

Investor Call Transcript

Ameet: So good evening, all of you. Welcome to the FY24 post earnings conference call of Addictive Learning Technology Limited, popularly known as LawSikho. Today on the call from the management side, we have with us Ramanuj Mukherjee, who is the co-founder and CEO.

Abhyuday Agarwal would be joining us shortly. He is the co-founder and chief operating officer. Siddhant Singh Baid, who is the co-founder and CFO who is already on the call.

And we also have Pratul Kumar Singh, who is our associate director on the company side. As a disclaimer, I would like to inform all of you that this call may contain certain forward-looking statements, which may involve risks and uncertainties. Also, to inform you all that this call is being recorded.

I would now request Ramanuj to update on the financial and business highlights, which went by for the year and also the growth plans going forward. After the management commentary, we would open for the Q&A session and the format would be, I would request all the participants to only post your questions through the Q&A window and not through the chat section to avoid any confusion or any duplicity. So over to you, Ramanuj.

Ramanuj Mukherjee: Thank you, Ameetji. Thank you, all the esteemed investors who have joined us. I see there are 35 people here right now.

Thank you very much for your interest in our very small, nascent, early stage company. Yes, so I mean, quite a few of you, I have interacted in person as well. So, thank you very much.

So, I have written down some notes. I will not use a new slide as such. I mean, I find it easier to share my flow of thoughts this way.

But whatever I'm saying, I have written some notes. I will share it after this. I was advised to not post it before, but after this, I will post it on Twitter also.

So just in case somebody wants to refer to them later, you can do so. So basically, good news is that we have doubled our revenue this past financial year. And this is something that we have been doing every year.

Like this is a target we are clear from the beginning of every year that we have to double our revenue, right? So, we don't take a larger target also. The double is good enough. And so, you may ask, why not? Why double? Why not triple? Why not four quadruple? The thing is that in our business, if we double, it is already quite challenging for us to scale our systems and actually deliver.

For every student who comes in, we have to also deliver high quality experience. And so, we plan to stay restricted to double. Our plans are everything is done in such a way that we double, not more than that.

So, we have met our expectations more or less. And you will see that we have maintained our trajectory over the years of doubling every year. So, while I will explain to you why I think what are the things we got right.

So, there'll be two sections here. I will talk about what we thought that we got right. And I will also share what I think have been the misses, like what we tried to do, but did not manage to do.

So obviously those are opportunities this year to do them well. So, I will tell you about both those areas. And in terms of profits, we have more than doubled.

Honestly speaking, for most of the year, we were not very focused on our profits. We have been focused on several other key objectives, but still profit has grown, which is great. And so basically, I'm very grateful.

Actually, we are very busy for almost three, four months during the year, doing our IPO, lots of meetings, lots of traveling, lots of paperwork. Literally up to that, I was every day signing mountains of paperwork. And we were like, when will we start working, this is what is going on.

We took Siddhant out of sales to manage the IPO from our side and so on. So obviously, that we have met our target, despite that is something, kudos to the team for that. So, despite so much distraction, we meet our target.

So, Outlook is fantastic. We have done really well in many ways. So, let me talk about the things we did really well.

First thing, we have scaled up skill arbitrage to a point where it is equally important as loss equals more. Like it is, in fact, we are seeing that cost of sales, cost of acquiring customers, everything is much lower in skill arbitrage. Please do not be surprised if going forward, you see faster growth in skill arbitrage.

There is also one more thing that has happened. Skill Arbitrage has a much bigger total addressable market than loss equal. That also is kind of working like a tailwind for us, that we can go much faster.

And the other thing we have done last year, which I am again, very happy, feeling positive about that is that we have launched a lot of new categories and made most of them very successful. So we have launched a, which is one thing to launch and have a sale one time, but to being able to sell those courses again and again, multiple batches, with those batches being successfully placed and getting opportunities, getting the right kind of reviews, right kind of NPS, all of that is being cracked. And so, and creating the right material, creating the teams in place who can take care of those specific areas.

So, we have done really well in a variety of areas. And the result is that our total addressable market is very big. So, next few years, we don't have to worry about that, or do we have enough of a market to grow, right? Do we have any? So, this is one thing.

The other thing, which is really amazing thing that happened last year is that not only new categories we have launched, we have also been able to sell courses in North American market,

USA, Canada, UK. Now that is another fantastic thing. Like it is a very nascent phenomenon for us.

It's not like, a lot of our revenue, but it could be a very big part of our revenue. Being able to sell courses in the UK, US is a very good signal. And in future, we see this being a very large part of our revenue as we keep scaling different courses in those markets.

Now it was very difficult to create so many high-quality courses, teams of mentors, placement system, but we have cracked it. And that would serve us very well in this coming financial year and even years to come. One thing we did marketing-wise very well is that we have been able to fine tune our marketing.

Our organic lead generation across different courses have grown. We have been even able to reduce our ad spend. All the revenue, for example, this month has grown significantly, but our cost of customer acquisition and our ad cost have gone down despite growing revenue.

So, it's a very good sign for us. Also, I was personally worried. Many people told me also, many of you, investors also told me that after IPO, there's a period in a company where you will see that people start spending like crazy.

