“Info Edge (India) Limited Q3 FY ’24-25 Results Conference Call”

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MANAGEMENT:

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

Vineet Ranjan: Good evening, everyone. Welcome to the Info Edge (India) Limited Q3FY25 Earnings Conference Call. Joining us today from the management, we have Mr. Sanjeev Bikhchandani, Founder and Vice Chairman; Mr. Hitesh Oberoi, Co-Promoter and Managing Director; and Mr. Chintan Thakkar, Director and CFO. Before we begin, we would like to draw your attention to the detailed disclaimer included in the presentation for good order sake. Please note that this conference call is being recorded. All participant lines will be in listen-only mode, and there will be an opportunity for questions and answers after the presentation concludes. Now, I'd 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, Vineet. Good evening, everyone. Welcome to Info Edge's earnings call for the third quarter of FY25. We will start with an update on standalone financial performance, then cover segment results in more detail along with the commentary on each business and finally, we'll have time for Q&A.

For the standalone business in Q3 of FY25, billings will Rs.688 crores, a Y-o-Y growth of 16% and revenue was Rs.672 crores, a YoY growth of 13%. Billings and revenue including Zwayam and DoSelect were Rs.690 crores and Rs.694 crores respectively, a YoY growth of 16% and 13%. Operating profits at the standalone level grew by 20% YoY to Rs.263 crores and the operating margin expanded by 249 basis points to 39%. The standalone business generated cash from operations of Rs.346 crores in Q3FY25 a YoY growth of 27%. In Q3FY25, the cash generation from the recruitment business was Rs.333 crores, a YoY growth of 20%. The non-recruitment businesses at an aggregate level were also cash positive and generated cash of Rs.13 crores in Q3FY25 vs. the cash loss of Rs.3 crores in the same quarter of the previous year.

In the first nine months of FY25, the standalone business billings were Rs.1,898 crores, a YOY growth of 14% and revenue was Rs.1,967 crores, a YoY growth of 11%. Billings and revenue including Zwayam and DoSelect were Rs.1,957 crores and Rs.2,024 crores, a YoY growth of 14% and 11% respectively. Operating profits grew by 15% YOY to Rs.742 crores and the operating margin expanded by 126 basis points to 38%. The standalone business generated cash from operations of Rs.781 crores in the first nine months of FY25, a YoY growth of 17%. The recruitment business generated cash of Rs.812 crores in the first nine months, and the cash losses from the non-recruitment businesses were reduced by 75%, from a cash loss of Rs.79 crores in the first nine months of FY24 to Rs.20 crores in the first nine months of FY25. EPS before exceptional items, net of tax and deferred tax for Q3FY25 stood at Rs.20, a YoY growth of 21% and was Rs.58 in the first nine months of FY25, a YoY growth of 19%. The cash balance of InfoEdge, including wholly owned subsidiaries, at the end of December 2024, stood at Rs.4,290 crores. The headcount as of December 2024 end was 5,883.

The Board of Directors has approved entering into a contribution agreement to commit up to Rs.1,000 crores from Infoedge or through wholly owned subsidiaries to "IE Venture Investment Fund III". This fund will primarily focus on investing in early stage tech driven startups in India. Key investment areas include consumer internet platforms, software products, SaaS businesses, and AI-led and AI-enabled platforms and products, amongst others.

The Board of Directors has also approved the split of existing equity shares. Each equity share with a face value of Rs.10 will be subdivided into 5 equity shares, with a revised face value of Rs.2 The primary objective of this share split is to enhance liquidity in the market and to encourage greater retail investor participation. Both these proposals are, of course, subject to the approval of the company's shareholders

Moving on to segment price performance. We'll start with the recruitment business. In Q3FY25, billings grew by 15% to Rs.494 crores, and revenue grew by 12% to Rs.505 crores. The operating profit improved by 15% YoY to Rs.298 crores and the operating profit margin was 59%. Cash generated from recruitment operations was Rs.333 crores, a YoY growth of 20%. In the first nine months of FY25, Recruitment billings grew by 13% to Rs.1417 crores and revenue grew by 9% to Rs.1471 crores. The operating profit improved by 6% a YoY to Rs.838

crores and the operating profit margin was 57%. Cash generated from the recruitment operation in the first nine months of FY25 was Rs.812 crores.

The key operational highlights of the business are as follows. The billings growth rate of 15% in Q3 was broad-based across all segments, with the IT segment growing by 16%, non-IT by 17%, and the recruitment consultant segment by 9%. Key non-IT sectors like BFSI, Healthcare, Manufacturing and Infrastructure grew at a double-digit growth rate. The GCC segment has also grown well and now contributes to about 12 to 13% of all Naukri billings. The Jobspeak index on a YoY basis has also consistently improved over the last four quarters, progressing from -10% to -4%, then to plus 5% and reaching 7% in the most recent quarter. This trend reflects a gradually improving hiring environment. Along with a better macro environment as reflected in the Jobspeak index, our niche and adjacent businesses have also continued to perform well. Our niche and adjacent businesses such as iimjobs, Naukri Gulf and Naukri Fast Forward have all shown good growth in Q3FY25 as well, with Y-o-Y billings growth of 29%, 21%, and 21% respectively. Zwayam and DoSelect combined also registered a billings growth of 18% on a YoY basis. Ambition Box and JobHai, which began monetization in Q4FY24, continued to grow and showed improved performance in this quarter as well. Although still small, these businesses hold great potential and could grow substantially over the next 4 to 5 years. Our employer branding solutions offered across platforms like Naukri, iimjobs, Hirist and AmbitionBox have been well received by our clients. We are working on strengthening these offerings further and expanding our market penetration. On the jobseeker side, our Naukri platform now hosts around 104 million resumes and has added an average of 19,500 resumes per day in Q3FY25. On the recruiter side, metrics like searches, CV views, and Nvites also continue to grow. In summary, our recruitment business continues to grow across all customer segments, complemented by strong performance in our niche and adjacent businesses. We remain optimistic that this positive momentum will carry forward into the upcoming quarters provided the economy stays buoyant.

