INFO EDGE

INFO EDGE (INDIA) LTD.

Date: February 17, 2023

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

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

Sub.: <u>Transcript of Q3 FY 2022-23 Post Result Conference Call</u>

Dear Sir/Madam,

In furtherance to our letter dated February 11, 2023 and pursuant to Regulation 30 of the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015, given below is the link of the transcript of the Conference Call on the Financial Results for the Quarter and Nine months ended December 31, 2022 , held on Friday, February 10, 2023 at 04:30 pm (IST), post declaration of results. The same has been updated on the website of the Company.

Link: https://www.infoedge.in/InvestorRelations/financial_Earnings

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

Request you to take the same on record.

Thanking you,

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

CHINTAN ARVIND THAKKAR
Digitally signed by CHINTAN ARVIND THAKKAR
Date: 2023.02.17 17:49:11 +05'30'

Chintan Thakkar
Whole-time Director & CFO

“Info Edge (India) Limited Q3 FY 22-23

Results Conference Call”

February 10, 2023

MANAGEMENT:	**MR. SANJEEV BIKHCHANDANI -- VICE CHAIRMAN, INFO EDGE (INDIA) LIMITED**
	MR. HITESH OBEROI -- MANAGING DIRECTOR & CHIEF EXECUTIVE OFFICER, INFO EDGE (INDIA) LIMITED
	MR. CHINTAN THAKKAR – CHIEF FINANCIAL OFFICER, INFO EDGE (INDIA) LIMITED

Vivek Aggarwal: Hi everyone good evening and welcome to Info Edge India Limited Q3 '23 Financial Results Conference Call.
As a reminder, all participant lines will be in listen-only more, and there will be an opportunity for you to ask question after the presentation concludes. Should you need assistance during the call, please raise your hand on your screen. Please note that this conference is being recorded. Joining us today from the management side, we have Mr. Sanjeev Bikhchandani, Founder and Vice 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 may be forward-looking in nature, and may involve some risks and uncertainties. Kindly refer to slide number two of investor presentation for detailed disclaimer.

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

Hitesh Oberoi: Thank you, Vivek. Good evening, everyone, and welcome to our third quarter earnings call. As always, we will start with an update on our standalone financials, and discuss the market conditions for each of our operating verticals, and then cover each the business financials of each 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, et cetera, along with the data sheet have been uploaded on our website www.infoedge.in.

Overall billings in Q3 grew to Rs. 550.7 crores, up by 14.5% from Q3 of last year. YTT billing stood at Rs. 1,617.7 crores, a YOY growth of 33%. Revenue in Q3 stood at Rs. 555.2 crores, up by 33.4% from Q3 of last year. YTD revenues stood at Rs. 1,594.7 crores, a YOY growth of 44.1%. Billing and revenues along with the acquired businesses like Zwayam and Do Select for the quarter stood at Rs. 566.4 crores and Rs. 571.6 crores respectively. Operating expenses for the quarter, excluding depreciation and amortization were Rs. 338.4 crores, again up by 14.6% from Q3 of last year. Operating EBITDA for the quarter stood at Rs. 216.8 crores versus Rs. 120.9 crores last year and a growth of 79.3% from Q3 of last year. And YTD EBITDA stood at Rs. 563.9 crores. Operating EBITDA margins for the quarter stood at 39.1% compared to 29.1% in the same quarter of last year. And operating EBITDA including acquired businesses stood at Rs. 220.3 crores, a YOY growth of 83.1%. Cash from operations for the quarter stood at Rs. 241.8 crores compared to Rs. 251.6 crores last year for the same quarter. YTD cash generated from operations stood at Rs.625.7 crores.
You may have seen in our results that we have fully impaired our investment of Rs. 276 crores in 4B Network Limited to our subsidiary in line with accounting policies and principles of conservatism consistently followed by the company.

While we continue to believe that the real estate tech market has potential and had hoped that this investment would work out, we took this decision to write down the investment in the light of the current state of the environment and the significant uncertainty towards funding options available to 4B going forward. Deferred sales revenue stood at Rs. 835.4 crores as of 31st December 2022 versus 623.4 crores as of 31st December 2021, an increase of 34% year-on-year. The cash balance of info-edge including the wholly owned subsidiaries stands at Rs. 3079 crores as on 31st December 2022, it stood at Rs. 3855 crores as of 31st December 2021.

In the recruitment business, our Q3 job speak reported 8% YOY growth in hiring. However,
IT sector hiring index was down by 14%. Amongst our non-IT customer base, sectors such as insurance, hospitality, retail and banking posted robust growth. We experienced longer sales cycle and spend optimization during the quarter with various customers, especially in the IT space.