And because we are a bootstrapped company, suddenly there's so much money. So, are we going to be imprudent about it? I think that we have managed really, really well. It hasn't happened.

I actually saw a few signs of it for like maybe 15 days or a month, and then immediately we cut it down. And rather than growing costs in the next few months, we had lower costs. So, we have done well in that front, I believe.

Then more than, so another good thing, we have more than doubled our engineering team. Our tech team, we have always struggled to scale our sales, sorry, our engineering team. So, but it's a very critical team because many of our forward plans involve technology and even currently.

So, we have more than doubled our technology team in the last one year. So, this would also help us really because they are working on increasing our revenue. Basically, they're creating new features and products which either increase our revenue or reduce costs or create a moat.

So, this is what they will continue to work on. I can talk more about engineering projects later in our discussion. Another thing I'm very glad about, I think for EdTech globally, and especially in India, last financial year was the worst year for every EdTech.

There are very few EdTechs which have, it's called the EdTech winter. It was a really bad trend. Nobody got, you know, VCP funding, IPO also.

I don't think apart from us, anybody did or any other upcoming EdTech IPO is also there. I don't believe that. Now, but, and there has been a lot of backlash, right? So even our, you know, sales callers would say that, you know, or even we will hear that, that, okay, this is happening to Byju's, this is happening to even Bada Business, right? And how will this impact us? Will this impact us? We were worried, but fingers crossed and thank God we have not been affected at all.

We have rather done well last week because we have raised funding while others have not been able to raise funding. This is actually helping us a lot because we are in a strong position. So, this is something that I think we should be happy about.

And some, quite a few of you have told me personally also that it shows that we have significant competitive advantage in the market that we are, you know, that quality of execution, hopefully also you'll be able to appreciate that. I have, you know, our test prep team had a breakthrough success year like this. We have not seen this kind of success before.

So many states, I think there were seven states where we have produced judges, we have produced several officers, we have produced a lot of people who have cracked UGC, net law, some many bank law officers. So suddenly we had put in a lot of effort over the years because test prep is such a business that success sells. If you don't have previous history of success, people do not want to buy your courses.

Also, in the same vein, not only Indian test prep courses, we also had huge success with NCA Canada solicitor qualification exam in London. In that vein, we will soon also have success in California bar exam, we are eagerly waiting. Our first batch of students have written the exam and in May or June, the results are awaited.

Once the results come out, hopefully I can give you more good news. But for SQE people sitting in India, no, there's no training program from India, which trains for Canadian bar exams, Canadian NCA exam as well as this California bar exam or solicitor qualification exam. So, for us, it has been traditionally difficult to tell people that come join us.

Although we have no success before, we have produced no judges before, but you come to us. But now that we are getting this kind of success, we would have, I believe that it will significantly impact. We are still figuring out our marketing strategies, how to market this success very effectively.

But we believe that this would be a game changer for us going forward in this financial year. So, this is one thing. Then we have managed to start selling our courses in US, UK and Canada.

And for the first time we have a nascent sales team sitting in India, sitting in Noida and working night shift, but calling in those countries and we are getting great results from that. Obviously, it is a very small project right now, but still we have done last month. I mean, this is not a part of the financials.

I'm not sure if I'm supposed to say, but let's assume that we are doing something like a crore last month from our international sales team, which is focusing on these markets. Then we have managed to scale and operate efficiently while working remotely. So, this is a huge competitive advantage for us that we are able to operate remotely.

And this really helps us when it comes to hiring top talent at a lower cost. And also, the fact that our team can actually function remotely and double like this is a testament to the quality of the robust systems we have built. Because if you are sitting next to each other, you can even throw paper planes at each other and get work done.

But when you are not there, you really need very high-quality IT systems so that you can track the productivity effectively. You can track the results. You can predict what is going to happen.

You avoid disasters. All of that we are able to do very well working remotely. We have also started to successfully deploy a lot of AI technology and AI tools across our business.

This has already helped us, but to keep our costs manageable and low, to keep our delivery costs low. And there's a lot more we can do. And we are currently working on that.

We have recreated our entire suite of courses, almost everything except test prep courses, to be AI friendly. So, we are teaching people how to draft contracts using AI, how to, I mean, we are not even teaching them anymore how to draft things on a Word document or how to work on a Word document or Excel sheet. We are across the board.

We are teaching them how to use AI in everything they do. And that is also going to be a huge differentiator because to my knowledge, I don't know too many other people who are actually bringing AI education into everything they teach, but we are doing that very effectively. And we already did it.

Like we already built our course curriculum around AI tools. That is really helping us. We have launched a new platform called Lawsikho Opportunities.

It was there at the time of the IPO, but it was very small. It was hardly there. Now we have already scaled it up a lot.

We are getting almost 3000 visitors and more than 300 applicants on an average per day. And we are very fast becoming the top job platform in the legal space. And we believe that we can scale it up another 10 times from here.

And also, we'll be able to launch similar job boards in Skill Arbitrage as well as Data is Good. Why are we doing this? Because this is helping us to get qualified leads. If somebody is applying for jobs repeatedly and not getting a job, that means there's a skill gap.

