"Info Edge (India) Limited Q2 FY '22-23
Results Conference Call"

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Operator: Hi everyone. Good evening, and welcome to Info Edge India Limited Q2 '23 Financial Results Conference Call. As a reminder, all participant's line will be in listen-only mode, and there will be an opportunity for you to ask question after the presentation concludes. Should you need any assistance during the conference call, please raise your hand on the screen. Please note that this conference is being recorded. Joining us today from the management side, we have Mr. Sanjeev Bikhchandani, Founder & Vice Chairman, Mr. Hitesh Oberoi, Co-Promoter & Managing Director, and Mr. Chintan Thakkar, CFO. Before we begin today, I would like to remind you that some of the statements made in today's conference call will be forward-looking in nature and may involve some risks and uncertainties. Kindly refer slide number two of investor presentations for detailed disclaimer. Now, I would like to hand over the call to Mr. Hitesh Oberoi for his opening remarks. Thank you, and over to you, Hitesh.

Hitesh Oberoi: Thank you, Vivek. And good evening, everyone. Hope you're all doing well. And welcome once again to our second quarter earnings call. As always, we will start with an update on standalone financials, and we'll talk about the market conditions in each of our operating verticals, and then cover the financials of each business in more detail. And then of course, we'll have time for Q&A in the end. The audited financial statements and other schedules on segmental billing, revenues, etc, along with the data sheet have been uploaded on our website infoedge.in. Overall billing since Q2 grew to rupees INR542.9 crores up by 31.4% from Q2 of last year. Billing for H1 '23 stood at INR1067Cr growths and year-on-year growth of 45%. Revenue in Q2 stood at INR531.8 crores up by 46.7% from Q2 of last year. Revenues for H1 '23 stood at INR1039.5 crores and year-on-year growth of 50.5%. And billings and revenues along with acquired businesses like Zwayam and DoSelect stood at INR539.5 and INR549.5 crores respectively. Operating expenses for the quarter, excluding depreciation and amortization were INR347.8 crores up by 38.2% from Q2 of 2022. And operating EBITDA for the quarter stood at INR184 crores versus INR110.8 crores last year, an increase of 66.1% from Q2 of last year. And EBITDA for H1 '23 stood at 347 crores. Operating EBITDA margins for the quarter stood at 34.6% compared to 30.6% for the same quarter last year. And EBITDA margin for H1 stood 33.4%. And operating EBITDA including acquired businesses stood at INR189.6 crores a year-on-year increase of 79%.

Cash from operations for the quarter stood at INR299.9 crores compared to INR171 crores last year for the same quarter. And the business generated INR383.8 crores of cash from operations in H1 '23. Deferred sales revenue stood at INR840.9 crores as of September 30th, 2022 versus INR562 crores as of September 30th, 2021 and increase of 49.6% year-on-year. And the cash balance of Info Edge, including the wholly-owned subsidiaries stand at INR3250 crores as of September 30, 2022. It stood at INR3880 crores as of September 30th, 2021.

The JobSpeak index for the month of September was up 12%. However, hiring slowed down in IT and IT segments September onwards. This trend continued in the month of October with a negative growth of 18% in IT and telecom sector. However, an early festive season also impacted the index for the month of October as it closed 3%, down 3% year-on-year.

However, in hiring in Q2 remained upbeat with high growth and non IT sectors like banking, real estate, insurance, travel, tourism, hospitality, retail, etc.

The quarter saw demand for low to mid management profiles gaining momentum across industries.

We also experienced a vibrant real estate market during the last quarter. Strong momentum and new growth sales continued across top cities in Q2. We noticed an upward trend in property prices. We expect the unit sales momentum to continue in near term despite the hike in home loan interest rates announced recently. We also expect builder clients to launch more new residential projects in the second half of the current financial year.

University and college admissions are a little delayed this year. We expect the academic season to return to normal from next year.

Moving onto our financials for the recruitment business. In Q2 '23, the recruitment segment billings were INR425.6 crores up 41% from Q2 of '22. While revenues were INR418.1 crores up 56.4% from Q2 of 2022. Billing for H1 '23 stood at INR840.6 crores, a year-on-year growth of 51.7%. While revenue stood at INR805.2 crores for H1, a growth of 61.5%.

Operating EBITDA stood at INR2, for the recruitment business stood at INR254 crores up INR61.3 crores, up 61.3% from Q2 of last year. Margins stood at 60.8% versus 58.9% in Q2 of last year. EBITDA margins for H1 '23 stood at 60.2%. Cash from operations for the recruitment business during the quarter stood at INR280.4 crores up from INR201.6 crores in Q2 of last year. The business generated INR515.8 crores of cash from operations in H1 '23. Cash from operations as a percentage of billing from the business stood 66% for the quarter.

Billings for Naukri India for the quarter stood at INR356.2 crores, up 46.3% year-on-year. While revenues for the quarter stood at INR352 crores, up 63.6% year-on-year.

Recruitment selling segment billing, including acquired businesses like Zwayam and DoSelect stood at INR442.3 crores, a growth of 44.8% YOY for this quarter.

IIMjobs and hirist year-on-year growth of 47.3% in their billing numbers for this quarter. And Zwayam and DoSelect also reported serious growth in Q2 of this year over Q2 of last year.

The Naukri business continued its growth momentum on the platform. Site registered increased job seeker traffic and recruiter actions during the quarter, around 22,000 new CV's were registered per day during the quarter, a year-on-year growth of 12%.

The active base for our mobile app also continues to increase significantly month on month.

The sales team continued with their strategy of creating more awareness around the value generated from our products to drive deeper value realization during the quarter. We increased our marketing expense during the quarter as we continue to invest behind our recently launched "My Kind of Naukri" campaign, which targets the Gen Z audience.

We also upped our stake in Coding Ninjas from 26.1% to 51% this quarter. We invested INR135 crores. The investment shall help our recruitment business to explore and maximize business energies in the learning space and take us towards our long term goal of transforming Naukri from a jobs portal into a careers platform.

The AmbitionBox platform launched its second edition of AmbitionBox best place to work in India in Q2.

In the education business Shiksha, Q2 billings grew 31.3% year-on-year and stood at INR24.8 crores. While revenue grew 20.1% to INR25.9 crores.

Billings for H1 '23 stood at INR55.1 crores, a year-on-year growth of 30.9%, while revenue stood at INR57.2 crores with a year-on-year growth of 29%.

The Shiksha business made an EBITDA loss of INR1.8 crores in the quarter versus a profit of INR5.1 crores in Q2 of '22. Cash outflow from operations for the quarter stood at INR1.7 crores against INR1.4 crores in Q2 of '22.

Moving on to the 99acres business, billings in Q2 grew by 11.1% year-on-year and stood at INR75.7 crores, while revenue grew from INR48.3 crores in Q2 of 2022 to INR69.7 in Q2 of '23.

Billing for H1'23 stood at INR136.8 crores, year-on-year growth of 51.2%, while revenues stood at INR136.1 crores, a year-on-year growth of 39.6%. The operating loss for the quarter in 99acres stood at INR29.6 crores against the loss of INR21.9 crores in Q2 of last year. And the business reported a cash outflow from operations of INR19.1 crores for the quarter against the cash inflow of INR4.4 crores in the same quarter of last year.

In 99acres, we are seeing revenue growth across all categories, resale, rentals, commercial, new homes.

Responses from the platform continue to grow year-on-year. We were able to increase inquiries for our clients with both, with increasing traffic growth and other multiple client delivery initiatives. We further increased our focus to improve reviews from residents and to get more transaction prices on the platform to help buyers and owners get more insights about the real estate market. We will continue to invest on platform content, client delivery and marketing in the months ahead as well.

Moving onto the matrimony business Jeevansathi, billings in Q2 decline by 30%, 30.4% year-on-year to INR16.9 crores and revenue declined by 28.7% year-on-year to INR18.1 crores.