In the real estate market, we are currently witnessing an active primary and secondary market with increasing prices across top cities. We are also seeing higher demand for commercial space from non-IT and retail users. However, with the 6th straight increase in repo rates by RBI, we expect stability to return in this space in some time.
In our education vertical, we are witnessing pre-COVID patterns of examinations and admission processes across the country. Students have returned back to campus for their classes and are open to moving across the state for higher studies. However, we also noticed that students aspiring to study in the US universities are facing some visa delays.
Moving on to the quarterly financials of the recruitment business We will cover each business in detail.
In Q3 of 23, the recruitment segment billings were Rs 434.6 crores up by 70.7% from Q3 of last year while revenues were Rs 436.8 crores up 40.3% from Q3 of last year. YTD billings stood at Rs 1275.2 crores, a YOY growth of 38.1%, while YTD revenues stood at Rs 1242 crores, a growth of 53.4%.

Operating EBITDA stood at Rs 274.7 crores for the quarter, up 46.5% from Q3 of last year and EBITDA margins stood at 62.9% versus 60.2% in Q3 of last year. Cash generated from operations for recruitment during the quarter stood at Rs 281.8 crores, up from Rs 260.7 crores in Q3 of last year. The recruitment business has generated 797.7 crores of cash from operations in the first 9 months of this year. Billings for Naukri India for the quarter stood at Rs 362.7 crores, up 17.8% year on year, while revenue for the quarter for Naukri India stood at Rs 367.6 crores, up 43.3% year on year.

Recruitment segment billing, including acquired businesses like Zwayam and Do Select, stood at Rs 450.4 crores, a growth of 20.2% year on year for this quarter.
IIM jobs and Hirist had a YOY growth of 30.5% in their billing numbers, closing at Rs 17.9 crores, up from 13.7 crores last year.
We are seeing some concerns around macro economic factors which have started impacting hiring on the platform by IT customers. The sales team is focused on increasing the velocity of closures and monetization of non-IT customers during the quarter. The platform continues to witness vibrant job seeker traffic. Around 19,000 new series were registered per day during the quarter, a YOY growth of 15%. In our endeavor to guide and enable job seekers in their career journey, we launched a series of podcasts, videos and articles and a new content series called Work Wise with Naukri. We maintained our marketing spends during the quarter in line to our previous quarter spends and focused on increasing reach of our digital video campaign targeting the Gen-Z audience. Our review and rating platform Ambition Box continues to retain its No. 1 position as the employer review and rating platform in the country.

Moving on to the Shiksha business, in Q3, Shiksha Billings grew by 8.5% year-on-year and stood at Rs 27.8 crores, while revenue grew 26.2% year-on-year to Rs 27.7 crores. YTD Billings stood at Rs 82.9 crores, a year-on-year growth of 22.4%, while revenue stood at 84.8 crores with a year-on-year growth of 28.1%. The business made in EBITDA of Rs 1.1 crore during the quarter versus a profit of Rs 2 crores in Q3 of last year. Cash flow from operations stood at Rs 2.6 crores against an inflow of Rs 13 crores in Q3 of last year. The business maintained its focus on study abroad business during the quarter as we see heightened interest among students to go abroad. We continue to invest in making our content more comprehensive and more student-friendly and building deep domain expertise in the space.

Moving on to the 99Acres business. In 99Acres, Billings in Q3 grew by 15.7% year-on-year and stood at Rs 71.1 crore, while revenue grew from Rs 58.6 crores in Q3 to Rs 72.9 crores in Q3 of 2022-23. YTT Billings stood at Rs 207.9 crores, a year-on-year growth of 36.8%, while revenue stood at 209 crores, a year-on-year growth of 33.9%. The operating loss for the quarter stood at Rs 23.2 crores against a loss of Rs 22.6 crores in Q3 of last year. The business reported a cash outflow from operations of Rs 19.9 crores for the quarter against an inflow of Rs 1.7 crores in the same quarter of last year. Revenue growth was recorded across all key categories in the real estate segment, resale, rental, commercials and new homes. We experienced high acceptance of our premium listing amongst the workers during the quarter and the platform also witnessed growth in responses and traffic during the quarter. We will continue to invest in platform content, client delivery and marketing in the months to come.

Moving on to the matrimony business, Jeevansathi.

In Jeevansathi, Q3 Billings declined by 30.1% year-on-year to Rs 17.1 crore and revenue declined by 26.3% year-on-year to Rs 17.9 crores. YTD Billings stood at Rs 51.7 crores, a year-on-year decline of 30%, while revenue stood at 58.9 crores, a year-on-year decline of 21.3%. The operating EBITDA losses stood at Rs 25.3 crore for the quarter against a loss of Rs 37.2 crore in the same quarter of last year. Cash outflow from operations for the quarter stood at Rs 27.2 crores against an outflow of 21.3 crores in Q3 of last year. Our free chat model continues to drive profile growth and engagement on the platform. We had a significant reduction in advertising and marketing spends during the quarter backed by compelling proposition and effective marketing campaigns.The quarter also saw a complete revamp of the user experience on the apps and helped us improve, helping us improve discoverability of profiles on the platform. A few paid products were launched in December to experience monetization with an increased user base. Aisle also continued its growth trajectory during the quarter. Vernacular apps in the space remain a strong idea of focus for us.