So, we can analyse that data, understand that and run them through a marketing funnel, which results in higher revenue. These are also organic leads. You don't have to run ads.

We are in the process of building an app, which app they can download. And it will be sharing notifications of job opportunities, et cetera. So, we can bypass the entire email, WhatsApp, any other communication channel and directly serve our ads on their notifications directly.

So, if there are 20 jobs or if you're job searching and you can get your jobs on your phone app specifically to your relevance. And I can also serve ads in between. And also, I have very useful data related to every job applicant.

So, this gives us a great opportunity. I'm very bullish about this particular platform that we have created. Also, I think we have improved a lot on our course quality, service delivery and the cost that is actually involved in delivering the courses a lot in the last one year.

This financial year has been really wonderful from that perspective. In the last quarter, we rapidly scaled up our content creation because once we did the IPO, we had a little more budget. So, in the last quarter, especially we rapidly scaled up our content creation.

We created a lot of new courses, which have put us in a wonderful position that we can rapidly increase our revenue. Also, in this financial year, we have more courses to sell. So, and also the existing courses we have upgraded in a big way.

So, this is a very good thing. Now, this was the part where we have done well. Now the part which we wanted to do, but we did not manage to do so well.

So, what are those things? I will come to that. Okay. So, should I pause and take some question or something at this point in Ameetji or, I mean, if it is very boring, we can take some question and then move to the next part or would you like me to just run through the next part as well?

Ameet: Yeah, I suggest to continue Ramanuj, just finish the entire thing from your side and then we'll open the Q&A.

Ramanuj Mukherjee: Okay. We can also have some, you know, questions. I mean, as I'm speaking, you know, if you share your questions in chat or something, or if you see any relevant question, you can point out to me contextually, I can give better answers maybe.

Right?

Ameet: So, questions are only mostly financials. So, I would suggest, I would suggest that you complete it. Your flow is going well.

Ramanuj Mukherjee: Okay, let's move forward. Yeah, sure. Okay.

So, what we have failed to do well, but that represents an opportunity this year that we can do these things well. We could not meaningfully scale our sales team. I wanted to scale our sales team even more, but it proved to be more difficult than I thought it would be.

We have had many learnings, which are currently being deployed. Some things are giving results already in this financial year. We will aim.

So currently we have a lot, if we leave aside data is good, which is a very different sales process. Our Skill Arbitrage and Lawsikho has a homogeneous sales process. So, we have, and that is where most of our revenue is.

Right? So currently 80, we have 80 productive salespeople, including the team leaders and their coaches. And we are looking to scale it to 300 over the next one year. So, this is the plan that we have for the next one year.

I wish I could have done this faster, but we have faced a lot of challenges in doing that. It is not as simple as just hire 300 people and ask them to make calls because we have to train them on every product. Our product is not a very vanilla product.

It has complexities. You have to understand. So for example, if you're trying to sell a course on corporate law, or you're trying to sell a course on California bar exam, or you're trying to sell a course on US accounting or corporate finance, it's not like just you can tell people, ah, it's a nice course, bye-bye.

And they will buy. You actually explain to them why they should learn US accounting. How will it help their career? The person actually who's selling needs to have the right kind of knowledge before they can go and effectively counsel.

So that has proven to be a hurdle for us, but we really will be able to pull it off this year. This year, a lot is riding on this. Then we have, we have this, this is basically sales led growth.

Then there is another method of growth, which is marketing led growth. So, we are in marketing led growth, we are focusing on auto funnels. So, if you, you might know about this in the US, nothing below \$10,000 is sold by callers, sales callers or physical meetings out of question.

So how do they sell? So, they have something called auto funnels, and it could be something from \$10 to \$100, \$2,000, \$2,000 products are sold using different kinds of auto funnels. So, we are also building auto funnels currently because we, and auto funnels, I mean, this, in this financial year, last year we tried, I mean, we were not able to build auto funnels, we should have built earlier. This financial year, our auto funnels have started producing results.

Really, I mean, it's still very early to say too much about it, but yes, our strategy will majorly involve, like this year we have to double. So that involves the auto funnels, we believe. Also, one more thing that is happening because of auto funnels is that we can sell abroad with much more ease in any country, because right now there are a lot of, you know, if you have to call people, timing matters, the shift matters, the phone number matters, the accent matters, the language matters, but when you are selling using auto funnels, all of that is, you know, absolutely not mattering.

You, I mean, I don't want to explain great detail, but it's working very well for us currently in this financial year. Then there is another major thing. We have been developing a referral portal where our existing students can refer others and we can even have affiliate programs.

Now, this is something that we should be having already. But our technology team has been developing this and it is very close to get deployed, hopefully in the next one or two months we'll have it. And it will also create a new revenue stream for us.

So that's another major strategy we have going forward, but we wish we could do it last year would have been really awesome. We have also hired a team for product-led sales growth. So, there are three kinds of growth programs for companies like us.

One is sales-led marketing, one is marketing, sorry, sales-led growth, marketing-led growth, and then product-led growth. We never worked on any product-led growth till now, but product-led growth, especially with is becoming more and more possible for us. We have been building different systems for product-led growth and like a micro learning format, a mock test platform, even our opportunities section, which is basically a job board.