Moving over to the real estate segment. In Q3FY25, billings growth improved by 16% to Rs.103 crores, and revenue grew by 17% to Rs.104 crores. Operating losses were reduced by 67% to Rs.5 crores vs. Rs.15 crores in Q3FY24. This improvement was driven by revenue growth and controlled operating expense increases, resulting in enhanced operating leverage for the business. Cash losses from the operation were Rs.3 crores vs. Rs.7 crores in Q3FY24.
In the first nine months of this year, in the real estate business, billings growth improved by 15% to Rs.291 crores and revenue grew by 18% to Rs.305 crores. Operating losses reduced by 39% to Rs.33 crores vs. Rs.54 crores. In the first nine months of last year, cash losses from operations were Rs. 24 crores versus Rs. 43 crores. The key operational highlights of the 99Acres business are as follows. For 99Acres, billings growth in Q3 was driven by growth in both the number of billed customers and average billings per customer. Broker billings grew faster than developer billings. Live new project listings grew 9% in Q3, and live resale plus rental listings from brokers grew 20% YoY in Q3. In the upcoming quarters, 99Acres will continue to focus investments on growing its user and client base, and in delivering a superior platform experience to help the users make the right real estate buying decisions.

Moving over to the matrimony business. In Q3FY25, the billings growth momentum continued. Billings grew 36% to Rs.28 crores and revenue grew by 24% to Rs.27 crores. Last year in Q3FY24, the business introduced shorter duration products, leading to more revenue being recognized in the same quarter and less carried forward to future quarters. As a result, the revenue growth rate in Q3FY25 was lower than the YoY billing growth rate. Marketing investments increased slightly in Q3 ahead of the post-Diwali wedding season in North India, and were supported by social and content marketing to enhance brand recall. While YoY marketing expenses remained flat, spending rose by Rs.5 crores sequentially. The operating losses on a YoY basis reduced by 51% to Rs.7 crores. The business generated cash from operations of Rs. 80 lakhs in Q3FY25 vs. the cash loss of Rs.11 crores in Q3FY24.
In the first nine months of this year, matrimony billings grew by 34% to Rs.79 crores and revenue grew by 30% to Rs. 80crores. Operating losses were reduced by 81% year on year to Rs.10 crores in the first nine months of

FY25 versus Rs.49 crores in the first nine months of FY24. Cash loss for the first nine months was Rs.5 crores, a YoY improvement of 89%.
Key operating highlights for the business. In Q3, the business team continued to build on its monetization efforts to grow billings. The new paid plans introduced in the previous quarters continue to enhance value realization and drive sales conversions. Additionally, more pay walls are being tested to improve monetization while maintaining customer engagement. The team is actively working on developing new strategies to enhance platform monetization, while increasing efforts to drive traffic in core North Indian markets. Providing a high quality matching matchmaking experience on Jeevansathi remains a top priority we plan to make further investments in enhancing our matchmaking algorithms to deliver better outcomes for users. Key metrics such as acceptances and two way chats on the platform continue to grow and demonstrated a strong performance.

Moving on to the education business. In Q3FY25, billings were Rs.44 crores, a YoY growth of 12% and revenue grew by 3% to Rs.35 crores. Operating loss from the business was Rs.1 crore. The business generated cash from operations of Rs.15 crores in Q3FY25.
In the first nine months of FY25, billings were Rs.111 crores, a YoY growth of 13% and revenue grew by 11% to Rs.111 crores. The business achieved breakeven at the operating profit level in the first nine months and generated Rs.10 crores in cash from operations. Within the Shiksha business, in the first nine months of FY25, the domestic business grew by 26% YoY, and the study abroad business declined by 16% YoY, leading to an overall business growth of 13%.
Domestic private universities and colleges continue to expand their course offerings beyond engineering, with more choices available to students. The emergence of new private universities in India presents an opportunity for Shiksha to further expand its footprint. We are investing in creating more comprehensive, student friendly content and building deep domain expertise in this segment. Stricter restrictions for study abroad students in Australia and Canada, higher visa rejection rates for those aspiring to study in the US, and a decline in job prospects for students abroad have reduced student interest in going overseas.

On the AI front, our current focus is on three key AI priorities, one, enhancing existing products using AI, two, -using AI to develop new AI-powered features in existing products, and three, building future-ready products. In line with this, we continue to upgrade our database product with AI and machine learning, resulting in an 8 to 10% increase in recruiter productivity. Similarly, new AI models for job search and recommendations have driven a 10 to 20% year-on-year improvement in the job seeker in job seeker engagement. As shared on the previous call, AI-powered features like Mock Interview and Resume Maker continue to get traction with monthly active usage of 11 lakhs and 12 lakh users respectively. Our AI initiatives are increasingly becoming the foundation of our business, driving growth across all verticals, whether in recruitment, 99Acres, Jeevansathi and Shiksha. In summary, our sustained investment in AI-based innovation is strengthening our competitive edge while delivering greater value to our users and customers.

Moving on to the consolidated financial highlights. At the consolidated level, the net sales for the company stood at Rs.722 crores in Q3FY25 vs. Rs.627 crores in Q3 of last year. The total comprehensive income was at Rs.3182 crores in Q3FY25, compared to Rs.2624 crores in Q3FY24. Profit before tax without exceptional items in Q3 was at Rs.417 crores compared to Rs.185 crores in Q3FY24.