Billing for H1 of '23 stood at 34.5 crores, a year-on-year decline of 30.1%, while revenue stood at INR41 crores, a year-on-year decline of 18.9%.

Operating EBITDA losses for the quarter stood at INR26.6 crores for the quarter against the loss of INR21.2 crores in the same quarter of last year.

Cash outflow from operations for the quarter stood at INR29.8 crores against an outflow INR27.7 crores in Q2 of last year.

The Jeevansathi's, the chat for free model has helped us in accelerated growth of platform engagement metrics. The growth and billings bottomed out in July and since then has been steadily improved. Jeevansathi team has continued to focus on improving the recommendation experience of the platform in addition to building brand salience in the category.

Our dating platform Aisle witnessed a growth of 152.5% during the quarter and registered revenues of INR7.9 crores. The business continues to value new growth paths and accordingly, all four vernacular apps, redesign to make them more user friendly.

At the consolidated level for the company as a whole, net sales for the company stood at INR604.1 crores versus INR366.1 crores in Q2 of last year. For the consolidated entity at the total comprehensive income level, there is a gain of INR470.7 against INR13,808.5 crores for the corresponding quarter in the previous year. The gain for Q2 FY23 includes marketed to market gain of INR394.5 crores on investments held in Zomato and Policybazaar, our Listed companies, being the difference between share price as it end and beginning of the quarter. The gain of Q2 FY22 had included INR13607.9 crores arising from the listing of Zomato in that quarter and the marked-to-market gain therefore on the share price at that quarter end. Adjusted for the exceptional items, PBT stood at profit of INR148.7 crores in Q2 of '23 versus INR69.9 crores in Q2 of '22. Thank you. We are now ready to take any questions that you may have.

Questions and Answers:

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

The first question is from Deep from B&K. You can go ahead and ask question Deep.

Deep: Yeah, hi. Thanks for the opportunity. So Hitesh, first question is actually around 99acres. So what we've seen is there is a mixed trend there. Billings have only grown 11% at the same time our losses have remained. So if we could just help us understand better what's happening in that segment and how should we think about this segment going forward, especially that we are investing a lot more for brokers now. How should we think about 99acres as a whole?

Hitesh Oberoi: What we are seeing in the market is that the real estate segment is back, property prices going up, more real estates have been bought and sold than was a case earlier. The real estate market was in doldrums for many years, but it's now sort of slowly and steadily bouncing back. There seems to be a shortage of supply because not enough projects were launched over the last couple of years due to COVID. Same time demand is picked up, so therefore prices are going up in several pockets. As far as our business is concerned, our business was hit very badly because of COVID last year, which is why you are seeing solid growth in the first half in terms of revenue because of the low base. But I think the way to look at 99acres is how are we trending month-on-month, quarter-on-quarter. So we are now at a point where we hit a monthly run rate of about INR25 crores a month. And yes, our losses have gone up because we are investing a lot more in product development. We are investing a lot more in marketing than was the case earlier. And partly it's also because of the increase in comparative intensity in the space. There are many more players who are active and they're spending a ton of money right now, and therefore we are sort of being forced to respond to keep our share. How will things shape up going forward will, to a large extent depend on how well we execute on the ground, number one. And so it'll depend on how fast and how well we are able to execute as a team on some of the initiatives that we are pursuing inside the company. And two, it'll depend on how competition sort of behaves in the market. If they continue to invest aggressively, then for a while, you know, we may be forced to up our marketing investments to counter them. On the other hand, if competitive intensity starts to decrease, then you know, that'll be a different ballgame. But the overall market looks decent. Now, we don't want the market to, you know, become unaffordable for real estate buyers. We don't want prices to go through the roof also. We don't want it to be a market where people launch projects and they get sold immediately because of sudden surge in activity. Because then we may not be required. At the same time, we don't want a very poor market also where nothing sells, so fingers crossed. But after a long time it looks like, you know, there is a buoyancy in the market and that should be good news in the medium term at least.

Deep: Right. Thanks for that. Also, if you could help us understand a bit more about Broker Network, I see we invest a lot of money there. So, you know, if you can help understand what is it and any chance we are getting back into transactions or that is still not a place we want to explore?

Hitesh Oberoi: Yeah. So Broker Network and investment, you know, we don't run the company. But yes, we've invested in the company and the company was pursuing a very aggressive model, you know, till recently. You know, they're basically in two different businesses. They enable site visits for new projects for developers and they charge for site visit. So that's one model. And then they also sort of help, you know, organize home loans and they take a cut on that. So that's the second model, you know, sort of the second business they are in. They want to make a transaction cut from developers, you know, they've launched something in that area, early days still.

Deep: Right. Perfect. That's it from my side. Thank you so much.

Hitesh Oberoi: Thanks. Vivek you are not audible.

Operator: Sorry. Next question is from Jay, she's from Julius Baer. Jay, you can go ahead and ask your question, please. Jay, you're on mute right now.

Jay: Hi, am I audible?

Hitesh Oberoi: Yes.

Operator: Yes, yes you are.

Jay: Yeah. Hi. Hi Hitesh. A quick question, could you comment on the IT sector and the demand in that space, please?

Hitesh Oberoi: Yeah. See, for the last seven quarters, you know, the IT sector was on fire, attrition rates are very high. It was massive inflation, tremendous hiring, again, mismatch of supply and demand, not enough supply, you know, certain surge in demand. And that is great for our business. Now anecdotally, what we are hearing from people in the market right now, and what we are witnessing in our company also is that attrition rates have come down a bit and things are normalizing. And therefore I suspect, you know, growth in IT hiring will moderate going forward. And now how much will it slow down by, very hard for me to say at this stage. Will it slow down, definitely? Will it crash, I don't know. For how long will it slow down? No idea. Again, it might depend on what happens in the US because the IT sector is more index what happens in the US and to what happens in India. So that's where we are with as far as IT is concerned at this point in time.

Jay: Thanks Hitesh, got it. Thanks.

Operator: Next question is from Raghav. Raghav is from Citi. Raghav, please go ahead. Raghav, you're not audible.

Vijit Jain: Hey hi.

Operator: Yeah, you are audible now.

Vijit Jain: Hello? Can you hear me?

Operator: Yes, we can.

Vijit Jain: Oh, sorry. This is Vijit. So my question is first off on IT hiring Hitesh when you said also in the TV and in the press release that IT hiring is now normalizing. Just wondering, A) does normalizing mean back to pre-COVID kind of levels? Is that the definition of normalizing here at the moment? And related question in the overall recruitment space, can you talk about any future investment plans in the other company that you invested in there, right? Coding Ninjas, that's a learning space, right? So how should we think about that going forward?

Hitesh Oberoi: Yeah. So again, very, you know, early days, too early for me to comment on how this IT hiring will sort of shape up going forward. And, you know, October was, is also misleading because of the festival season. Many companies sort of slow down their operation in the festival season, But what I said earlier on the, in the call that, you know, certainly attrition rates are trending south in IT, it was a crazy market until some time back. It is a more normal market now. Now that may not be the case with all companies. Okay. You know, maybe some companies are doing better than others, some are not. Now so that's what I meant by things are beginning to normalize. It's not as if IT companies are laying off workers. We haven't have come across any such sort of case at this point in time. But certainly they're negotiating harder that it'll take more time. You know, they're not under as much pressure as they were earlier at least some of them. And, you know, attrition rates seem to be slowing down by how much, I guess, depends on the company.

Vijit Jain: Got it. Thanks Hitesh. And my second question was on Coding Ninjas investment plans there, how should we think about that going forward from both cash bank perspective?