These things are actually product-led growth opportunities for us. And we have hired a team for the first time in the last two months. We couldn't do this also because product-led growth talent is very expensive, but we were able to start working on this very recently because we had the budget also to work on this.

Our operations have actually further opportunity to be optimized, especially by using more AI tools. We have made great progress on that front in the last three months, but a lot more can be done, and we look forward to that. Our micro learning app for law has been delayed, although the first level of development is already complete, but we didn't like the courses that we had created initially on it, so we are redoing it.

So, it's taking a bit of time. When it is launched and we expect, I mean, once it has some adoption, we expect more organic leads, reduced CAC, better engagement with our community. And we have not succeeded with community-led marketing last year.

Community can be a very powerful, lot of very successful EdTech companies today are using community-driven marketing. Again, we have hired a very effective team in this space, and we are working very hard on this as we speak. And that also has a huge opportunity to improve our CAC, and it is already improving our lead to conversion rate.

So, to sum up, what would be our obsessive focus in the current financial year? One, we will scale our sales academy so that we can produce. We are running a sales academy last six months. There have been problems.

We have fixed them. We are going to put a lot of, at least 500 people through our sales academy, which we believe will help us to scale to 300 salespeople and massive jump in our revenue. Auto funnels are working beautifully.

We have cracked our first two auto funnels, which are already producing results. Now we are scaling them up slowly, but we'll be launching a lot of auto funnels. We are launching, now there's one course we are currently selling in US, UK, and Canada market, but we look forward to selling more.

And that is also very exciting for us, especially because the average revenue per user can significantly grow there. We are also already building and nurturing a lot of communities for community-driven sales. We are also focusing a lot on building auto funnels, but not for core sales, but to onboard clients in the US for increased workflow for our learners.

So how do we get more work for our learners from US? Of course, we also get a share of that, but how do we get more work? Because that is very critical part of our business. We are going to use auto funnels even there. And initial results are very good so far.

So, and important long-term projects, which we are working on it, but these projects are more long-term. Do not expect them to produce immediate results. Maybe in the next, not this financial year, which is going on, but the next financial year we'll start seeing results.

But we are still investing in them because you have to place long-term bets. So we are, number one, we are identifying high quality acquisition targets and we have identified some very good acquisition targets. We are having discussions with them.

We already like them, but the problem is usually on pricing. So, we are trying to see how to make it work. We will only make a deal provided we like the price.

So even if it is a great company, the price is very high, we are not going to close those deals. So, there are quite a few discussions are going on. We are building an app for the US market.

So far, we are like at a very, very early stage, which is like we have got the wireframes done and we are identifying the team that will start working on this. But we are trying to create AI tools for lawyers in the US, which would be like, you know, it's like kind of replace LexisNexis and Westlaw type of platforms for them. And they will also, like the whole idea is to, you know, also use that.

Why are we building that? Because that is our hook. That is our entry into the US legal market. It's a very expensive market.

Ads are very expensive. We need some organic channel that people will use, which will spread virally so that we can have a cost-effective entry and interface with our target market. So that's why we're building such tools.

We have been building AI based legal assistant. Again, I mean, we are not ready to go public with it. We are not ready to launch it.

We are expecting another three months before we can launch it. But the capability it is going to have is that it will be able to draft certain contracts using AI and it will be able to draft very fast, you know, rapidly initial versions of it. Why is this relevant to us? This is basically integrated into marketplace where you can get it reviewed by an actual lawyer.

That's what we are creating. You get a draft using AI, and then in the next 24 hours, get it reviewed by a human lawyer who can, if it is important enough, you will get it reviewed by a human lawyer. That's the idea.

So, we are working on this. Also, we're looking to turn iPleader's blog into a services marketplace going forward. So overall, our outlook, we would be aiming at doubling at our revenue in the current financial year while improving our pack margins.

So that's the idea. And we believe that, you know, our cost of acquisition of customers as well as delivery costs will have significant improvements in the coming year. Okay so that's the end of my long monologue. I hope I didn't bore anybody to death and I'll share all of that I said I'll share it on Twitter so that if anybody interested can you know study this later.

Okay so Ameetji please.

Ameet: Yeah thank you so much for sharing the highlights, the future outlook and the challenges so very well very well-articulated Ramanuj and the entire team. I would now open... I will be sharing the questions posed by the participants and there are a couple of one-two more questions on the chat boxes as well so one by one I'll be starting the questions.

So, there is a question from Mr Swapnil Kabra. Our H2 revenue is almost at par with H1 revenue. Is there any seasonality element here or there is some other reason for the slow growth sequentially?

Ramanuj Mukherjee: So see first of all, the second half is the half where we started doing our IPO.

Now instead of driving our sales team we are traveling to Singapore, Dubai, London and Bombay and Ahmedabad and Rajkot and where not right and there were so many investors. We are doing one but we are doing like hundreds of those you know and so obviously we are a small team small company excuse me. So, what I was saying was that you know there is... was obviously an impact of that and also priorities were also different right.