Moving on to the consolidated financial highlights. At the consolidated level, the net sales for the company stood at Rs 589.5 crores in Q3 of this year versus 421.4 crores in Q3 of last year. For the consolidated entity at the total comprehensive income level, there is a loss of Rs 399.6 crores versus the gain of Rs 4,566.2 crores for the corresponding previous year quarter ending December 31, 2021. Adjusted for the exceptional items PBT stood at Rs at a profit of Rs 511.2 crores in Q3 versus Rs 2,624.8 crores in Q3 of last year.
Thank you.

We are now ready to take any questions that you may have.

Moderator: So, we will wait for the [overlap]

Vivek Aggarwal: Yeah, thanks. Thanks, Hitesh. We will now begin Q&A session. Anyone who wishes to take a question may raise your hand on the screen. We will take your name and announce your turn in the question key. We will wait for a second till the question queue builds up.

Moderator: The first question comes from Nitin Jain from Fairview Capital. Nitin, go ahead and ask a question.

Nitin Jain: Yeah, my question is, thank you for the opportunity first. My question is on the 4B networks that you write off. So, if you could clarify the rationale for, you know, writing it off, because I think until two quarters back, company was still investing in 4B. So, what explains the sudden change? Thank you.

Hitesh Oberoi: Chintan, you want to take that?

Chintan Thakkar: Yeah. So, you are right, you know, we, like, it is also explained in this prepared commentary that, you know, we were pretty optimistic, you know, and we have been investing and they also kind of been growing, you know, showing good growth. They have built a solid team as well. But in last, you know, few months' time, given their rate of cash burn and the overall funding environment, the way it has changed, there is a lot of uncertainty about, you know, the future, you know, funding environment. And I think that's what is kind of causing us, following the principles of conservatism, that, you know, we thought that we should take a full write-off in this case.

Hitesh Oberoi : We had an interesting idea when we first invested and the company was, did well for a while and they were, you know, at one point in time, 30% of all site visits in Bombay were happening through the app and which is why we invested more money. But I think the market has suddenly turned and, you know, it's difficult to sort of see the company raising money going forward. I guess that's why we want to be conservative and that's why we have sort of written down the investment.

Nitin Jain: Okay. And just a follow up on that, when you say the market has suddenly turned, are we seeing a similar impact in our real estate business, 99 acre?

Hitesh Oberoi: No, I meant the funding market.

Nitin Jain: Okay. Okay. Perfect. Thank you.

Moderator: Thanks Nitin. Next question is from Vijit Jain. Vijit, go ahead and ask her question.

Vijit Jain: Thank you. I just have two questions. So one, obviously a pretty significant improvement in margins in the quarter, specifically in the recruitment business, right? As we look ahead, you've called out a little bit of challenges on the IT side. So I'm just wondering how should we think about it and how should we think about your A&P spending in that regard. And my second question is a slightly different one, Hitesh. I'm just wondering on the recruitment side, there are probably a lot of consultants who use your platform and then do other recruitment allied activities, right? Including platforms, which probably use resumes from your site and help companies build teams, et cetera. So do you look at these kinds of platforms who use your, who use Naukri differently? Do you monetize them differently?

Hitesh Oberoi: Right. To answer your first question, see, we are seeing a slowdown in IT hiring. Our IT hiring was on fire for about seven, eight quarters. And that is why, you know, we were able to release great results for the last few quarters. And that's why our margins have improved substantially over the last couple of years. What we are seeing now is a slight slowdown in IT hiring. But non-IT hiring continues to be strong, continues to be solid. If you look at our jobs speak for the month of January, which we released recently, IT hiring was down 25%, but non-IT hiring, but overall hiring was still up 2%. And because certain segments, non-IT segments are growing at 90%, 70%, 50% as well. So the non-IT market continues to be hot and that's about, you know, 45-50% of our business. So a lot will depend on what happens to IT hiring going forward. If IT hiring bounces back strongly within a quarter or two, you know, and the Indian economy continues to grow at 6% or so per annum, you know, we should be fine. Right. As far as our pricing model pricing goes, you know, we don't treat, you know, platforms who, so as far as we are concerned, we, we sell our access to our database and there are some terms and conditions which people buy, who buy their access are bound by. And as long as they adhere to those terms and conditions, we don't price, you know, anything separately for different customers.

Vijit Jain: Got it. Thanks. Yeah. Those are my two questions. Thank you so much.