To summarize and reiterate our mid to long term outlook, we are enthusiastic about the growth opportunities across all our verticals. Following several quarters of subdued demand, our recruitment business is now showing sustained growth with growth across all segments, IT and non-IT and consultants. To diversify and expand our client base, we are strengthening our go-to-market offerings and acquiring new clients and focusing on the GCC segment, non-IT sectors, and by increasing our presence in tier two and tier three cities. Our niche and adjacent businesses, iimjobs, Naukri fast forward, Zwayam, DoSelect, AmbitionBox are performing well and unlocking new growth opportunities. In 99Acres, we are focused on expanding our user base, enhancing the platform and providing valuable content to support informed real estate decisions. We are also developing new offerings aimed at strengthening our secondary business while enhancing our position in the primary new

home segment. Jeevansathi shift to a freemium model has been successful, driving topline growth and moving the business closer to breakeven. Shiksha's domestic business remains on a steady growth trajectory and is already profitable. Across all the businesses we are advancing the deployment of AI and machine learning to enhance search and recommendation experience and for the development of new features and products. These efforts have improved user engagement, boosted productivity, and increased operational efficiency. Our robust cash generation and healthy cash reserves remain a significant strength, enabling us to navigate market cycles effectively. We continue to evaluate the best strategies to deploy this cash to maximize shareholder returns. We are confident that these efforts position us well for sustained growth and success in the coming years.
Thank you and we are now ready to take any questions that you may have.

Vineet Ranjan: Thank you, Hitesh. Anand, we can start with the questions.

Anand Bansal: Thank you so much, Hitesh and Vineet. The first question is from Vijit Jain from Citi.

Vijit Jain: I have two questions. One, thanks for, disclosing those data points on billings between IT and non-IT recruitment firms. Just looking at that data and looking at the YoY growth there, it looks like, the recruitment firms appears to be trailing it since Q2FY24, six quarters in a row. This is despite non-IT being higher than IT so it seems like the IT part of recruitment consultants must be seeing a pretty sharp slowdown since these are pretty correlated with IT. Should we see this leg of the business to meaningfully recover from here? I don't know if that's very complicated, but it looks like, recruitment consultants is up 10%. IT services are up 17% and non-IT is up 17%. The recruitment should converge with the IT side, eventually.

Hitesh Oberoi: IT hiring continues to improve. If it gathers more momentum going forward, then, recruitment firms, which sort of work closely with IT companies, should also benefit. As and when that starts to happen, then our business from them should also start looking up.

Vijit Jain, Citi: So, generally, Hitesh, do you think, you know, the direction for the recruitment firm side, is up, or the direction for the IT side is down from here?

Hitesh Oberoi: I have no idea. I have said in the past that what had happened after Covid was that there was a wave of digitization that led to massive growth in IT hiring, and then things slowed down suddenly. And a lot of companies, including ours, were caught napping. We had all overhired, and we had built a bench, and then over time, people got rid of their benches. They did not replace the people who were leaving. Now, at least all of us are at a point where if people leave, as long as we want to maintain the headcount we will need to replace them. So at least replacement hiring has started in all companies. In most companies, campus hiring is also picking up everywhere. Now, there are a lot of unknowns. There is a lot that will depend on how much business picks up for IT companies going forward. I don't know how this will play out. What we have seen over the last few quarters is that our Jobspeak index and our business has improved quarter on quarter. We were perhaps flat four quarters ago, and from there, we are now at plus 15 percent levels. Recruitment firms were negative perhaps four quarters back. Now, they're growing at least 9%. So if this momentum continues, then things will look up from here on.

Vijit Jain, Citi: My second question is, just looking at the customer base, there's a double digit growth there for the first time again in a while. Is that partly benefiting from all those new cities you went into, new office openings? Is that playing a role into it? If you can talk a little bit about some of these newer customers that you've onboarded? If there's anything different about these?

Hitesh Oberoi: The economy is growing and there are more companies doing business than earlier. We continue to reach as many companies as we can. We've opened new offices, like you said. That's also helping.

We are getting more inquiries online than earlier so we have a have a whole setup to convert all these inquiries into customers over time. So, in a growing market, in a growing economy, normally customer acquisition also grows, pricing also gets better, and existing customer customers also hire more. The market we are in right now is perhaps a moderate market. It's neither hot nor cold. It's a business as usual in most sectors.

Vijit Jain, Citi: Thank you so much. Those are my questions. Thank you Hitesh. Thank you everyone.

Anand Bansal: Thanks, Vijit. Next question is from Sachin Salgaonkar from Bank of America.

Sachin Salgaonkar, BoFA: Congrats on a great set of numbers. My first question is on a 99Acres. Hitesh we consistently seen margin improvement out here. Looks like, competitive intensity is also not as intense the way it was in the past. Looking at the current trends and some of the new products that you're looking to launch. Is it fair to assume that going ahead this margin should be in a consistent positive territory? And again? Any general thoughts on what could be the steady state margin in this business?

Hitesh Oberoi: You hit the nail on the head that competition seems to be rational. That's true. That is the case at this point in time. The market is reasonable. We have also done a few things at our end which have resulted in margin improving. Marketing has become a lot more efficient than earlier. So we spent a lot less money on marketing this quarter compared to Q2. And we're able to get the same kind of growth and this should sustain going forward as well. I can't predict what competition will do going forward. Q4 is normally a very good quarter seasonally for us. Q3 is in fact a weak quarter. We continue to execute well. Competitive intensity remains similar Then, Q4 should be good. There are two parts to our business. There is a new home business and there is a resale and rental business. On the resale rental side, we continue to execute well and that has been the case for now for about 7 or 8 quarters at least. We are very happy with the way we are doing in that segment. On the new home side, we are not very happy with our performance. Internally, we are working on a few things. But we have not seen the kind of success we would have wanted to see. Going forward, if the market remains reasonable and if competition competitive intensity remains reasonable, then this year, if all goes well, 99Acres on a cash basis will get close to breakeven. And, if we are able to grow our business in high-teens next year, then it should make some money. But it's very hard to say as to how things will play out. Like I said, a lot will depend on what competition does next year.