So basically, we were launching so many categories in Skill Arbitrage and that has been our focus that you know you know I mean anyway if our goal for the year was being met, we had to do our double revenue, was focused on that. We did an acquisition that also you know if you acquire a company no matter how good an acquisition it goes a lot of time goes in to make it work. You have to work with them, you have to, you know, go and understand.

So, all of that has been there. We were on our target which is good enough for us.

Ameet: So, second question is from Mr. Divyam Gupta.

He asked...he's asking how long can you sustain the 100% growth rates and can we expect a steady rate of EBITDA margins of 20% going ahead?

Ramanuj Mukherjee: So, I believe that our profit before tax EBITDA should be 25% in the long run very easily if not more. Well 25% is our target. Let's see I mean when you are growing very fast sometimes our first priority is growth profitable growth but growth.

So, we are not trying to so I can either optimize growth or I can optimize for profit. So, if I optimize too much for profit then it can impact my growth numbers right. So, I have to balance but yes long-term PAT target would be 25, not PAT. EBT would be 25% okay EBITDA, EBT whatever you say.

So, we don't have a debt-free company anywhere. So that's one thing. Second thing is that we have one more question about how long we can double our business right? Yeah so that's the thing we have successfully opened up a very large market last year.

This was our question also, that can we keep doubling every year within just law within just India and we had our doubts which is why we launched Skill Arbitrage and grew it and now we have proven Skill Arbitrage business. Now Skill Arbitrage is not a small market, it's a huge TAM right. So, you know finance is bigger than law, marketing is even bigger than finance, HR is itself huge as big as law.

So, we have so many other courses now. We have social-media, I mean I used to think that social media marketing is a very crowded space, will not succeed there but now we are succeeding there also. So, then AI tool for senior professionals' huge market competitive but huge market.

Then remote work for women, empty market, how can you enable women in India to do remote work abroad right as virtual assistant, as content creator. Content creator we succeeded. Actually, there are some things we didn't succeed also. Video editing, graphic design, we did not succeed. We tried repeatedly but failed in that market but that doesn't mean we'll forever fail. We will try again. We have faith in that market. We crack, maybe, different pricing, different strategy, different marketing, different content is needed. We crack it but my point is that now our time is very big now. How long can we double? I think for very, very long. I mean

there's no problem in doubling for the next two three years actually, the total addressable market is not a problem. Then we can also double because we are able to sell our product in other countries. So, we are not- you can be convinced that we are not limited by one geography, we can sell in other countries, right? If we have done one crore of revenue in UK, US then we can do it yearly right? So that also gives you that confidence that time will not be an issue, geography will not be an issue, category will not be an issue.

So, I think for foreseeable future at least till we hit 100 crore revenue per month kind of I mean I would start worrying there that can I probably- how do I double now that would be difficult. Also at current I think next couple I mean 65 to 130 wouldn't be a challenge, sure 130 to 260 will be harder than 65 to 130 but the market is there and we have got the markets right? So now it is about scaling sales and marketing. Hopefully, we will solve that problem.

Ameet: Okay one question is from Mr. Sahil Sharma. What are your plans for medium term next three-four years in terms of revenue and profit growth?

Ramanuj Mukherjee: You want to know our next three-four months and then next-

Ameet: Three to four years, not a medium term.

Ramanuj Mukherjee: Yeah so, I will talk about three to four years. First of all, we are not- see our ambition is that we believe that we are... we are sitting on a hundred crore per month opportunity for ourselves, not the entire market.

We are talking about just our revenue per month is hundred crores. That's our ambition. 100 crore per month. So, I don't know if I mean I haven't done a realistic calculation if I can get there in three years or five years, I mean it's possible especially if we keep doubling, it is possible but my plans are for the next year, like this financial year and next financial year. So, any intelligible real plans I have are for this year and next year only current financial year and the next financial year.

After that I haven't made any plans so it's very hard for me to predict I mean, if we can reach that 100 crore per month in next three to five years or not. My medium-term goal in like let's say... I don't know how you define medium term but let's say over the next two financial years my goal is to hit 20 crore revenue per month. This I believe is possible and this is what I am aiming at. 25 percent is what I believe. If there are any follow-up question on right this question you can write in chat I will respond.

Ameet: Sure, sure. So, one question again from Mr. Sahil Sharma. What are we doing to minimize the CAC customer acquisition cost which is one of our largest cost in the line item of P&L?

Ramanuj Mukherjee: Sure, so see basically there is a reason... so you don't understand how the global tech business functions, if you want to understand CAC.

So, you have companies like Google, Facebook, primarily Google and Facebook then you also have Apple, Amazon and others, right? So, Twitter for example now they are like gatekeeper of your audience so even if there are people who want to buy from you, want to know about me. For example, you know you may want to buy a... let's say you want to buy a course from us or you want to receive my email every day or some kind of communication from me every

day. There are gatekeepers there to share my message with you or to even...even if I want to email you they will charge me, right? So, they control all communications, all communication channel between us and our customers, right?