Moderator: Thanks, Vijit. Next question is from Swapnil from JM Financial. Swapnil, go ahead and ask a question.

Swapnil: Hey, hi, thanks for the opportunity. So first question is on your impairment side. So given that we are impaired 4B networks now, is there a realistic possibility that there could be more impairments coming in other investments that we have done in the past? So that's my first question.

Sanjeev Bikhchandani : Look, may I take that, Hitesh?

Hitesh Oberoi: Yeah, please.

Sanjeev Bikhchandani: See, there is nothing to announce right now. But in the, in the AIF, we have a portfolio in fund one, we have a portfolio of 28 companies, right? It's perfectly possible to something be impaired in this environment, but there's nothing visible right now. We shall make announcements as and when we become cognizant of any need to impair. But as far as strategy is concerned, I'm not sure but Hitesh, I mean, maybe you can take that?

Hitesh Oberoi: Yeah, see, you know, this is a fast-changing environment, and the funding environment, you know, I mean, and companies are sort of re-evaluating their, all the companies in our portfolio, also, they're sort of, they've gone back to the drawing board, and they're looking at their plans, growth plans, once again. And, you know, of course, some companies are under more stress than other companies. So, you know, right now, we don't have visibility on any other sort of impairment, or any other asset impairment in our portfolio. But you know, the situation is dynamic, and things are likely to change with every quarter. So, let's see what happens going forward.

Sanjeev Bikhchandani: But you can, I mean, what we are committed to is the principles of good governance, fair disclosure and correct disclosure. And so, as and when things arise, we will disclose, should they arise.

Swapnil: Got it. And the second question is with respect to competitive intensity in 99 acres in Jeevansathi, your losses have come down on a sequential basis over there. Has the intensity come down a notch due to macro factors and funding concerns for the competition? Or we have taken a strategic decision over there to not to spend much and conserve cash?

Hitesh Oberoi: So, in Jeevansathi, you know, we have changed our business model. And we have, we are now Chat, for example, on Jeevansathi is now free, and we are experimenting with this new model and we are hoping that because there is stuff we give out for free, we will not have to spend as much money on marketing going forward. So, we are experimenting with our marketing span and we started bringing it down slowly. And that's and hopefully it will not impact our profile acquisition and it will not impact our revenue growth going forward. But early days on this one, so let's see how this evolves. As far as competition is concerned, they continue to spend like they were spending earlier. But if we start spending less, maybe they will also spend less going forward, who knows. As far as 99 Acres is concerned, we are trying to optimise our marketing spend a bit. We are working on a few interesting ideas. And it's not as if competitive intensity has changed. But we are taking a breather and we are sort of, you know, revisiting our strategy and optimising stuff at our end. And then we'll see how the site responds and so again, so let's see what happens going forward. This is not, I mean, it's not an indicator of things to come this way. We are just conducting some experiments and as a result of these experiments, sometimes marketing spend may go down, sometimes it may go up.

Swapnil: Okay. And just one more question, if I can squeeze in. So, given that we have a high base of billings in Naukri from last year, is it a realistic possibility that the billings can de-grow in 4Q?

You know, on YOY basis, given the slowdown in IT hiring and IT contributes a significant proportion of billings.

Hitesh Oberoi: So, it is a possibility, of course, by internal target, we have set a target, you know, which is a growth target, we are internal target is 15% growth, but we don't know where we'll end up because we've seen a slowdown in billing growth over the last two, three quarters and Q1, our billing growth was 70-80% and Q2 came down to 50 odd percent and Q3, it went down to 20-23%. So, fingers crossed on what will happen in Q4. We expect non-IT billings to continue to sort of be solid because, you know, if job speak is an indicator, that market is still hard. But IT billing, we don't know whether we've hit the bottom as yet, right? And so, it's hard for me to predict what's going to happen in Q4.

Swapnil: Cool. Thanks a lot for answering those questions. Have a nice day.

Moderator: Thanks, Swapnil. Next question is from Nikhil from Nuvama. Nikhil, go ahead and ask a question.

Nikhil: Hi. I have a couple of questions. Hitesh is basically continuing with what Swapnil just said. In an IT where recruitment was very solid, has completely came to a standstill. You've seen this from most of the IT services company, there's hardly any hiring. When we discussed with IT Services Company, they are saying that they are looking for monetizing what they have already hired. They are looking to increase their monetization. So, can that and even the hiring in coming quarter would be greater mix for pressure, where, you know, that would be direct hiring that then through Naukri. So, can the impact could be limited to quarter or the impact could be lower, like six to nine months, longer period of impact on our billing and overall growth. And second question is on investment. So, last time in your call, you talked about that we are a bit conservative on investing on startup and new investment with our policy or we are using the opportunity because of the decline in valuation to invest more. Thank you.