Sachin Salgaonkar, BoFA: Any general thoughts on steady state margin, looking at your peers in other countries?

Sanjeev Bikhchandani: Projected margins for a business like 99Acres, it's got roughly similar cost heads and cost structures as Naukri with marginal differences. You've got technology, you've got servers, you've got marketing, you've got a sales team and you've got head office costs. In Naukri variable cost is only sales commission. Therefore, it's 93% gross margin. Likewise in 99Acres. The question really is will it get similar margins as if it gets for the same resource deployment, for the same effort, and for the same cost. If it gets the same revenue increase, it will. So really the uncertainty which today is talking about is that we don't know how much revenue will get for this resource deployment and that is the unpredictable part.Therefore until we are clear on that we can't really predict margins.

Sachin Salgaonkar, BoFA: Thank you Sanjeev. Pretty clear out there. Moving on to my second question. This is about AI and, thanks for highlighting some of the ways you guys are looking to use AI. Question out here is, let's say from the next 12 to 18 months perspective, should we see more benefits on the revenue part with new products being launched or more benefits on the cost side with a bit more efficiency being utilized?

Hitesh Oberoi: What we've done successfully over the last few years on the AI front is we have basically improved our search and recommendation engines, our matching algorithms. As a result of which business like Jeevansathi, the number of acceptances on the platform have gone up. Similarly, the search experience on the Naukri platform is a lot better than earlier. The matching is a lot better now. All these things help in the long run. In the end, what happens as a result of all this is that more people get hired or more people find matches, through your platform and somewhere this is correlated to revenue. So one can't say, this is having a direct impact on revenue because we don't charge on this basis and it's not a new offering. It's not a new product. But as your platforms become smarter, it becomes more efficient as more people get hired through you, or more houses get bought through you, or more people get married through you. Somewhere, it does reflect in revenue. So this is something which we have been doing for a while now and we've been very successful at. Now, of course we are also trying to develop new features and new products using AI and data. For example, sometime back we launched, talent pulse offering in Naukri. Since then, we've expanded the suite of data products. We do get revenue some revenue from this suite of products we took to market a couple of years ago and we are working on building new products as well. But on new products, it's very hard to predict whether they will be successful or not when we take them to market. So efforts are on. But the other piece, which is, using AI to become more efficient, using AI to become faster, using AI to enhance existing offerings, that agenda will continue.

Sachin Salgaonkar, BoFA: Okay. So your standalone margins should continue to move up because of the AI led initiatives going ahead.

Hitesh Oberoi: Standalone margins in existing offerings? Yes, as long as we're able to get revenue growth it is also a function of the market, competition and many other things. Are we getting more efficient at delivering the same stuff? Yes.

Sachin Salgaonkar, BoFA: My last question is on GCCs. On the ground checks do indicate that in last 6 to 9 months, we are seeing some good hiring happening around GCCs. By the looks of it, the trend does indicate that the hiring out here is picking up. Directionally, I know this was a relatively a smaller opportunity as compared to some of the IT services and others. But has this a potential of becoming much bigger than what it was in the past from opportunity perspective?

Hitesh Oberoi: Yes, I'll tell you why. It will depend on how fast GCCs grow and how big they become. GCCs when they start, they start small. They don't use us. So when they set up shop in the country for the first couple of years most GCS start small. They may start with 50-100 people and then over time scale up to 200- 300. Till then, they don't really depend on us for hiring. It's when they start scaling up is when they start using platforms like Naukri a lot more. In the beginning, it's most of the hiring is done through headhunting firms and the likes. Now the biggest GCCs in the country maybe employ 50,000 people. And then there are a bunch of small GCCs in the country which have maybe 50, 100, 200, 300, 500 people. Now, if the market continues to grow rapidly and more importantly the existing GCS start to grow rapidly. The ones who are at 100, if they want to go to 1000, the ones who are at 2000 decide to go to 10,000. Then that will really benefit our business. So the point I was making is not so much the number of GCCs. It's how much the existing GCCs are likely to scale going forward, which matters more in the short term for us. Secondly, what we have seen is and I did talk about this a little bit. We have revamped and relaunched our branding offerings, and, we are seeing good traction in the market. There are lots of companies who are setting up shop and they're not known in the Indian market. So give or take, a couple of hundred companies. I don't think people know what the other companies out there do. So, we believe that the new GCCs will want to invest in brand building. They will want to invest in creating awareness about who they are, what they do to attract good talent going forward. So, that is another opportunity which we see emerging in the medium term

Sachin Salgaonkar, BoFA: Thank you, All the best.

Anand Bansal: Thanks, Sachin. The next question is from Vivek from Ambit Capital.

Vivekanand, Ambit: Hitesh, first question is on AI. I know you spoke about the good side of AI, but is there any tension that you get from AI or LLMs being disruptive to recruitment? Because your current model is on Rs. per resume monetization. It is solutions oriented. But there is still an element of card rate and you give discounts and people searching through the database. Now, what if the way technology evolves and doesn't require the number of searches that are currently needed, the number of CV views?

Hitesh Oberoi: You're absolutely right that AI is an opportunity. And of course, if we are not able to capitalize on the opportunity and somebody else does a better job, then existing business models could get disrupted. So far, we haven't seen anything. We worry more about the impact of AI on jobs, which could impact our business. But that again is a debatable topic. Some people think AI will result in more jobs getting created. Some people feel AI will result in jobs going away. So I don't have an answer to that question. But on the technology side, AI can be disruptive. We are investing aggressively to see how we can leverage it for our benefit. Business models could evolve over time.