So, most of the CAC is what we pay to them to reach our customers. Even if I have email id and phone number of my customers in my system who have already said "I want to know more about your product", Google does not want me to reach very easily through Gmail to them. They want us to run ads. Facebook does not want us to be able to very cheaply reach out to them on WhatsApp. They want us to run ads on Facebook and Instagram. Now this is the problem. Now if I want to reduce CAC, my long-term plan would be to reduce like, reduce the interference by these big tech companies somehow. How can I do that?

I need to build things that my users will use every day or every week or every month. They will use it anyway, whether I send them an email or a message or a WhatsApp or not. Now how is that possible? So it is possible, for example, this is why we are building a job platform because people who want job, they will come to my platform, they will subscribe to my platform, people who- there are people who read my blog every week, every day, every month, so they are coming to my blog every month and they are seeing my ads.

For this, I don't have to pay anyone so the best way to reduce CAC is to create products which will be used by my audience. So, if I want to sell to mid-side, let's say I want to sell my courses or product or anything to meet mid-level lawyers, can I give them a software they will use every day? What software do they use every day? Can I give it to them? Then, if they use it every day, I can show them ads every day, I can send them notifications, I can reach out to them without Google and Facebook's interference. Now this is something that will reduce CAC. Other than that, usual methods of reducing CAC is like, the more deeply you understand an audience, you can come up with better marketing messaging. You can... you can create auto funnels for example, slowly you warm up somebody over a period of time so that they trust you community marketing.

If people are on a telegram group, WhatsApp group and they are regularly engaging with some content or they're following you on YouTube and they love your content, they watch, they wait for your content every day right, then those kind of things if you are able to successfully build, then you can reduce CAC. I can give you a very good example that we plan to emulate. There's a company called Testbook. Now what Testbook does is that it has a mock test of different government jobs and they are selling this for very low price. The price is almost nothing. They make money from that also- few crores from that also. But it is actually a marketing funnel for a different thing. But if there are free mock tests, people are talking by word of mouth, it's spreading that you can go and give free mock test on Testbook so their customer acquisition is almost free and everybody that wants to get a government job will come and give, keep practicing tests over there.

Now this is an example of reducing CAC. Now if I, let's say if I own Testbook, I don't and no plans to, but let's say I had a product like Testbook which every government job seeker is practicing their things on that, so then I will have, I don't have to pay for this lead, I can get it for free. So, this is- this intermediation of big tech is the solution for CAC and of course improving marketing material etc. I hope that answered question.

Ameet: Perfect Ramanuj. Next question I'll take is, can you give the breakup of the segments we operate in in percentage terms?

Ramanuj Mukherjee: So, this is a futile exercise as of now because the numbers change very fast, month to month and we have lot of- you should look at it annually then it would be better. Month on month you should not look. We should look at it annually but I don't have that breakdown right now sorry.

Ameet: Perfect, then one interesting question is from Divyam Gupta. What can disrupt our business according to you? Is it competition, is it AI or a general slowdown in the economy?

Ramanuj Mukherjee: So, slowdown in the economy is not at all a problem for us. When there is a slowdown economy, we benefit because when people don't get jobs, they want to try new things, they want to learn new skills, this has been historically the case around the world. So, we have not suffered from that but AI is not a risk. AI is a risk in this way that if we fail to teach AI, we have to keep up with the AI. We have to keep teaching those advanced AI tools to our students. So, one risk is that because of AI our cost of course building can go up because you are not able to stabilize your course.

So, for example I used to teach people how to draft contracts using templates. Now, I have to teach them how to draft using AI, so I had to change my course curriculum. I needed new teachers, so my cost went up. Okay temporarily, one-time cost- now is it one time cost really, or is it- I have to do it again. If there is a completely new generation of GPT and everything is, I mean that is a- that is an issue. The nature of work is also changing so that is an issue. So, there is some risk around those things but we don't believe that sort of like, what sort of like, you know AGI? Like basically, if you know Artificial General Intelligence, like you know where AI is able to actually think like a human being right now, the produce quality of AI work is very pathetic.

It is not- you need a- you need a human being plus AI to do a good job, right? So, a skillful, human being plus powerful AI, really good results. But, if you only leave the AI, it does not work. Now, when there is artificial general intelligence then I don't know what will happen right, but I don't think in the next 10 years any such thing is happening. So, that is number one. Number two, what you said is about some... what is our- what can disrupt our business. Competitors can. Competitors disrupt our business. Yes, they can. So, for example if tomorrow there is some competitor who raise a ton of money and start spending on ads like crazy right, it can increase our ad costs and our CAC. It has happened in the past but it is not happening now.

We have advantage because those people are not able to raise money. Some of them have gone bankrupt also now. It is good for us because we never had those kind of marketing practices as they had but that is a threat, that if some competitor raise a ton of money, sitting on a watch, spending money like crazy, don't care about CAC at all, whereas we are worrying about CAC that can impact us. But honestly, that did not happen. We thought that can happen but we had very large unicorn companies which tried to enter our market. I will not take names but that happened and they were not able to disrupt us. So, I mean, I'm not saying it is never possible, it's possible if they have a different execution plan, somebody may be able to do it. What else interrupt us... I mean, I think we can disrupt ourselves. That is the biggest danger, that we get distracted go on go down the wrong track. You know, all of that is always a big danger.