Hitesh Oberoi: I'll let Sanjeev take the second one, but I'll answer the first question. See, IT hiring, see, IT hiring has not come to a standstill because, you know, it's not about just net hiring, it's about gross hiring. So, you know, attrition rates continue to be high in a lot of companies. So attrition rates have of course started trending south, but companies need to also replace a lot of people to stay at the same number. And you are absolutely right in saying that they are perhaps adding less people, you know, than they were adding earlier, but attrition rates, when I last checked and reasonably high in a lot of IT services companies still, and it's not as if our deal, our business and IT has come to a standstill, still closing deal. We are still getting, you know, clients to renew with us, et cetera, et cetera. What is happening is that, you know, the volumes have gone down of course, compared to, you know, the same, you know, compared to six months ago and clients are taking longer to close deals and negotiating harder, like all, like is always the case in such situations. Will this continue for one quarter or three quarters? I don't know. You know, a lot will depend on what happens in the US market right now there's also a lot of bad press, you know, around companies laying off in the US, etc, etc. and that started impacting sentiment in the ground. Our startup India also seems to be in some trouble. So that's also had an impact on some, on sentiment here. But what we've seen in the past, at least, and I can tell you from our past experience that whenever there is a recession in the US, whenever there's a slowdown in the US, in the short term, you know, for a couple of quarters hiring in India slows down. But in the long term, actually more and more jobs are outsourced to India. So if that happens this time around also, then who knows, you know, IT hiring could pick up actually in a very big way going forward, but it's hard for me to predict what will happen at this stage.

Sanjeev Bikhchandani: On the second question, could you please repeat it? I couldn't hear you properly.

Nikhil: Sanjeev so basically during last earning call you mentioned that we are going a bit slow on investing in startup, new age companies.

Sanjeev Bikhchandani: No, I don't think I could have said that. Maybe I miscommunicated. What I did say was we are being more careful. And therefore, a bar for evolution is higher. We are not now worried about missing investment, we are more worried that we don't do the wrong one. Especially since, you know, we don't know if there'll be a follow on round for another investor or not. They might be, but they might not be. Because everybody is being more careful. So we are investing, but we are being a little slower and more careful.

Nikhil: Understood that’s all from my side Thank you Hitesh. Thank you Sanjeev.

Moderator: Yeah, thank you Nikhil. The next question is from Deep Shah from B&K Securities. Deep, go ahead and ask your question.

Deep Shah: Yeah, hi. Thanks for the opportunity. So, Hitesh, I hear you well that you are trying a lot in 99 Acres and trying some experiments are on the way. I just want to understand better if you could help us. Because the fact is that we have been growing revenue, so the market has not become like the matrimonial market where things are sluggish. So we have been growing revenue, but at the same time, maybe it's marketing, maybe it's something else which has always kept in the red. So if you just explain how the market is spanning out, is it that the overall size is not increasing, it's only digital spend which is going up and what are we trying to do? If you could elaborate a bit more that would be very useful because this was a massive opportunity in all of our understanding, but then the monetization is only getting protracted.

Hitesh Oberoi: So let me just explain. So see, for a long time, the real estate market was in trouble in the sense that not enough people were buying property, prices were not moving up, unsold inventory had been going in various, in different cities. And customers have been cutting their spend. And transactions had fallen off a cliff. In fact, even in 2019 or 20 or even 21, maybe they were still lower or lower than what they were 10 years ago. What we've seen is a turnaround in the market, at least the sentiment has changed, there is enough interest in real estate, people are buying, prices are going up. You know, the market has consolidated over time, though, right? There are fewer developers and they have a larger share of the market than was the case five years ago, 10 years ago. Of course, there and digital spending has also grown and you know, spend and customers are spending more than earlier. In fact, we may be now in a situation where, you know, a lot of the projects are getting sold without spending because there's so much interest in the market, which is also not good news for us because we like some, we always like the market to be somewhere in the middle, because it is so easy to, if it's very easy to sell real estate, nobody's required. So that's the danger. But you know, again, home loan rates have started going up and so on and so forth. And so we'll sort of hit, you know, equilibrium in some time. As far as we are concerned, our revenue is growing. We are up maybe more than 30% over last year for the first nine months of this year. We are investing a lot more in the business, both in marketing and in content creation and in user experience on the platform. Of course, we got hit very badly during COVID and our costs have gone a little out of control over the last couple of years because of COVID. And because we have to, because the tech market was also very hot, we had to give heavy increases to retain our talent and so on and so forth. Things are now beginning to normalize and stabilize on that front. And if you are able to continue to grow revenue going forward, then things should be fine. At the same time, the comparative intensity in our space has also increased because there are a lot of well-funded players like housing, for example, which is owned by REA. They'd be very aggressively spending in the market to acquire customers, to acquire users. There are other well-funded VC startups also who've been sort of making a lot of noise. So while the market is growing at the same time, comparative intensity has also increased substantially over the last seven, eight quarters. So we are, we have a few good ideas. We are working on them and you know, if you're able to execute well, then things should start getting better, but if the competitive intensity continues to increase, then we will be forced to respond to defend our position. And so let's see how this plays out in over the next few quarters.

