Those were my questions.

Sanjeev Bhikchandani: We report IRR because it's industry practice and we use this method because that's industry practice. But essentially, till you get exits. I saw a good tweet the other day, somewhere saying you can't eat IRR, you can only eat MOIC. So IRR doesn't feed the stomach.

Vijit Jain: Thank you, Sanjeev.

Vineet Ranjan: Hitesh, there is a question in the chat box from Anand. What kind of investments has the company made on AI so far? And do you see it going up?

Hitesh Oberoi: Yeah, so AI has become, like I said, there's AI in everything. So there's a central team. Now that central team itself is very large, and has grown maybe 5 or 6X in terms of headcount over the last four or five years. We've added servers and lots of other sort of things to go with it. But now increasingly in every part of the business, we are encouraging everyone to either use AI tools, or use generative AI. It's not as if we have to make everything ourselves, we can also buy AI. So we are encouraging everyone to sort of do their own thing. So even marketing teams are using AI tools, you have design teams using AI tools, soon you'll have engineers use sort of AI tools. So overall, I would suspect that today, at least 60-70% of what we do has some element of AI in it, in terms of innovation and product development. So the central team, which is the specialized team, that may be let's say 100 people, plus minus. But there is every part of the business also now trying to figure out how to use AI in their department, which is separate. And we don't even count that anywhere.

Anand Bansal: Thanks, Hitesh. So Vineet, that was the last live question from Vijit, from Citi bank. The chat box questions are also answered.

Vineet Ranjan: Thank you, everyone. I guess on behalf of Infoedge, we can conclude this call. Thank you for joining.

Hitesh Oberoi: Thank you, everyone. And have a great evening.

Anand Bansal: Thank you, everyone.

Sanjeev Bhikchandani: Thank you and bye-bye.