Hitesh Oberoi: Yeah. So we've been invested in Coding Ninjas for a while and they've made good progress, and which is why we've increased our stake from, you know, 25%, 26% earlier to now, 51%. And the idea is to sort of deeply integrate with Naukri going forward. Till now they were mostly focused on, you know, providing, you know, education solutions to students in campus,i.e. undergrad students. But increasingly they're looking to offer more and more courses, up-scaling courses for working professionals as well. And over time we will sort of integrate their offerings with the Naukri platform. It is part of our overall sort of vision, long term vision, you know, to transform Naukri from just being a job board into a more sort of holistic careers platform where sort of, you know, we help people not just find jobs, but we also help prepare them to sort of find the right jobs for themselves. We inform them and prepare them and sort of teach them as well. So that's the long term game plan. Of course, a lot will depend on how the business sort of shapes up over time.

Vijit Jain: Right. So Hitesh, I guess, so sorry, one last question around that. Is that more around the lines of online learning or there's offline learning component there as well?

Hitesh Oberoi: No, it's more, it's like right now it's purely online learning.

Vijit Jain: Got it. Great, thanks. Sorry, if I can have one last question from my side, just on the recruitment side the non IT recruitment sector, you've called out as some of those spaces are picking up pace. From a more, you know, removing the whole low base of the last few years perspective, how do you think that non IT sector shaping up from here given that IT sector is normalizing? Should you, or do you think the share of non IT goes up from whatever, 40% odd of your billings or revenues to somewhere more closer to 50 plus or how should one think about that?

Hitesh Oberoi: Well, you know, see, the non IT hiring is more index to the Indian economy and how the, you know, how GDP growth in India. Now, partly what we are seeing is a surge in hiring on the non IT side because non IT companies are pretty much, you know, sort of because of COVID, they were shot for business for some time. They had laid off workers, their business had contracted, now they're bouncing back, you know, revenge travel, revenge shopping, revenge, everything, right? And therefore we are seeing a massive surge in demand for talent in spaces like retail, travel, hospitality, you know, banking, financial services, insurance, telecom because of IT sort of, and so on and so forth. So we are seeing the, so there's more demand for sales professionals, finance professionals, marketing professionals, customer service reps, and, you know, and so now what had happened over the last seven quarters was, or at least for the last four or five quarters was that IT demand had picked up and there was a surge in demand and which is why the share of IT in our overall mix perhaps went up by about 5%, 7%. Now, if IT hiring slows down and non IT companies continue to ramp up, then of course, you know, we might go back to how things used to be pre-COVID for us. But that will depend on whether this IT, boom in the non IT space is sustainable and how sustainable it is. So if it's going to be like this for a while, then of course, you know, the share of non IT and total hiring will pick up.

Vijit Jain: Got it. Thanks. Thanks a lot Hitesh.

Operator: You have someone from Laburnum Capital who had raise their hand, I would request them to please ask the question.

Amit Khetan: Yeah. Hi, this is Amit Khetan from Laburnum Capital. Good evening, and thanks for the opportunity. So I had a question on the matrimony business. So we've had a change in strategy, I guess, over the last six months or so, if I'm not wrong. How is that playing out? Can you share some metrics either in terms of market share or traffic share, like you do for other verticals? Because otherwise we cannot make sense of what's really going on here. And second just related to that is how much are we spending on marketing on a quarterly basis? And has that gone down post on new strategy or gone up? Just some numbers, broad numbers would be really helpful.

Hitesh Oberoi: Yeah, yeah. No, no. So I can't share all the metrics for competitive reasons, but we are very happy with the progress that we are making. We have gained substantial traffic share in our view over the last few quarters is, you know, especially in the communities where we are reasonable players, you know, people are, more people are registering with us, people are spending more time on the platform. We are enabling more matches, and hopefully more and more managers are also happening to us. And, you know, so we are very happy with, you know, gains and traffic share. And this is despite us slowly, you know, we've cut down marketing spends also, so it's not as if we are spending crazy money on marketing. Our revenues down 30%, you know, our collection is around 30%, billing is around 30%. But despite that, we are perhaps losing only as much money as we were losing earlier. And if the numbers continue to trend in the right direction, then losses in the matrimony business going forward will be much lower than what losses were in Q3 and Q4 of last year. So in Q3 and Q4 of last year, we are up to spend on marketing significantly in our matrimony vertical. And since then, the marketing spend has been slowly trending down. Now we don't want to, you know, sort of cut marketing overnight also because we need to sort of get the word out that we are free, right? Because people need to know that we are free. So for some time this marketing spending, spending will continue. At the same time, we are working on new models and new ways and means to monetize our audiences. But, you know, early days on, on that front, so wait and watch for the next few months. Let's see how it goes.

Amit Khetan: Got it. Any sense of, have we lost, have we gained market share in terms of number of users?

Hitesh Oberoi: Yeah, absolutely. Like I said, we've been gaining traffic share on the user side in all the communities where we are present. So while we have lost market share as an revenue market share, we have certainly gained on user market share.

Amit Khetan: Got it. Thank you.

Operator: We have next question from the line of Vimal Gohil. Vimal, can you go ahead and ask your question, please?

Vimal Gohil: Yeah. Thanks. Thank you for the opportunity, sir. My first question was on our Naukri business. I just wanted to get a sense on, you know, the slowness that we've seen in the unique user. I do understand that partly it is because of the IT hiring slowing down. But should that essentially lead to a decline in user base for us? That is point number one. And the related point would be that you have more than made it up by increasing the revenue per unique user.

Hitesh Oberoi: Unique user by you mean what? I mean customer or on the recruitment side or on the job side?

Vimal Gohil: Yeah. On the recruitment side, on the unique, number of unique users, unique customer.

Hitesh Oberoi: Customer side.

Vimal Gohil: Yeah.

Hitesh Oberoi: Which number are you referring? Because as far as we are concerned, we're not seeing any decline in unique customer, quarter-on-quarter or year on year?

Vimal Gohil: Yeah. It's a sequential decline on the unique customer side.

Hitesh Oberoi: You know, I would say a lot of these customers are at the bottom, you know, so they don't generate too much revenue for us. And often it's a function of how many holidays fall in that quarter, you know, etcetera, etcetera. So I will not read too much into that. But in general, you know, when the market slows down, then new customer addition does go down a bit.

Vimal Gohil: Got it, sir. And just wanted to get again, you know, you sort of more than made up on the average revenue that you've generated for unique user. That was my second point. I mean, how much of that would you relate to, you know, more a better mix and the addition of your other services like DoSelect, Zwayam, etcetera?

Hitesh Oberoi: So you don't give the breakup, but you know, when we sort of build more from a customer, it's mostly an account of one, you know, sometimes buying more services, as in, we have launched so many new products and services, so a lot of customers end up buying some of these new services that we've taken to market. Two, you know we've seen serious good pricing gains over the last few years, last few quarters, you know, and so that's been across the board. We realized better prices than we realized earlier. We went into COVID, we were discounting heavily, you know, because the economy was slowing down and after, during COVID also, we had to discount heavily to sort of retain, because companies were not hiring. But therefore our pricing had gone down substantially over the last, you know, two, three years. So that has now gone back to normal levels. In fact, we are working hard to sort of customers see the value that we are creating for them through some of the tools we've launched sales analytics tools and customer analytics tools. And so that's helping us realize better prices. And thirdly, also what happens in a good market is, you know, customers need to hire more people so they buy more volume. So it's perhaps, you know, so ARPU has gone up, it's a mix of all three.

Vimal Gohil: Right, right. Just to understand that, you made a pertinent point that and how many, what is the share of our customers who are using these add-on services that we have? Is the penetration up there? I mean, do we have some low-hanging fruit there? Or you have almost most of your large customers using your services already?

Hitesh Oberoi: No, no, no. So we have a long way to go. Of course, there is more competition in some of these new spaces, and there are other players you're competing with. But penetration levels are nowhere close to even 20%, 30%, 40% in different products, but they are very low. But there is more competition as well.