Otherwise, I really don't see any, you know imminent or medium-term threat of anything as such. AGI for sure. If there is AGI, then that can impact us.

Ameet: Okay so the next question I'll take now. Is it difficult for you to hire quality talent as we are a relatively small company?

Ramanuj Mukherjee: So yeah, so this used to be a problem. This used to be a huge problem but because we started hiring remotely this did not remain a problem. If you look at the quality of people that we are able to hire, imagine we are able to hire judges who have been judges. And now they have, for some reason, taken voluntary retirement but they want to live with their husband in some cantonment city where there is no job. So now we can hire them. We have more than one person like that and this is not just anyone. This is a, I mean, we have very phenomenal people. We would never be able to hire them but we are able to hire them because we hire remotely. So, because that is why, we are remote. We are able to hire wonderful people because we hire remotely.

I can tell you our Facebook marketer lives in a small town in Turkey, our US accounting course anchor lives in Italy, her husband works in portions, he lives in a small town in Italy. Now imagine in Italy, your option is either to... you know, be a waiter at the local restaurant or work in a shop or you can work remotely with companies like us. Which one will you choose, right? Because there are no local jobs of her skillset, right? So, there are such talented people who are specialized in finding such people around the world and hiring.

Ameet: Okay, one question is looking at the revenue from operations, can you share more granular details like courses, referral fees, other fees, etc. Margins would also be helpful if you can share. Thanks for the time and allowing us to share in your efforts. Yes, we want some granular details, yeah.

Ramanuj Mukherjee: Kind of, you know how to answer this question.

Siddhant: So, all are... so basically, all our thesis course fees, the revenue is entirely course fees.

Ramanuj Mukherjee: Last financial year, there was no revenue from anything other than courses. We could not recognize any revenue, that is not-

Siddhant: Yeah.

Ameet: Perfect. What is the team size? One anonymous attendee is asking.

Ramanuj Mukherjee: What is our team size?

Ameet: What is our team size?

Ramanuj Mukherjee: 600 +. I mean it keeps going up and down, just now I thought some three people joined, but let's say last I checked it was around 633.

Ameet: Perfect.

Siddhant: And this is... this is an addition of long-term consultants plus employees.

Ramanuj Mukherjee: Consultants, as well as employees in full-time. No part-time. This does not include part-time consultants.

Ameet: Okay, So, there is one participant called Sachet Singh.

He is uh... first of all congratulating for the progress and then he's asking when and how do we plan to monetize the opportunities platform.

Ramanuj Mukherjee: So, no immediate plans to monetize opportunities platform because what is our advantage there, is that we want everybody to use it free of cost. We want... we are even building an application tracking system for the employers so that they can come post and actually track their applications and all of that. So, all of that we want to give it to for free until everybody in the... we become the go-to place, everybody uses it a lot, then we'll think of some freemium model. But it is not in our plans right now. Eventually, we'll see. I mean, we have enough levers to double our revenue next year. We don't have to look at all these.

Ameet: Perfect, then other question is uh... do we have any plans to have an offline or an omnichannel strategy in the near term?

Ramanuj Mukherjee: Okay, that's a great question. We want to do it. We want to do offline okay, but there is a problem with that. Problem is that we have no expertise in running offline centres so we are looking at acquiring partners, acquiring businesses which have expertise in running offline businesses of education nature, right? So, in some of the acquisitions we are talking to right now, there are such people who are like, who have spent 15 years building offline education. So, if something like that... I mean that's what would be our method. I mean, otherwise we are not going offline, rather we will sell in the US, in UK, launch more courses there.

That's a 'build more sales team' so that will be our strategy. To grow offline is great but its cost, you know it is number one- it is very cost, you know cost intensive and we'll probably have to raise more money if we do that. We don't mind, but at least you know, initial experiments, you would like to do it along with some experienced partners who have offline space experience. So, before that we are not doing. So, if we find some right partner we will.

Ameet: Perfect, another question from Mr. Rajesh Swaminathan. He is asking any insights on the traffic on our website and second question by him is, there is a jump in the depreciation and amortization, any information on that?

Ramanuj Mukherjee: So, traffic I mean, I don't know what to say about traffic. I mean, I don't think there is any intelligible data. I keep looking at the traffic out of habit every day but it is not something that tells any interesting story about the business, to be honest. And we have a lot of blogs on our platforms right, so those blogs get a lot of traffic because people are searching for those topics end up on our blog, some are ending up on our course pages. We need to hire an ACO team which will dedicatedly work on ACO, we haven't- we don't have it yet, which is a mis- we'll work on it. We're trying to hire a good team to do ACO but we had- we have done some ACO on our own and we are also not very bad at it. But like you know, we are- we do have a dedicated team working on it going forward.

Siddhant: I'll answer the second question.

Ramanuj Mukherjee: Yes, yes.

Siddhant: For the second question, see like, we had a build a lot of intangible assets like what Raman said on content development, on community engagement, community development, and a lot of tech plays so that is the value which is getting amortized, which we have told that we will do it over a period of 60 months. So, that amortized value which, has a treatment this year is what has been reflected in that. So, I think during the presentation, Raman is at extreme.