Deep Shah: Right. Right. thanks for that. Again, I know you answered these in the previous quarters, but and correct me if I'm wrong, but what we've seen is despite the on and offs in the real estate space, the broking or the offline broker community, they have done pretty solid in this period before what you pointed out that properties are being sold even without intervention. So where has been that reluctance to reenter this market? We've been in this market earlier, I guess, 2014 or 15 sometime. Where is this reluctance to enter this market coming from? And is it not just [overlap]

Hitesh Oberoi: the broker market you're saying?

Deep Shah: Yeah. So yeah, the offline broking market. And if you just better explain to us, what is the perspective of not getting on the ground?

Hitesh Oberoi: Yeah. So, you know, that's a very different business. It's a transaction business. And see, we run a platform where we actually today, you know, work with over 20,000 brokers, large and small. We work with hundreds of channel partners. We work with, you know, mom and pop shops. We work with resale brokers, rental brokers, commercial brokers, channel partners who sell new homes. We work directly with builders as well. So the model we are pursuing is very different. It's a marketplace model, advertising led model, listing led model. You know, we won't get into the transaction, we just enable the transaction, we just enable handshakes. In the long run, we feel that if you are able to dominate this market, you know, margins can be very, very solid, just like we have an, just like you see in the Naukri business. The analogy there would be why don't you, I mean, why don't we not become a consultant? Why did we not become a recruitment firm? Some years ago, we took that call that we did not want to be a recruitment firm. We wanted to be a marketplace. Now, the problem in real estate is that the, unlike in the recruitment space where we dominate here, there's more competition and therefore, you know, we're not able to realize the kind of margins we realize in Naukri. Now, can we become a broker? We can, but you know, frankly, there are hundreds of brokers out there. There's not much difference between them. Sure, you can make some money, like all recruitment firms make money, right? But that business is hard to scale and in a good time, they all look good, in a difficult time, you know, it's very, very hard to survive as a broker. And that business is not very tech intensive and it scales with headcount, scales with people. It does not scale with technology.

So, so our view is that, you know, it's, you know, you can get a lot of revenue, you can get some profit, but it's very hard to build a very valuable brokerage, right? On the other hand, if we, if we are able to win in this space, we will not win because there may be just one or two winners, then you can build a valuable business. And we would therefore rather focus on this than spread ourselves too thin and try and do too many things at the same time.

Deep Shah: Right, right. Hitesh

Hitesh Oberoi: The other thing I want to say, see, if we become a broker also, then many of the brokers may not want to work with us. So that's the other challenge of become wanting to become a broker.

Deep Shah: No, right. That's a very interesting perspective. Thank you so much.

Hitesh Oberoi: Thank you.

Moderator: Yeah. Thanks Deep. The next question is from Aditya from Macquarie. Aditya, go ahead and ask her question.

Aditya: Hi Hitesh, Hi Sanjeev. Thank you for the candid remarks. Sanjeev, maybe the first question for you on the AIF. Where are you putting new capital to work if at all? And maybe if you can also provide some context in terms of what are the types of opportunities which might have looked interesting, maybe 12 months back, but now in this environment you're not really pursuing.

Sanjeev Bikhchandani: So we've always been wary of stuff like Crypto, you know, and, and this was from the beginning and therefore, you know, one of the internal discussions we have is if you can't understand it, don't invest in it. And, you know, we sort of were impaired in our understanding of crypto. Similarly Web3, I think it's a great idea, great concept, but we don't know what the use cases that will make money. So we are really slow on, you know, Crypto and Web3, but that's not new. We've been slow since the last couple of years, you know, ever since we first heard of it. Right. So we may have done one or two investments to have a flavor of Web3 and Crypto. We are likewise skeptical of Meta. We don't understand it. We have not done it. So in that sense, we are a little slow off the blocks in this new stuff until we fully comprehend. And until the fog lifts, what will work, what will not work. Having said that, you know, we are doing some frontier technology in Capital 2B. We continue to, you know, do, you know, consume internet, B2B, SAAS, mobile app, in Infoedge Ventures Fund 2. Typically we don't do sectors and do it to top down. We do it bottom up, which is like stock picking for you guys. If the, if there's a good team chasing a good thing that looks like it could work is getting some traction, look at it closely. And if you really continue to like it, you know, as you go deep dive, maybe you can go into it. Some amount of caution, you know, we are looking at not doing very large cheques, and given the environment we are reducing the risk. We are looking at possibly co-investing with others again to share the risk and to get more deep pockets around the table. But, but, but like I said, it's, its bottom up, it's not top down.