Vimal Gohil: Understood. And lastly, sir, just one question on Coding Ninjas. I think you made, you made a point on finding some synergies with the core Naukri platform. My belief is that Coding Ninjas would be a direct B2C sort of a model and our platform is more B2B. How are you sort of looking at synergies then are you looking to sort of cross-sell Coding Ninjas to your existing enterprise customers? Or how will that transition happen?

Hitesh Oberoi: Firstly, our platform is not B2B. Our revenue is mostly B2B, right? We have a B2C part of the business. So we have millions of job seekers who visit our platform every month. They spend a lot of time on the platform. They register on the platform, they apply for jobs on the platform. So there's a shortage of users on the platform. Revenue generation is mostly on the B2B side. About 7%, 8% of our revenue comes from job seekers segment even today, we have this fast-forward business where we sell services to jobseekers that's not the primary focus. But we get about 7%, 8% of revenue or 5%, 6% of our revenue from the jobseekers today. You are right, Coding Ninjas is a B2C offering right now. There is no plan of taking Coding Ninjas to recruiters at the moment. And therefore, what we will do is integrate the Coding Ninjas offerings with our Naukri platform more and more going forward. And in the process, hopefully, we will break down the cost of customer acquisition for Coding Ninjas.

Vimal Gohil: Got it, sir. Sounds interesting. Thank you so much. And all the very best.

Hitesh Oberoi: Thanks.

Operator: Next question is from Vivekanand from AMBIT Capital.

Vivekanand Subbaraman: Yeah. Thank you for the opportunity. Hitesh, you said that the increased billing, you highlighted the three factors. Were they in order of importance in terms of contribution to the increased billing? Or was it just in no specific sequence?

Hitesh Oberoi: No specific sequence.

Vivekanand Subbaraman: Okay. And as far as the commentary on IT is concerned, you did mention that things are now normalizing. So would a sharp decline in attrition rate meaningfully weigh on the volumes right now? And is there a possibility that we might be looking at a potential decline in billing for recruitment if this were to play out, let's say, attrition declines by say 5% industry-wide, would this meaningfully result in a sharp cut in the billing? Or are we looking at a situation where things, this is like the new base where all the discounts have been withdrawn and all the pricing is back to normal levels.

Hitesh Oberoi: It's really hard for me to say, I don't know how it's going to play out. We don't know for sure whether there is slightly, I mean, there is a fall in attrition, but how much a attrition fall by is hard for me to say whether attrition fall for one quarter or whether this will be a sustained slowdown unclear at this point in time, have companies over-hired a lot to depend on that also, right? Or what we're still scrambling to get talent and suddenly now things are getting better. I guess the situation will be different for different companies. So it's very hard for me to say. What I can tell you for sure is that attrition date seem to be trending south. Now how much South god knows. And where will this finally stabilize, unclear to me. We have seen a sharp fall in attrition in our company, but that's because many of our employees to deeply join start-ups and start-ups, as you know, are in big trouble. But we don't make a lot of revenue from startups. We may mostly sort of make our money from IT services companies and from captives. In the past, we have also seen that whenever there is a slowdown or a recession in the U.S., the Indian IT industry gets hit for a quarter or 2. But in the end, the benefit because a lot of jobs, more and more jobs are outsourced to India. I don't know whether that will happen this time around. But if that to happen, then business will start picking up again in a couple of quarters. The demand should for IT services companies should start picking up again. So early days, it's very difficult for me to say how it's going to play out.

Vivekanand Subbaraman: Okay. Just one follow-up with respect to the billing trends. So when we look at the growth today, right, the Naukri India 46% year-on-year billing growth, is this trend meaningfully different for IT versus non-IT? And secondly, on the billing side, would the segments of IT hiring, which is IT services, captives and, let's say, the domestic firms hiring for their IT needs. Is the billing trend very different on that count also?

Hitesh Oberoi: Not very different for Q2, right? But what I said is that, listen, what they're picking up is some stories around IT hiring slowing down going forward. So it could change going forward, right, but not very different for Q2.

Vivekanand Subbaraman: Okay. You are saying that even this quarter, the billing growth for IT versus non-IT was on a similar tangent, is it?

Hitesh Oberoi: Yes, even IT hiring growth for us was pretty solid in Q2 as well.

Vivekanand Subbaraman: Okay. Fair enough. So second question is on 99acres. Initially, you mentioned quite a bit about how you are seeing that the market is in a sweet spot for your platform. And of course, you feel that this momentum is here to stay. But just trying to understand this better. You had a couple of years ago, I believe you had done a reorganization focusing on specific verticals, new launches, resale, rental, commercial, so would it be possible for you to give an update on that, on where this is progressing, maybe segment-wise commenting?

Hitesh Oberoi: So internally, this is how we are organized. We have teams that work on resale. We have a team which works on new homes. We have a team which works on rental, so we have teams that work on commercial. Of course, the commercial and rental part of the business are small. It's mostly new homes and resale where we get our revenue. Almost all sectors have bounced back. So there's a lot more commercial activity in the market as companies go back to working from office. There's a lot more rental activity in the market because a lot of people have sort of left their the cities in which they were working and going back home, they're all coming back. And therefore, there is a surging demand for bigger houses for more houses to rent. Suddenly, we are also seeing real estate prices go up, and that has bought, brought a lot of buyers back into the market.
And of course, people have seen, at least in IT, seeing very good salary increases over the last couple of years. So certainly, there is a demand for more housing as well. And at the same time, suppliers of new homes has gone down, there's less inventory because there were not enough new projects which were started during COVID. So on the whole, the whole market is looking attractive, and prices have gone up. At the same time, we worry about the fact that prices work too much in the, real estate become unaffordable, and that will result in a lot of buyers sort of getting priced out of the market. And so market in the middle is at what works best for us.

Vivekanand Subbaraman: Okay. My last question is on the number of customers that you report. That number, both on the builder and the broker side has gone up significantly. Compared to last year, actually, in the last couple of quarters, this number has been quite elevated compared to, let's say, the trends that were there in all 4 quarters of fiscal '22. So are the benefits of the billing completely in the base now in terms of the pricing interventions or multiple products that we would have sold to these customers or is there more scope to extract billings from these customers still we start looking for new customers to add? I'm asking because between fiscal '19 and, let's say, until 2Q or 3Q fiscal '22, the number of broker and builder customers were pretty similar, and now they seem to be 50% higher.

Hitesh Oberoi: Sure of that because I hope you're not including owners as well.

Vivekanand Subbaraman: No, no, no. I'm just talking about the 32,700 broker and 6,400 builder customers. So this is on your site deck Slide #43.

Hitesh Oberoi: Okay. No, maybe we can get back to you on this offline. We have seen, of course, our customer base went down during COVID, and H1 last year was impacted because of COVID. And compared to, of course, H1 last year, we must have seen a strong recovery on the number of customers. But let me get back to you how much the numbers have actually gone up by. Let me just sort of recheck and get back to you. Vivek, can we do that?

Operator: Sure of course.

Vivekanand Subbaraman: Thanks a lot Hitesh. All the best.

Hitesh Oberoi: Thanks.

Operator: So next question is from Mohit is from Rama Capital. Mohit, you can go ahead and ask a question.

Mohit Motwani: Hi, thanks for the opportunity. I wanted to ask on the recruitment business, like IT, as we have already spoken about that the attrition rates are going down and that might moderate the growth. So just wanted to get your thoughts on other verticals like BFSI, which are also one of the hot white collar markets in India. Do you have any ambition to scale up on that front so that you can have elevated growth rates in the future? Because with the contribution, if I look at the contribution, it has remained 6%-7% in the last so many quarters. So do you have any plans or you think you can increase your contribution share from BFSI sector?