Vivekanand, Ambit: Sanjeev, just on another thousand crore investment that is being planned in the AIFs. How much of your total Rs.3400 crore investment committed by the Aifs has been deployed? How many startups have been incubated across the three AIFs and is there any thought around recycling capital from your prior successful investments or even the AIFs themselves some of which are quite mature?

Sanjeev Bikhchandani: The three AIFs would be about maybe 90 to 100 companies approximately. And then there are balance sheet investments. There are another 7 or 8 companies there. Then, there is RedStart, which has another 20 companies. Then, there are there are the strategic investments, which I'm not counting here. So I would say non-strategic investments total would be ever done from 2007 onwards, whether through AIF or balance sheet or subsidiaries would be in the region of 120 plus approximately. Do we look at recycling? Yes, we do. But the point is that it's as and when exits happen and early stage investing and we'd like to be first cheques in the companies. Early stage investing often takes 8-20-12 years to mature and give you a possibility of an exit. At the same time, we like to hold on as long as possible. As long as there's enough growth and momentum in the company, as is the case in Zomato and Policybazaar. Because, what we also believe fundamentally is that if you have an investment in a company, you possibly have a future if you exit and take out cash, you've only got cash, and cash has no future other than 6%. At the same time, you could lose money if you make the wrong investments. We are cognizant of that. We are aware. We are conscious. We continue to invest. The operating business generates money. Some of that goes into investments and much of it does not.
Typically, when we do an AIF, roughly about 40 to 50% of the investable capital, is earmarked for first cheques into companies. The remaining 50 or 60% is for follow-on investments in the same companies. When we run out of first cheque money, which is within 3 to 4 years of launching an AIF. That is when we launch a new AIF. So it's not as if the older funds don't have money. They have money, but that's earmarked for follow-ons in the old portfolio.

Vivekanand, Ambit: Did I get the timing right? The first cheques are typically deployed in 2 to 3 years of the AIF being launched and then subsequent funding happens as capital calls.

Sanjeev Bikhchandani: Maybe three years, sometimes four years, but within three years, typically.

Vivekanand, Ambit: That's helpful. Last question, Hitesh on the non-IT recruitment revenue opportunity from your vantage point. How big a revenue pool is there for you in the non-IT recruitment segment? I know you have mentioned in the past that there are discounts that you give which are perhaps necessary for you to penetrate that market and acquire more users. You also mentioned that there's a lot of self-serve activity happening that people are logging on to your portal and becoming customers of Naukri directly. So can you walk us through how big can non-IT recruitment be in dollar terms or in terms of size of revenue pool, five years, ten years from now on?

Hitesh Oberoi: Non-IT revenue is approximately 50-52% of our revenue in Naukri. In terms of number of customers it's much larger and ARPUs are lower. What we've seen in the past is that whenever the economy grows sustainably at 6-6.5% for a prolonged period, we are have been able to grow our revenue at 20% plus. Non-IT is more indexed to the domestic economy as opposed to IT which is more indexed to what happens globally. So that's what we've seen in the past. If the domestic economy continues to grow at 6- 6.5% per annum, unless we get new competition, unless something changes, historically we've seen that business is able to grow at 20% plus. Partly like I said it's because of new customer additions and partly it is because we are able to get price increases in a hot market, and partly it is because from existing customers there's more volume. So that's what we've seen in the past. Now, this assumes that nothing much changes in the world outside and competitive situation remains the same and we don't launch new products and so on and so forth. So you can do the math. Five years from now, if the Indian economy continues to grow at 6-7% per annum, then this is what is likely to happen. Of course, with AI, we're trying to launch new features, new products. We're trying to make the platform more efficient. In the past, I've always said that our platform is not as efficient for non-IT hiring as it is for IT. There's an opportunity there if you can fix some of those things and we continue to work on those pieces.

Vivekanand, Ambit: Just one last doubt that I had on the Jobspeak disclosures. The Jobspeak data now captures the indexed searches as well by recruiters. And typically searches translate into resume views which then straight away is accounted for in the database revenue that you have. So ideally the disclosures now the jobspeak that we get now should correlate more to recruitment billing right? But what we see is that the recruitment billing tends to grow much faster or maybe is much less volatile than jobspeak. Why is that so? And what are the other variables here that Jobspeak isn't yet capturing?

Hitesh Oberoi: You're right, a lot of the recruitment activity on the core platform is getting captured in job speak a lot better than earlier. In addition to this, like I mentioned in the call, we have all these new products and services, adjacent businesses which have nothing to do with job speak. If we are growing in the Gulf or if the Hirist platform grows faster in a particular quarter or if iimjobs does better or if the candidate services business grows faster or if our branding solutions for example even on the core platform are growing faster than the main business and that will not get reflected in job speak. In a hot market, it's easy to take pricing up. On the other hand, the opposite can happen in a slow market so if job speak starts to move up and climb rapidly, then theoretically it should be possible for us to take price increases as well. The reverse may happen on the way down. I'm sure there is some correlation, but there are many other factors as well which impact billing in a particular quarter.

Vivekanand, Ambit: Understood, Thanks a lot for elaborate answers to my questions and all the very best.

Anand Bansal: Thanks, Vivek. Next question is from Ankur Rudra from JP Morgan.

Ankur Rudra, JPM: The first question is IT billings growth number of 16%. How much of this came from the GCCs versus the IT companies this time? Was there a particular trend on one side versus the other?

Hitesh Oberoi: Breaking it up like that because GCCs hiring also includes non-IT hiring. It's hard for us to figure out and we don't give that. We don't do that cut right now.

Ankur Rudra, JPM: I know but from a flavor perspective is one stronger than the other are you seeing one segment

Hitesh Oberoi: Anecdotally, what I can tell you is that GCCs are perhaps growing faster for us but we haven't looked at the numbers.