Aditya: May be Hitesh for you and probably it is the generic nature of the question, but what are your top three priorities for Info Edge?

Hitesh Oberoi: Sorry, I, I can you repeat that?

Aditya: What would be your top three priorities for Info Edge?

Hitesh Oberoi: Top three priorities for Info Edge. So, you know, so one, of course, you know, we want to sort of continue to grow our Naukri business, you know, rapidly, you know, we, you know, we've done really well for the last seven, eight quarters and Naukri actually grew like a startup and we also sort of acquire a lot of, you know, assets in adjacent areas. And after a long time, you're seeing India also sort of grow at a faster rate, the Indian domestic sort of economy is doing well. You know, I was just telling somebody 10 or 12 years ago, you know, the infra sectors, you know, all the heavy engineering and construction and real estate, you know, all these sort of, you know, roads, construct railways, power, all these sectors together were as big as IT for us. But then all capital spending came to a stop for a long time. And, you know, they stayed where they were and IT grew four or five X. So, you know, hopefully with the government sort of, you know, taking up infra spending on priority, you know, some of these sort of jobs will come back and these sort of verticals will also grow, start growing rapidly for us. So the, the Naukri business continues to be a number one priority because that's our bread and butter business. It generates all our profits. We need to defend our market share. We are investing in adjacent areas. We are investing in the core platform. We have set up a very high quality AI machine learning team to improve the user experience for both the job seekers and customers. So Naukri without any doubt continues to be a number one priority. Then of course the, the other verticals we are in. So, you know, we have, we realized that, you know, these verticals have been struggling for a long time and something or the other has sort of kept them from sort of breaking away from competition. So 99 acres is a very important priority for us. And personally I'm spending a lot of time on that vertical to see, and it's, and it's, you know, it's not a small vertical anymore. We have an internal target of internal billing target of 100 crores 99 acres for Q4. We'll see where we end up, but you know, the run rate is getting better with every, and it can become a large business over time if it gets the focus and attention it needs. So that's an important sort of priority for the community. Shiksha has surprised us. Shiksha has been growing at a reasonable rate and without us focusing or spending too much energy and time on the business, it's now profitable with business. It's small, but profitable. So, so, so the other verticals, you know, are important. We are also sort of spending a lot of time on our blue collar Job Hai. You know, we have been sort of test marketing it, testing it out in a few cities and early signs are encouraging. So, you know, at some point in time we'll want to sort of scale that up as well. So, so, so, and till sometime back and continues to be, of course, but attracting and retaining high quality talent was a top priority for us because the startup market was super-hot and it was getting harder and harder to attract and retain people. Thankfully, I mean, I mean that that's, that's gone under control now because we are now seen as a stable, mature business. And, but you know, it's the, because the startup scene is slowed down, it's also an opportunity for us to attract and some good new talent into the company. And that, that, that will always remain a top priority for us.

Aditya: Thanks Hitesh.

Moderator: Yeah. Thanks Aditya. We have follow-up question from Nitin Jain from Fairview Capital. And this is the last question I have in case there are more questions, I request people to raise hand so that I can take them one by one. Nitin go ahead and ask a question.

Nitin: Yeah. Thank you for the follow-up opportunity. My question is both for Hitesh and Sanjeev. So I'd like to, you know pick your brains as in you know, drawing on your previous experiences where there have been such funding winters in the market and has it like has it been a strategic advantage for a firm like a cash-rich firm like Naukri because we keep continuously you know, investing in newer businesses. So if you could share your experience, thank you.

Sanjeev Bikhchandani: You want to go first Hitesh?

Hitesh Oberoi: Yeah. So see, this is an opportunity, but you have to keep at it. So what you have to do things, right? So you, we are, like you said, we are cash rich. Now, if the market slows down and we continue to invest because we are cash rich, then when the market comes back, we will emerge stronger. So, so in Naukri, for example, right now the market is slowing down a bit, but see in Naukri we are already dominant. So, but still, you know, if we continue to sort of invest in Naukri as if there is no slowdown, our position will be even stronger when the market comes back, especially if our competition starts or cuts down on its sort of investments in their business. In 99 acres, the same thing would play out, but the 99 acres market is not slowing down. So I don't expect competition to slow down their investments in real estate. The real estate market continues to be solid. So we don't see any slowdown on that front, but on the whole, you're right. In a slowdown, if a company continues to invest in its business, then when the market comes back, you know, it's great for the company, especially when others cut down on their investment.