Hitesh Oberoi: See, our share what it is because it's a much smaller segment when it comes to hiring compared to IT, right? So there are maybe 10,000 IT companies or 8,000 companies on it. The number of BFSI players in the market is much fewer, and they don't employ as many people as IT companies do. Of course, we would want to up our wallet share from all BFSI clients, and we are working on that. But it's unlikely that they are sort of, their share in our overall mix will change significantly over the next couple of quarters. That segment may grow faster than other segments if the market is doing well. But it's like 6%, 7%, it can become 10%, 12%, 14% overnight. It's not likely that

Operator: Next question is from Rohan. Rohan, kindly go ahead and ask your question please.

Rohan: Yeah, hi. So my question is towards 99acre side. So basically, I have just started following your company. And while on the Naukri front, you are market leading, the numbers are also improving quarter-on-quarter, and there are some really great numbers. From 99acres point of view, what I understand is that in the last annual report of yours, there was a, you mentioned that some ESOPs have been issued, right? So that expenses would have included ESOPs. So basically, what I want to understand is that while we compare the Q-on-Q losses of this quarter and this half with the previous quarter and previous half year. Is there any component of ESOPs in that? Just to understand what the apple to apple comparison would look like?

Chintan Thakkar: Yes. So both would include ESOP charges. But although I don't think that it will be significantly different on a consistent basis, they keep on giving these ESOPs and we charge it off as per the accounts. So when we are looking at the EBITDA numbers , that include the ESOPs charge being charged for.

Rohan: Okay. And second question is towards your marketing spend now in the previous quarter call, you said that you are looking at a marketing spend of like INR30 crores to INR40 crores on a quarter-on-quarter basis. So going forward, do you still hold that number? Or do you expect it to increase or decrease?

Hitesh Oberoi: Yes, it will depend on competitive activity, which is what I said earlier on the call also, could be INR25 crores, INR35 crores, it could be INR40 crores, it will depend on whatever we need, what we need to do to sort of defend our share in this market. So we decide on our sort of marketing spend on a quarter-on-quarter basis.

Rohan: Okay. Thanks. That's it from our side.

Operator: Next question is from Pranav. Pranav, go ahead and ask your question.

Pranav: Yeah. Thanks for the opportunity. My first question is regarding 99acres. If I look at the market share, the traffic market share, you know, that has been sort of trending down. And if I look at, you know, there's only one player that is Housing, which has gained market share. Is it purely because of the advertising budget, what they are having? Or do you think there is something else to it? Because the gains that they have done on the market share are quite significant. And if they are sort of sticking around then, we are not looking at the sort of a duopoly kind of market, maybe there are 3 very strong players with can emerge, so how do you see that? And my second question is on the margins of Info Edge. I mean you think 63% margin, historically they were slightly lower. But how should we see this in the medium to longer term? Thank you.

Hitesh Oberoi: Yes. See, strategically traffic business in real estate should be taken with the pinch of salt because there are different types of users on our platform. So there are people who are looking to buy new homes or people are looking to buy the retail properties that are people are looking to buy rentals. They're looking to sort of rent properties and so on and so forth. Now there are people looking to buy high-end properties that people looking to buy low-end properties. Now every user is not the same. A rental user, for example, is very hard to monetize. On the other hand, while spending the marketing, you can get a ton of that into our platform. So this market share or traffic share business has to be sort of sliced and diced in different ways to understand what's really happening in the market. But yes, you are absolutely right in saying that housing has gained traffic share over the last few quarters. And we would like at least our team believes is mostly because on account of their higher marketing spend. They're splurging right now when the market is at its peak. And yes, there are more than 2 players which are sort of aggressive in the market at this point in time. Now of course, it will take a while for the dust to settle down. But yes, right now, there are many players competing. But the market which is also growing significantly, but there are many more players. So let's see how this plays out. But all traffic is not the same.
And as far as margins on Infoedge or recruitment margins, the recruitment business go see if our recruitment business continues to grow at even 18%, 20% per annum, these margins should be easy to maintain. In fact, we can even better than going forward. But if growth slows down considerably, then of course, margins may take a bit of a hit. We don't expect the kind of wage pressure we saw in the last 1 or 2 years to continue going forward

because we're seeing a slowdown in our attrition also unless things change again on that front. But if things change on that front, then of course, our billing growth also looks start looking at once again.

Pranav: Sure. One small follow-up on 99acres. So you said that the all traffic is not same. Can you give some color on that, I mean…?

Hitesh Oberoi: Yes. I mean, for example, let's say we get 10 million users, let's say, I mean just picking a number. And if 5 million of those rental users, then a rental user is not as valuable as a resale buyer. On a resale buyer, you can make 10x than what you can from a rental user, right, as a platform. In fact, if, on the and do, if the rental user is looking to rent property at less than INR10,000 a month, for example, nobody can make money from that rental. So all users are not the same.

Pranav: Sure. But I mean, so can you give some color on, does that mean that Housing.com could potentially have a larger share coming from the rental or some player who's stronger in the rental segment and you are stronger on the resell or, and some other players stronger than the bid. Is that the case or...?

Hitesh Oberoi: I haven't looked at the Housing numbers very closely, but yes, I can say for sure that a buy user is much more monetizable than a rental ever.

Pranav: Thank you so much. That’s it from my side.

Operator: Next question is from the line of Seema. Seema, you can go ahead.

Ruchi Mukhija: This is Ruchi from Elara Capital. I have a couple of questions. First, so post pandemic, we have seen that digital intensity of enterprises has increased. Even if I look at the Naukri platform, you have a unique number of clients are up about like 26%. So could you highlight us have you seen a change in the behavior of, let's say, on strategic or beyond, so to say, large or mature users, has the lower base of customers shown some changes in terms of consumption pattern or usages?

Hitesh Oberoi: Absolutely. For example, we have a small blue collar platform jobhai. We sort of, and we've been seeing significant traction in that platform. We don't monetize right now. We are still getting more and more users to use the platform. And these are mostly blue collar people who make INR15,000 and INR14,000, INR22,000 a month-technicians, the delivery boys, data entry operators, salon workers and the traffic is growing month-on-month. So unquestionably, without doubt, I mean, everybody is around the Internet and everybody is becoming more and more comfortable using the Internet. Even small businesses. Earlier it just to be very hard to get small businesses to use the Internet. But now everybody is used to smartphones, they're buying grocery online, they're ordering food online. They're buying insurance online. They are shopping online. So now it's making payments online. So I think pretty much everybody sort of now used to sort of, I mean, they know how to operate a phone. They know how to make payments. They know how to post jobs. They know how to take pictures. They know how to take videos. So it's getting easier and easier with every passing month.

Ruchi Mukhija: So my question was trying to understand, is naukri.com able to monetize that behavior?

Hitesh Oberoi: So we monetize businesses and we have a sales team, and they have a telesales team. Our telesales / e-commerce business has been growing rapidly, and that's mostly the business we get from small enterprises. These are mostly people buy online. We don't have sales people who reach out to them, train them, etcetera. But they're mostly small customers. So they're not a big part of our revenue, okay? But they add to our customer base, and they get this volume growth. Most certainly benefit from this trend. And like I said in our Jobhai business, we have continued to sort of add more users. And these uses are not on Naukri, and we haven't started monetizing them as yet, but we will monetize them at appropriate time.

Ruchi Mukhija: Understood. One more question for Naukri platform. So IT hiring on Naukri platform was down 3% Y-o-Y September quarter as per the job index. But yet, we saw 55% growth. So could you help us understand what drives this contrast? Is it completely explained by better hiring in IT Or how do you see, I mean the IT matrix in September quarter compared to the Job seeking index minus 3 Y-o-Y growth in the quarter.