Ankur Rudra, JPM: Are these larger GCCs that have begun to hire now in a big way, or are these newer GCCs?

Hitesh Oberoi: Yes, a lot of the large GCCs had frozen hiring. Some of them have started hiring again.

Ankur Rudra, JPM: Thank you. If the growth momentum continues the way it is we haven't really had meaningful amount of price increases for the last couple of years. Is there a chance we might take a meaningful price increase in calendar 25?

Hitesh Oberoi: Only if we have a hot market for hiring. We are focused on customer acquisition in the core Naukri business and in growing our adjacent businesses faster and higher penetration for those products. If the job market becomes hotter than it is today and talent becomes hard to get, then that makes it easier for us to take price increases.

Ankur Rudra, JPM: Last question is on the new fund. Is there any change in the mandated focus versus the previous funds?

Sanjeev Bikhchandani: No, it's still early stage tech.

Ankur Rudra, JPM: Okay. No change in terms of what you'll go after with an early stage tech also?

Sanjeev Bikhchandani: Within early stage tech, will depend on the market is like. The way we do it is we don't do it top down. We do it bottom up. We meet a few hundred companies. We look at a few hundred companies a quarter and then decide to invest in 2 or 3. So we'll see what's bubbling up from underneath and then we'll take a call. But in general, a few trends are emerging. I think it's pretty clear that AI is going everywhere. So no matter which sector, which company you invest in there will be an element of AI in there.

Ankur Rudra, JPM: Appreciate it. Thank you so much.

Anand Bansal: Next question is from Nikhil Chaudhary.

Nikhil Chaudhary, Nuvama: Hitesh, first one on the recruitment side. We have seen some data point especially on JobSpeak, some slowdown, especially on the hiring data. Last two-three months had been quite muted compared to the acceleration we were seeing in earlier months. And second, on the non-IT side, while most of the companies are calling out some slowdown due to macro and other stuff, we have seen our non-IT remain very resilient. So just color on overall demand outlook, especially for Q4, which is one of the most important quarter for us. We had a favorable base for first nine months. While Q4 won't be the same, we saw acceleration in Q4 of the last year. So do you think demand continue to improve and we would be able to deliver, let's say, mid-teen double digit growth or even higher in coming quarters?

Hitesh Oberoi: So let me answer the second question first. Q4 is a seasonally strong quarter, but Q4 last year was weak as well. So it's not as if we have a high base. The base is high because of seasonality. Not because Q4 last year was a great quarter. So, as far as your question on hiring in non-IT, it's very sectoral. There are some sectors that are doing well and some sectors which are perhaps not growing as fast. On the whole business is okay. It's not like I was saying, it's not a great market, but it's not a bad market either. It's somewhere in the middle. As far as it is concerned, you're right, we saw some recovery, and after that, things have stabilized. It's not as if things moved up have continued to move up month on month. Having said so, it's a very volatile world. It's very unpredictable. Things change very quickly. Especially, in some sectors. For example, for the first three weeks of this quarter, all hiring was slow. But, the last two weeks have been good. I'm looking at the number of jobs, etc. on the platform and commenting on how will it sustain going forward. So I don't know. I mean, it's a little unpredictable on the whole. It seems like the market is stable. It's not neither moving up nor moving nor going down from where it was three months back.

Nikhil Chaudhary, Nuvama: Second One, bit on medium term. We have seen IT companies for the first time this quarter talking about their efficiency is finally coming and they expect finally they will have disconnect between hiring and revenue growth, while for the last decade, it was broadly the same. For the first time, there is a comment. This will lead to change in the business model with revenue per employee going up compared to employee additions. Do you think we also need to reinvent or might need to change our business model, especially in light with AI efficiency coming in one of the biggest market for us?

Hitesh Oberoi: We have been investing in AI for a while now. And, the earlier it was classical machine learning and now it is more AI as well. We are also looking at Agentic AI to see what we can do with it. So one is, of course, we are trying to make our processes more efficient. In some areas we are managing with fewer people. In other areas, we are trying to get people to deliver faster. What used to take six months, can it be done in two months or three months? In other areas, we are seeing opportunity and we are hiring people to benefit from those opportunities which AI has made possible which were perhaps not possible earlier. So, where will we end up as a result of all this? I don't know. I guess where Indian IT companies will also end up will be a function of where they see opportunity. How much they want to invest in those opportunities and there will be some areas where they will become more efficient as well.

Nikhil Chaudhary, Nuvama: Just last point in terms of while I agree what Sanjeev said that it's difficult to predict the margin of business like 99Acres. Thus want to understand, you as a management would like to keep margin of non-recruitment businesses at a breakeven level or internally you would like to focus on making it further more profitable?

Hitesh Oberoi: The way we operate is we look at where we can invest. We look for ideas, we look for opportunities, and then we try and make those ideas happen. For example, we are investing aggressively behind our blue collar business. We are investing more and more with every passing year. We started monetizing it a few months back. And we are losing a lot of money right now. But we see an opportunity, so we are likely to increase our investment going forward in the blue collar business knowing very well that it will not generate a lot of revenue in the short term. Similarly, in 99Acres, there are areas where we see opportunity. We are going to invest a lot more than we were earlier investing earlier. We will not be irrational. It's more idea driven. It's more insight driven. And the margin that we will end up with is going to be a function of what revenue growth is going to be like after making these investments, which is harder to predict. So that's how we operate. Now whether we want to make money in the business. Of course you would want to make money. Would we want to make it and get higher margins? Of course you want to get higher margins, but not, if we think it is going to hurt the business in the long run.

Nikhil Chaudhary, Nuvama: Thanks a lot and good luck for the coming period.