Sanjeev Bikhchandani :Yeah, I'll add to that. You see, if I look back, right, let's go back to the year 2000-2001, there was a dot.com meltdown, bubble burst. Around that time, now, partly out of ignorance, partly out of, you know, misplaced confidence, we did not sack people. In fact, we hired 80 salespeople in 2001 at a time when our competition let go of 80 salespeople. Now, a decision like that really helped us because we continue to grow and we came out of that meltdown profitable, right, as compared to when we went in. Then you go to the global financial crisis. There, we had a 40, we had a 43 or 44% traffic share at the beginning of the global financial

crisis. Three years later, we had a 63% traffic share, right, in Naukri. And that's largely because our competition, Monster, Times Jobs, they all let go of salespeople. We did not let go of people. We simply did not sack. We were happy to live with lower profits for, you know, two or three quarters. We said we will keep our capabilities alive and intact. Competition cut advertising, I remember, by 60 or 70%. We cut advertising by only 15%. Once again, we said we'll take lower profits, but we will keep the business capability and the brand salience intact. That paid rich dividends and therefore when we came back, we came back with a roar. Let's take a look at 2020, right. COVID, lockdown, Naukri was minus 44% YOY in quarter one of 2020-21, April, June 2020, minus 44% billing growth YOY. You know, we requested Chintan saying, listen, can you stress test our, you know, our P&L balance sheet and our cash reserves? And the question we put to him was, if we have zero revenue, zero, not zero growth, but zero revenue, if revenue was at zero, and we cut marketing, zero and zero increments, how long can we live as a company with the current cash reserves? And the answer he came back with was three years. At the moment he said that, we said, okay, that's enough, you know, that's enough runway.
And we simply did not downsize. At a time during COVID when everyone, when a lot of other companies downsized, you know, we simply said, listen, we are a people's company. We, this is the wrong time to let go of people. There's no light at the end of the tunnel. If you let go, then we don't know what will happen to them. They never get a job. At the same time, you know, this thing will turn around and we'll start growing again. We don't know when, but we'll start. And, you know, preserving our capabilities in times of recession and not cutting back on investments too much has paid us rich dividends on three separate occasions, 2000, 2008- 2009, and again, 2020. You know, so, of course, as you said, you've got to cut the right, cut some expenses, keep the right ones intact, you know, be a little more careful about how you're investing. And if you manage that right, hopefully, you know, it will help. You want to add something to this HItesh?

Hitesh Oberoi: No, see, you're right. Like I said, you know, in the case of Naukri, the question of laying off etc does not arise. But there's very little to gain in the sense that we already 70-80% of the market. But yes, in our newer verticals, in all the new businesses that we acquired, there's still massive opportunity to grow, whether it's IIM jobs, or whether it's job hai, which is just a startup inside the company, we will continue to invest in these verticals, because there's just, you know, we're just starting, right. And we don't have any constraints. Profitability may go down for a while. But like I said, in the past, we've seen even when the companies have laid off in the US after a couple of quarters have come back and strongly and hired very strongly in India, because that's part of their sort of part of the solution, India's part of the solution to cut costs. So, so, and in the other verticals, because we're not seeing any slowdown at the moment, and the market at least.

Nitin: Okay, great. Thank you, both of you. That's quite insightful. Just a follow up on that.

So how does the nature of funding change in such times? Like, do you concentrate more on manpower or technology or ad spends?

Hitesh Oberoi: See, though, in the long run, we believe that, you know, it's the investment in product technology, user experience is what takes you ahead. Right. So, we will continue to invest aggressively in these areas. And we've never cut headcount. In fact, the headcount is always grown in this part of the business. Number one. Secondly, we continue, we believe that we need to invest in new cutting edge emerging areas. So we've been investing very aggressively in AI machine learning for the last few years now, we've set up a new team for AI machine learning, we are experimenting with video content, and so on. So in the new areas, we want to invest and we will continue to invest more. Because if you get that right, you can actually help you take, you know, you can move your business to the next level. So we don't want to cut down on new emerging in or investing in new emerging areas. It's important for the long term sort of health of the company. See, marketing spend is something you can play around, you can turn on the tab anytime, turn off the tab anytime. And there is, you know, often a function of, see, what we measure is share a voice. See, if, if, you know, our competition is spending a lot, then you have to spend a lot. But if competition cuts down, let's say we are at X and competition at X, and they suddenly go to zero, then you can go down to X by two also doesn't matter, right? You still get your growth. So there, it's more a function of how much is competition spending more than anything else. Because you don't want to lose share a voice. If others stop spending, and you spend even a little bit, you're still okay. But if others are spending a lot and you stop spending, then you can share. So there, I think we go by, you know, what the others are doing more than anything else, because it's not required to, you know, you don't need to spend a lot of money by not spending.

Nitin: Thank you. Thank you.

Moderator: Thanks Nitin. I think Vivek that was the last question we had for today.

Hitesh Oberoi Thank you all have a great evening.

Sanjeev Bikhchandani: Thank you. Thank you. Bye bye.

Chintan Thakkar : Bye. Thank you.

Moderator: Thanks, everyone.