Hitesh Oberoi: Two things. One, everything is not correlated to JobSpeak Index, where JobSpeak Index measure a number of job listings on our platform, right? And a lot of the hiring on Naukri happens through our database product, right? So it is possible that database hiring was not hit as much as hiring thorugh job postings, right? That's one process, that's one. The second thing is when companies buy Naukri products, mostly the big customers, they buy for a year, right? So even if there's a temporary low in hiring and we expect him to pick up going forward, they buy for the year end, and it's one of those and they're more likely to cut down highly through recruitment consultants, they're more likely to cut down, hiring through other expensive channels first, then through Naukri. So I suspect companies perhaps many companies have not experienced, I mean, while they're seeing attrition slow down, they continue the hope that or they believe that it will still be tough to hire going forward. And two, like I said, our database activity was not hit as much as our job posting activity last quarter.

Ruchi Mukhija: Understood. One last question. This is for 99acres. So on the 99acres platform, if I look at your quarterly revenue per paid listing, it shows quite a tough jump, about 93% Y-o-Y. In tandem, if I compare your billing mix between broker and the builder, it hasn't changed much. It's kind of there, there. So can you help us understand what's driving this? Is it price increases that we affected or the new services, analytics of a kind or mix change? How to read it?

Hitesh Oberoi: Sorry, the revenue per paid listing has gone up 93%. See, what I can tell you at a very macro level, we had launched a premium listing product, right? And over the last few months, we've upgraded many of our customers to freedom listings. And as a result of that, our average revenue per listing has moved up substantially in 99acres. I suspect it's mostly that, but if there's anything else, we'll get back to you.

Ruchi Mukhija: Okay. So it’s largely pricing increases. Thank you. Thank you. And all the best.

Operator: Next question, Swapnil you can please go forward.

Swapnil: Okay. Thanks for the opportunity. So first question is on Naukri. So I just wanted to understand to your previous comment that the pricing in the past has gone up decently well. And now if I were to look at your average billing per unique customer that is around 75,000 odd number. Going ahead, how should we think about it? Like if there is a decline in a number of unique clients, how would this number trend basically, your realizations, how would they trend going ahead, assuming that there is a slowdown in IT?

Hitesh Oberoi: It also depends on how well the non-IT segment continues to perform for us. So certainly, the IT sort of, if IT hiring slows down, then we will not be able to affect major price increases with our customers and realizations may not grow as much as we did last year, independent of what happens right, I think on the non-IT hiring, we expect our realization to improve going forward. And where we will end up as a company will depend on how much, how fast the non IT business grows.

Swapnil: Okay. And secondly, taking on Naukri side, if I were to look at your operating expenses for the segment, they have moved up from INR110 crores last year 2Q to INR164 crores this year. Now that's a significant jump of 50%. May I understand, I know like where are these expenses going because we don't do a lot of marketing there, right? So what is the other moving part over there?

Hitesh Oberoi: So there are three things happening here. One is we had to effect major salary increases last year because of high attrition and because that's what the market was like outside. In fact, for our, in many parts of the company, we had to give salary increase twice last year. That is one. The other is, we've also sort of added more people over time because we have sort of moved into adjacent areas. So we acquired companies. We have launched new verticals. And also, we have added a lot of people, for example, in the AmbitionBox vertical. We added a lot of people in the Jobhai vertical, wanted a lot of people in Zwayam, which we acquired something back, Doselect and so on. So in many of these new areas, we are investing and investing aggressively. And so you added headcount and this headcount is products headcount, design headcount. So I guess it's a combination of these 2 or 3 things which has led to operating costs going up. We've also invested more in marketing for the last few months. We launched new campaign to target to reach out to the ZenX audience, my kind of Naukri. So while our marketing spend is not a big part of our overall spend, it is likely to be substantially higher than what it was last year.

Swapnil: Okay. And just a last one clarification basically on the headcount. So if I were to look at the last 2 quarters' headcount that has gone up 11%. So is this related to the employee additions in the verticals that you just mentioned or is it somewhere else?

Hitesh Oberoi: Mostly in the newer verticals, so in all our businesses. So like I said, in JobHai, AmbitionBox and Zwayam, in the Shiksha study abroad vertical, we also beefed up our headcount in tech and product 99acres. So in the fastest-growing part of the business, we've added more people in newer, in the newer verticals, we added more people .In some of these verticals we are unlikely to monetize. Like JobHai not monetizing right. A BigShyft we have added people. That's another platform that we're sort of trying to build in-house. So the BigShyft team has also grown to some 80-90 people over time. So we have a lot of these new areas we are investing in, where we are adding a lot of people because we're building new products. We are trying to innovate, a lot more than we were innovating earlier. We've acquired some companies, so that head count has also moved on to our books.

Swapnil: And will that addition slowdown in case your billings also slow down? Or would you continue to invest? And so there will be pressure on margin also

Hitesh Oberoi: Will depend on what kind of opportunity you see in these verticals. So if these verticals start responding well, and we see opportunity for growth, then we're not going to worry about the margins going up or down by a couple of percentage points. On the other hand, if these verticals require a lot more work, and we feel that we haven't got the product market fit right and then we need to tinker with them more to get our act together. Then of course, we will slow down investments in these verticals.

Swapnil: Right. And just one thing I'd just highlight, I think the data anomaly in your presentation. So your sales servicing and client facing staff. Last quarter, it was showing 37%, now it is showing 63%. Historically, it has been around 60%, 62%. So I think there is an anomaly there. If I just wanted to get a sense on that.

Hitesh Oberoi: We made a note of that. We'll get back to you. Vivek, can you make of that note, please. Thanks.

Swapnil: Sure. Thanks.

Operator: So next question is from Ankur Rudra from JP Morgan. Ankur, you can go ahead and ask your question, please.

Ankur Rudra: Hey, thank you. So just first question, you know, Hitesh, you've highlighted several times that I think IT hiring is heading back to normalcy. Could you define what is normalcy? Is this sub 10%, 15% growth? Is it 15%, 20%? What's in your mind is normalcy?

Hitesh Oberoi: I wish I could tell you because the till last quarter, even the IT part of our business did really well, right? What, I was just, but I'm beginning to pick up some noise in the market that, okay, company are saying listen hiring is come down, our business is not as it could. We're not likely to work 30%, 40% or whatever, as a growth may moderate going forward, and we are negotiating a little harder than they were earlier. That's what I'm picking up from our sales team. But October is also a very different month because see this year, Diwali was an October last time I remember it was in November, so activity slows down at this time. We will know for only in the weeks to come, as to what shape and form it would take. But overall, we are sensing that there's a slowdown in IT hiring.

Ankur Rudra: Right. No, no, that's fine. I mean I'm not, I don't have an issue with slow down. I was just curious about structurally what do you think is normal hiring normal growth for your business, given if IT goes back to, let's say, sub 10% growth or 8% to 10% growth.

Hitesh Oberoi: I don't know. I mean, if they're growing, they will still need to add more people and overall growth is going to be a function of sort of gross additions, right minus campus hiring. That's one. And of course, we are like I said, we've been working on our products and services to ensure that we get more wallet share from our customers and we can help them hire our people. So it will be a combination of two factors, very hard for me to, I mean the long term sort of number to be 20%, 15%, 25% is hard for me to say.

Ankur Rudra: Understood. In IT, just how much of your business momentum depends on attrition versus underlying market growth?

Hitesh Oberoi: Attrition is a big part of the whole story because attrition, attrition rates grew by 50%, for example, a company was, had 10% attrition earlier and now it has a 15% it has to hire 50% more people to stay at the same place, right? So attrition makes a huge sort of difference to our business. Attrition also results in each pressure and then there's rate pressure and also results in a lot of noise inside the company because the business people want to service customers and they want people onboarded quickly. And when that happens, companies won't think twice about whether they're getting at 10% discount from Naukri or 30% discount from naukri right? Because at the end of the day, we are a very small part of what they spend. So companies have billions of dollars of revenue in IT spend less than 1 million than US or less than $0.5 million on us. So they would rather sort of give us whatever we want, so on the other hand, of course, if demand picks up, that also helps. But if a company needs to hire 10% more people in earlier, that's okay, it's just 10% more people but of attrition rates go up by 30% or 40%, that's 40% more people would be there.