Anand Bansal: Next question is from Abhisek Banerjee from ICICI securities.

Abhisek Banerjee, ICICI: **T**hanks for improving the quality of disclosures every single quarter. The new presentation is really helpful. Most of my questions have been answered. Just to add a couple of bookkeeping type questions. One is, if you, see the nine months of FY 25, what would you see the average realization improvement from per client? How much has come of addition of new clients, in terms of recruitment revenues?

Vineet Ranjan: We don't disclose it for the intermediate period. We normally do it for the full year. But like Hitesh has mentioned the previous calls as well. In the first nine months and in the earlier quarter, it was mostly driven by volume than by pricing growth.

Abhisek Banerjee, ICICI: Understood. But I was trying to understand last time he had actually called out that despite not taking price increases per se, there was a realization improvement which happened because companies were hiring more senior people. So is that trend still continuing? That is what I was actually trying to get to.

Sanjeev Bikhchandani: Let me clarify, we don't get more revenue because somebody hired a senior person versus a junior person. So that doesn't change.

Hitesh Oberoi: We have value conversations with customers and we have analytics around how much they potentially benefit from the platform. That helps us negotiate with them in our negotiations. It's not as if we price like that. But at a macro level this year we have grown the number of customers. Also we have seen volume growth also and pricing growth has been very very modest.

Abhisek Banerjee, ICICI: Understood and one more point is that we saw exceptional loss of about 60 crores which was mentioned on account of something moving from being a subsidiary to listing an investment instrument. So, why the loss was recognized. I mean, is there a down round which happened? If you just could explain that part better.

Chintan Thakkar: I think if I understood the question correctly, you are referring to the impairment that we have done and we have shown it as an exceptional item in this quarter. So that represents one of the subsidiary company, Coding Ninja. When we invested we had certain expectations. And at that point in time, the valuation of Edtech companies were very different than what it is now. Although the company is actually doing well in terms of narrowing the cash burn as well as they are growing 30% plus. So although they seem to be doing well, but as compared to the projections that we had at the time we invested versus what it is today, I think there is a gap in the value of the asset that we are carrying in our accounts. That's why in consultation with auditors and following the conservative prudence and principles of conservatism, we have chosen to impair to the extent we thought that the value looks more realistic to where it stands.

Vineet Ranjan: Abhisek, just to add regarding your point on reclassification of one company from a JV to a financial investment. That was not this quarter. That happened last quarter. We had an external investor come in and we got diluted. So it was for the previous quarter, not this quarter.

Abhisek Banerjee, ICICI: Got it. Thanks and in terms of the demand outlook in the recruitment business. If you look at the total number of headcounts in the top it firms, about the top ten IT firms in FY 24. Probably that number has gone down about 4%. Right and there was a lot of stuff written there and in terms of improvements from AI. People have often quoted a number of about 20% improvement in efficiency. So do you really see there is more room for jobs to be cut?

Hitesh Oberoi: I can't comment on how different companies are going to navigate this. GCCs have been talking about their headcount growing because that's a very different ball game. Jobs are moving from overseas to India. AI is also creating opportunities so it depends on how much you want to leverage those opportunities. There are many big tech companies that may be cutting headcount in some areas. They're hiring in other areas. So that's also happening. Our revenue is a function of gross hiring not net hiring. So if attrition rates move up for some reason, that also benefits us. Even though the company stays at the same headcount, but the attrition rate starts to climb, for some reason, it could be that GCCs start hiring from IT services companies and IT services companies are forced to replace the people who are leaving. That also helps us because it's a function of gross hiring and not net hiring.

Abhisek Banerjee, ICICI: This is very helpful. Thank you so much.

Anand Bansal: Next question is from Amit Chandra from HDFC securities.

Amit Chandra, HDFC: My question is on the recruitment segment. You mentioned that you're investing in the platform which is a blue collar hiring platform with JobHai. As of now, in terms of the revenue contribution, what is the contribution of JobHai and AmbitionBox in terms of overall revenue and billings? Also we are seeing that the billings growth for the iimjobs, NaukriGulf and Naukri Fast forward is much higher than what we are having at the consolidated level in the recruitment segment so if you can elaborate more in terms of what are the opportunities that we see in the medium term here? You mentioned about lot of AI being offered so in terms of the pricing impact. How we are seeing AI impacting from the pricing perspective? The increase in the realization that we're seeing is mostly AI?

Hitesh Oberoi: JobHai and AmbitionBox are very small today. We just started monetizing them this year. So this year, our revenue from JobHai plus AmbitionBox will be less than maybe Rs.20-25 crores in total. These are very tiny platforms. But they're very strategic for us in the long run and we will continue to invest behind them. For JobHai, this is the first year of monetization and for AmbitionBox as well. We've started only a few months back. There's a core business and there are these adjacent verticals like iimjobs, Hirist, Fast Forward, etc. Together, I think they account for about 20% of our collections in that ballpark in the recruitment business. Some of these verticals have been growing faster than the core business because the core business was very slow for the first few quarters. And in some of these verticals not in all of them, for example, the fast forward business is more job seeker oriented. There is a penetration game also which is still playing out. So it's not as if we are alike the naukri business where penetration levels are very high. Here in some of these verticals penetration levels are low. So we are trying to get more and more customers onto our platform as well. We will aspire to and want to grow these adjacent verticals at a faster clip than the core Naukri business. As far as AI concerned, it is mostly being deployed on the core platform. If you do a good job then what should happen as a result of that deployment is that our platform should become more efficient and more effective. If companies were hiring maybe 40 out of 100 people through our platform earlier, we should be able to take this number from 40 to 45 or 50, number one. Number two, we should be able to help them save time as well and get them to hire people faster because they should be able to find the right candidates faster. Now, this is a journey. It's not as if we change the algorithm and things start to work. We have to keep iterating, keep testing, keep deploying new stuff, see what's working and what's not working. We get feedback, we change things, etc. But we have been investing and we've seen some good results. So as pricing is concerned, we are not charging extra for AI. Right now we are offering it to everybody. And what I have said earlier, it's not easy. We've seen at least over time is that it's not easy to take prices up in a in a regular market. We can get a 3 or 4% increase. It's hard to get more than that in a regular market or in a slow market. Of course, you end up discounting less once the market starts to improve, then it's possible to take higher increases.