Ankur Rudra: Understood. I mean you comment that, you know, growth is generally quite strong, both in IT and non-IT. So yes, that non-IT extremely strong because it pretty close to 50%, if not higher. That is very surprising to me because in the past, we've really struggled to grow non-IT. I mean it's like pre-Covid. Could you maybe highlight if there's any industry driving this? Or are they just tech profiles in non-IT industries that are driving it?

Hitesh Oberoi: Well, it's perhaps a bit of both, but you see a lot of non-IT companies had not hired for a while. And now things are getting back to normal. The business is growing much faster. If you look at our JobSpeak Index, you get a sense some of these industries, jobs on them on our platform have been were up 70%, 60%, 80% over last year, ofcourse different for different industries. But see, these companies had pretty much, they actually shrunk in terms of headcount of them over the last couple of years because of COVID. And so partly, it is sort of, they're getting back to their normal pre covid normal. And partly, it is also the disruption which COVID caused, right? People have quit jobs.Many people don't want to, did not for a long time want to go back to high contact sectors of the economy, you know, partly, it is also, like you said, many of these companies want to digitize faster, right, than earlier, and therefore, they are hiring more digital talent. So that's also happening. So now whether this is, now this may, we will also go through a phase where this sort of continues to be the case or maybe another couple of quarters and then things go back to normal in non IT. But a lot will depend on what happens to GDP growth. In the past, we've seen a 6% GDP growth in India, people are very difficult to get. You start seeing wage pressure, you start seeing high attrition and hiring costs go up, retention is difficult. At 5%, 5.5%, we are somewhere in the middle. At 4%, things start to slow down, you know, companies come under pressure. So a lot will also depend on for a couple of quarters, like I said, maybe event hiring because they laid off earlier. And then after that, a lot will depend on what happens with the economy and what the new normal GDP growth is.

Ankur Rudra: Got it. Now I appreciate that comment. Finally, in terms of the investment environment, how has that evolved for your investee firms? From your perspective, we've seen slightly bigger checks this time in existing investments. Have you recalibrated your investment style given the current investment/business environment? And are you stepping up versus other investors at this time?

Hitesh Oberoi: Sanjeev, you want to take that?

Sanjeev Bikhchandani: Yes, I'll take it. So I think two things have happened in our conduct and in the conduct of other investors. Number one is we are, of course, seeing many more deals because if funding is a little scarce, more and more companies reach out to us. And that's only good because then you get a choice, then you get a benchmark. The second is we are going a little slow. So if you look at our Fund 1, I think we deployed in double wick time becos the market was booming. We got, we went in early, got our upround. That fund is looking good, at least on paper, given the following rounds that have happened externally, post our going in. In this fund, we're going slower, we will take probably a full 3 years to deploy first cheques, and we are taking our time. And we are going into smaller rounds initially and then doubling down. So we are less trigger happy I'd say. And that is the case for the market. One big risk thing that's happened is that you want to start worrying a little bit more about where this company will get its next round from. And you want to think long and hard about that before you go in because all people might loose themselves, if you have that much conviction

Ankur Rudra: Understood. Now this time because you did, you know, cross 50% in a couple of your investments, which showed either you were very confident or...?

Sanjeev Bikhchandani: No they were strategic investments, that is Coding Ninjas that is strategic. And there, obviously, we're very confident. We've been with the company for a while.

Ankur Rudra: So this will, do you think you expect them to merge with your existing business over time? Or will this remain independent in the medium to long term?

Hitesh Oberoi: Yes. So like I said, Coding Ninjas, especially, we are likely to sort of work very closely with them going forward. We see them as a big part of our overall strategy of transforming Naukri into a career platform over time. We will deeply integrate their offerings with the Naukri platform over time. Now if, and if we get a good response, then you know, we'll see what to do after that.

Ankur Rudra: Okay. So, I mean, if that's the reality why stop at whatever this is 50%, 60%, why not go the whole hog?

Hitesh Oberoi: I mean, if you get a good response, and it makes sense for both companies to sort of work even more closely together, then we'll see.

Sanjeev Bikhchandani: I mean part of it is out of the deal also. If you want to take out the founders, right, they'll ask for certain valuation right now, which we may not be comfortable giving given where the company is today. At the same time, if you take out the founders completely, then they won't have an upside in the future, which is motivation for them to stay. So it's, I mean, online business, a lot of other people running it. And you got to retain the people keep some motivated and make sure they have a reasonable upside going forward.

Hitesh Oberoi: Also it depends on the maturity level of the business. If the, these businesses at the end of the day, both aisle actually and Coding Ninjas are still tiny businesses, right? So, and we won't think we can sort of take them in right now and scale them 10x or 20x from here, right? Because I don't think we have the management bandwidth to do that. And therefore, we would want founders to stay motivated and keep working on these verticals for a while at least.

Ankur Rudra: Appreciate the color. Thank you so much.

Operator: Next question is from Abhishek Bhandari from Nomura.

Abhishek Bhandari: Thank you, Vivek. Hitesh, if I look at the Shiksha slide in the presentation, I see an EBITDA loss compared to the usual quarterly profits. And also the, you know, sequential drop in revenue seems to be very high compared to your prior periods. So maybe you could you explain what's happening in that business?

Hitesh Oberoi: Two things. Partly, the education season has been moving for the last two years because of COVID. So a lot of Shiksha revenue depends on when universities take students and that may be shifting a little bit. But partly, it's also that we are investing a little more than we were earlier in our study abroad business. So we are ramping up headcount in the study broad business. And, you know, that period has a cycle, certain sort of, you know, you first hire people and you counsel people, they are counselor, mostly you have counselors. And the students are counseled over a period of few months and then they end up in a foreign university. And after a while you realize that revenue. So partly, it's that as well.

Abhishek Bhandari: So do you expect this to come back to EBITDA positive in the coming quarters? Or do you think this trend could continue with your investments for some more time?

Hitesh Oberoi: See, we were making a tiny profit. It's not as if we were making a lot of money. I think our focus right now in Shiksha is to grow the business and to add sort of more verticals to the business. We are not so fussed about making a profit in Shiskha in the short term.

Abhishek Bhandari: Thank you, Hitesh. Hitesh, I think this question was asked. But could you give us some markers around your progress on your new strategy around the matrimony business. You spoke about traffic improving. But has the user engagement increased, are there recent metric to really verify those higher traffic eventually going to help us?

Hitesh Oberoi: Yes. So on the traffic side, there are not many. We've seen serious gains. We've increased our share in almost all the markets we operate in. We have many more sort of people registering on our platform.

They are spending more time with the platform.We are enabling more matches and hopefully, therefore, more marriages. So on, we are very happy with the progress we are seeing on these metrics. Revenues are down by design. Our belief is in long term, you know, the user share converts will ultimately sort of convert into revenue market share as well. Of course, we may have to discover new ways of monetizing going forward. We also believe that in the long run, the proposition may help us sort of lower our marketing costs as well, right? But that has to, I mean, it has been seen how this plays out. We'll probably have a much clearer picture to present to you maybe in March, by March, April.

Abhishek Bhandari: Thanks Hitesh. Hitesh, my last question, you know, is on your core recruitment business. So we have already proven the business very well in India. We understand the IT, ITS market very well. Do you think time has come for us now to start thinking about maybe expanding to similar labor supply zones maybe like Eastern Europe, not now, but maybe from a medium-term perspective or some other countries where we could use our relationship with the existing IT companies and help them recruit there?

Hitesh Oberoi: Honestly, that's not our focus at this point in time. We think India is a large enough market and the Indian market is likely to grow well going forward. Strategically, we've been adding more services to our offering so that we can take a larger suite of products for clients in India. We are still a very small share of Wallet. We still get a very tiny proportion of what they spend on recruitment as a whole. And as far as going international, sort of international, you see what we've also learned over time, it's very hard play no. 1 in any market, no matter how smart are the market. And therefore, if you have to go overseas, we will have to do acquisitions. So, and would we go overseas just to sort of help Indian IT services companies hire more IT professionals unlikely.

Abhishek Bhandari: Got it. Thank you, Hitesh. And all the best.

Hitesh Oberoi: Thanks.

Operator: Next question is from the line of Aditya Joshi Aditya kindly go ahead.

Aditya Joshi: Yeah, hi. A couple of questions from my side. Firstly, on the recruitment business. I think you had mentioned this in the previous question, but just to understand better, can you give some color on how these contracts are structured in terms of the time period, et cetera? Because just to understand what kind of a lag we can expect, for example, if IT hiring slows down now, it's not like IT companies are going to immediately modify or cancel a one year contract, as you mentioned earlier. So just to get a sense of what kind of lag we can expect if there is a slowdown. Is it on an average a 6-month contract or it more skewed towards one year just to get some sense on that?

Hitesh Oberoi: Chintan, do you want to take that?

Chintan Thakkar: Yes, sure. So we follow subscription model. And actually, just to clarify, we don't have cancellation type of clauses inside the Contract, most of the contracts, the collection is for the entire tenure has been kind of collected in advance. And yes, I think clients who require us throughout the year, they renew year-over-year. These are all the clients who kind of typically subscribe for 12 months. So we would have more clients now with 12 months in the higher end. At the bottom, you will have clients they need us plot a month or 2 months or 3 months for some short term having they may not come back on the platform for quite some time. So most of them are these type of contract selected in advance, and there are no real cancellation clause.

Aditya Joshi: Got it. So it's not like companies make very quick short-term decisions, right? Even if there's a slowdown for a couple of quarters, it's, they probably just let the contracts go on.

Hitesh Oberoi: Yes. That's been the behavior in the past.

Aditya Joshi: Got it. And secondly, just a very top-down kind of your view on what you think is the end game on the property side and the matrimony side? Is the endgame consolidation or to kind of bring maybe 2 strong players? Or you think these are markets that can support 3 or 4 players, maybe each focusing on a niche market or maybe a particular geography each, like how do you see this kind of shaping up? Because competitive intensity does seem high and everyone is spending on marketing. So where does it all lead to finally, just a top-down kind of how you think about it?

Hitesh Oberoi: See, of course, if there is consolidation, it is likely to result in better pricing and lower marketing costs. But there are just a handful players in every market and a lot will depend on how the people at the top of these companies think. Clearly, there is, in the past, we've seen if there is one dominant player, it's like there is, it's possible to make a lot of money in any market. If there are 3 or 4 or 5 players, then ultimately, that results in consolidation and no market can support 3 or 4 or 5 players for a very long time.

Aditya Joshi: So anything on the horizon or it's difficult to kind of say in terms of consolidation, nothing seems…?

Hitesh Oberoi: Nothing is on the horizon. There's nothing which is likely to happen in the next two, three months as far as we know. What, I mean what shape or form things will make in the next two, three years, hard for me to say at this stage.

Aditya Joshi: Got it. Okay. Thank you. And all the best.

Operator: Next question is again from Vivekanand. Vivek, you can go ahead.

Vivekanand Subbaraman: Yes. Thank you for the follow-up opportunity. So Sanjeev and Hitesh, just a couple of questions on the investments. Do you have earmarked amount for the strategic investments that you're doing and follow-on rounds for your investees that are there on the balance sheet like ShopKirana or Ustara? That's question one. And second one, Sanjeev, any update on the conditions under which you would consider part monetization of Zomato, Policybazaar, you know, the lock-ins are not there anymore. Thank you.

Sanjeev Bikhchandani: Yes. So I'll answer the second question first. I think First of all, why would we sell? We would sell if we need the money for some of the purpose, we would sell if we want to give back to shareholders immediately. We would sell if we believe the future is not bright, right? I would imagine we would sell under these circumstances. And while this issue is constantly open at our board level, there's nothing that currently gives us the indication that either any of these three conditions are operating, right? But like I said, it's always open for discussion, and we are flexible. Okay. Now as far as budget is concerned for, you know, we sort of keep on estimating how much money we will need going forward, but operatives keeping rising. Okay. As of now, compared to what our treasury its not putting a strain on it, either the strategic investments or the follow-on rounds in the financial investments from the balance sheet. The real issue is what is the need of the company and whether it's worthwhile backing it further. So do we have this one night budget? You see one danger of having a budget, and I have seen with other companies where I have observed our work, our budget becomes an entitlement, right? And that is not a great thing. So we will obviously be open. We will look at opportunities. And our willingness to go to a slightly higher number in strategic opportunities because they're strategic may be slightly higher.

Vivekanand Subbaraman: Sure. Sanjeev, actually, the question was in the context of the earmarked the amounts that you have kept for the AIF. So I was asking more from that standpoint.

Sanjeev Bikhchandani: We don't want to see, look, we've got a lot of money in treasury compared to how much we're actually investing, right? But the truth also is that if you earmark much money to invest, you end up running or holding your pocket because you're tempted to deploy too much because every opening looks good. If I look at the kind of funds, VC funds delivered big returns even in the US, they usually are not very large funds, $150 million to $200 million, $100 million. To go beyond that, right now, at least I am personally a little uncomfortable. So it's good to be a little tight for money as far as the investing team is concerned.

Vivekanand Subbaraman: Makes sense. Thank you so much for the detail.

Sanjeev Bikhchandani: Now this is our current thinking, of course, things would change. But this is the current thinking.

Vivekanand Subbaraman: Sure. Thanks.

Sanjeev Bikhchandani: So, Hitesh, Chintan would add anything?

Chintan Thakkar: No, it's fine.

Operator: Next question is from the line of Amit Chandra. Amit, you may go ahead.

Amit Chandra: Hi sir, and thanks for the opportunity. So all the questions have been answered. So I just have one question, which is on the recruitment business. So we have seen the recruitment margins expanding consistently from 55% to now 61% roughly. And in the context of the slowdown seen in the IT side. So can we see the margins heading back towards the pre-COVID levels? Or is it more sustainable at current levels, the margins in the recruitment business

Hitesh Oberoi: Now, see, what I have said in the past and now that the market is getting back to normalcy, if we continue to grow our Naukri, we can continue to grow our Naukri billings by 15%, 17% per annum or 15%, 20% per annum, it should be possible to sustain these margins. If there is a serious slowdown and billings contracts for some reason or we have single-digit billing growth, then of course, margins may shrink going forward. So not going to depend on how things play out in the, how sort of revenue growth, billing growth plays out in the next few quarters.

Amit Chandra: And any color you can provide on the margins or maybe realizations in IT and like non-IT and how it has panned out in the last few quarters?

Hitesh Oberoi: Sorry, can you repeat that how margins have panned out?

Amit Chandra: The margin differential between IT and non-IT?

Hitesh Oberoi: See, we don't track and report margins by a segment right now. But I suspect IT margins are better than non-IT margins because our billing per customer in IT is higher.

Amit Chandra: Okay, sir. Thank you.

Operator: So this was the last question, Hitesh. With this, we would like to conclude this conference. Thank you, everyone. And you may disconnect your line, please.

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

Operator: Thanks. Goodnight.

Hitesh Oberoi: Thanks.