Amit Chandra, HDFC: My last question on the 99Acres platform. We are seeing improvement in terms of billing and profitability there. We are seeing the best phase of the real estate market. Despite that we have not been able to monetize on that. Billings from the new project listing is not up there as we would have intended to be, so what's not working out there?

Hitesh Oberoi: Let me break this up at a very high level. There is a new home market and there is a secondary market. Within secondary, I'm including the rental market. So the resale and rental market continues to do well for us and our business has been growing at a reasonably healthy rate. And, we are perhaps gaining share in that segment as well. But it's less than half our business. The new home market has been hot. Within the new home market, there is a new launch market, which is perhaps what you're referring to and then there is a regular sale of under-construction homes market (projects which were launched maybe a year ago, two years ago, three years ago). We don't really have a very big play in the new launch space. So that market is actually currently not with us. It's with Facebook, it's with Instagram, it's with Google. We have a very tiny share. Not just us but all real estate portals have a very tiny share of that market. We are working hard to see how we can increase our share in that market. Within that market also where we have seen a flurry of activity in premium housing. In fact, affordable housing has been slow right throughout the country. It's not as if the affordable housing market is very hot. It's actually perhaps easier to launch and sell five crore apartments than it is to sell an apartment for 70 lakhs, 80 lakhs, 1 crore right now. I know there's a lot of buzz around real estate and prices have moved up and so on in some markets. But it's not as if every segment of that market is doing well. We continue to do well in the secondary market. We continue to do well in under-construction homes. We still have a long way to go before we crack the new launch market which is where the big tech companies do really well.

Amit Chandra, HDFC: Yeah understood. Thank you thank you and all the best.

Anand Bansal: Next question is from Hulash Goyal.

Hulash Goyal: Just a quick question from me on the 99Acres business. If we see the pace of the quarterly run rate of the revenue or the billings, it's been pretty steady over quarter over quarter but profitability has improved substantially. So could you flesh out what has led to that improvement? Where have you pulled the levers?

Hitesh Oberoi: Our manpower costs have been under control. Big platform work is already done and now we are improving things. A lot of investments have already been made and similarly, on the operating side and on the sales side we're not adding a lot of headcount and I don't think we need to add a lot of headcount. If the platform can deliver better going forward we can keep getting revenue growth. So there's high operating leverage. Number two, our marketing has become a lot more efficient and of course early days and this we saw some encouraging results in Q3. Now, we have to see whether that sustains going forward. But the platform is able to deliver a lot more inquiries and leads than earlier with the lower marketing spend today than was perhaps the case six months ago. So that's also helping.

Hulash Goyal: Sure thanks a lot.

Anand Bansal: Salil you can go ahead.

Salil Desai: My question is that you mentioned the impairment clarification was two things. The business itself is doing well but tech valuations are down and that is why there's an impairment. Now, just help me understand we do not have recognized this anywhere at market value. So where does the tech valuations changing?

Sanjeev Bikhchandani: When at an early stage, you go by potential promise and projections. Right now if it becomes apparent that those projections are not going to be met in the near term at least and you had valued high and there has been a general correction in the Edtech market valuations. Then on a fair conservative basis and as discussed with your auditors. They tell you to impair it and then you impair it and that's how it is

Salil Desaio: Okay, I've not 100% understood this, but I'll take it up separately.

Chintan Thakkar: I can add a little bit if that helps you. Whatever is the DCF valuation that we do, then there's certain multiple that is being used and certain comparable cases that are being used and those comparable cases when we made investment three years ago versus what the comparable cases and their respective valuations or what the new rounds of valuation happening in private and public market are. I think they are very different. So all that goes into the calculation or the judgment that helps us. Like Sanjeev said that on a on a very prudent basis and on a very conservative basis, we take the most conservative view of what is happening.

Salil Desai: Okay. Thank you.

Anand Bansal: Thanks, Salil. Hitesh, there are questions in the Q&A box. This is from Nitin Jain from UTI AMC. The first question - any plans to enter into new lines of business?

Hitesh Oberoi: We see jobs, real estate, matrimony, dating and education. These are the lines of business we are currently in. It's very unlikely that we will add a new category in the next few months. But never say never. Who knows what is going to happen a year or two down the line.

Anand Bansal: And the other point he has made is between iimjobs and Hirist. What would your take be on them cannibalizing each other to some extent?

Hitesh Oberoi: Some of these like DoSelect are software platforms. They don't compete with Naukri at all. iimjobs is our play in the premium MBA space. The reason we acquired iimjobs is because some premium MBA hiring also happens through Naukri. But it is perhaps a stronger player in that segment. Very little cannibalization there in our view. The JobHai is a blue collar platform. Again, that's not a segment Naukri is very strong in. It's not as if a lot of blue collar hiring happens through Naukri which is why we are actually building a product in that space. Now at the edges there could be some overlap, who knows but they are actually different products and they're targeting very different segments. The positioning is different. The proposition is different. Often the customer base is different. The user base is different and that's how we are approaching them right now. Thanks.

Vineet Ranjan: That was it on the questions side. Thank you everyone for joining the call. We now conclude this conference call. You may now disconnect the lines.

Hitesh Oberoi: Thank you and have a great evening.

Anand Bansal: Thank you so much, everyone.