Ameet: Perfect. Uh... there is a question from Mr. Jitendra Agarwal. He is asking what competition does differently than you and why you can't do that.

Ramanuj Mukherjee: We have no competition. We're like monopoly in our markets and who's our competition, please tell me?

Ameet: Well answered... uh then uh one question is from Mr Lavkesh Thakur. What is the nature of competitive intensity as far as intake for law is concerned? So, you have already answered this. Are we dominant player in this market? Again you have answered this and how hard it will be for others-

Ramanuj Mukherjee: Player is not even like, what like, not even 1/20th of our size.

Ameet: So the last part of his question- how hard it will be for others to do what we are doing in law?

Ramanuj Mukherjee: Apparently very hard because you had unicorns who tried to get into our mainstay legal EdTech market right, so upskilling market um... and none of them succeeded. Even lot not one multiple ones like you know... you think of any big unicorn today, they all tried to get into law and they- none of them succeeded.

Some of them spent crores of rupees. There was one competitor which raised 50 crores. They were existing before we did right, and they also lost to us. So, we have survived and they didn't. One of the... that 50 crore company went bankrupt. I don't want to take names but you can easily google and find out. If you are a smart investor, you'll find out which companies tried to get into law. Just go and ask any law student or lawyer, which companies ran a lot of ads on your platform right, and they have stopped now, they're not running ads anymore, they'll tell you. But the point is that a lot of people have tried. It's not like we are a monopoly because nobody realized 'oh law is such an amazing market' and left it alone for us right, it's not like that.

Ameet: Perfect.

Ramanuj Mukherjee: Thomson Reuters, this I'm happy to say, Thomson Reuters entered this market, left in two years, completely shut down. Yeah, please.

Ameet: Yeah, yeah so, I mean, in the interest of time, we are on 5:57 and this call was supposed to be till 6, so I'll just take two more questions. One from the Q&A and one from the chat section as well. So, one question from Sahil Sharma, he's asking- we had a clarification in our financial result on the amortization of content cost over five years, can you please explain what is this change in accounting and why we did it?

Ramanuj Mukherjee: I was expecting this question earlier to be honest.

Ameet: That's why it took this... yeah it came at last but I took this for the benefit of everybody.

Ramanuj Mukherjee: So, see I will tell you. What is the accounting policy change, and why it was necessary? So, 12 months in a year. Now, out of that first three quarters, nine- up to nine months, we had spent 10 crores on our- like five crore-five crores in two quarters. We spent on our new course development, then after the IPO in the last one quarter, not even like two and a half months, up three months you can say, for benefit of doubt, we spent 10 crore rupees so our auditor was uncomfortable. That if you follow, basically, what is happening that according to the accounting standards you have to amortize any kind of such expenditure from the time you actually put it to use, not before you put it to use.

So, if these 10 crores, if I start apportion it over the whole year, so what we change, we change that five years from- five years we said... no it's not five years... 60 months. So, month on month we calculated right, see I had one simple choice. I could either say that... you know let's not start all these extensive course developments in the last quarter. Let the profit be booked and then next year you start all this course development. Now that I started those course developments, it was unfair if we apportioned it for the whole year, the last two months cost. So, we... this is a better accounting practice which reflects the reality more closely. That is the only purpose.

Ameet: Perfect Ramanuj, so I'll take the last question now from the chat window.

Ramanuj Mukherjee: For example, I'll tell you like, you know, I just wanted to say it. So, the principle intangible asset is like this.

So, if I spend all the money, let's say on the last day of the year, okay, and then I claim it for the whole year, it is not appropriate. That's the reason this required this change. I hope that answers that question clearly.

Ameet: Yeah, you have been very candid on this Ramanuj. One last question I will take now from the chat window. What has been our key hires post IPO? Any prospective hires in the senior team, which you'll see joining the company and which areas you have been looking to hire?

Ramanuj Mukherjee: Somebody saying they are selling normal courses; you are selling legal.

First of all, you have complete misconception about our company. Number one, they were also trying to sell legal courses. They succeeded.

We succeeded. They failed and they left our market. Number one.

Number two, we are not selling only legal courses. This year what like 40% of our revenue or 50% of our revenue will be law. The rest 50-60% is non-law.

Okay. So yes, your question was about our good hirings, right? So, we have, we have had somebody join us in, in our product lead team that I'm very excited about a product lead growth team. We had somebody who joined us in our auto funnel team.

I don't want to take names because they are still, you know, they have really recently joined and I don't want them to get into trouble with their previous people because they are, they are, they still are supposed to get some, you know, shares and all those resorts and all of that. So, but yes, really excited about the recent hires. We have Pratul with us.

Pratul just joined from Physics Wallah about a month back and he's handling our investor relationships. So, you guys will have a chance to probably interact with him. He used to do MNA and investor relations at Physics Wallah.

Pratul: Hey, hi, hello everyone.

Ameet: Thanks. So, so Ramanuj, I will thank everybody now on the call for being so patient and for the final comments, I would request again Ramanuj for a minute to give your final comment.

Before that, Pratul, if you can please share your email ID, any email ID of the company on the chat window, so that many questions were unanswered.

Pratul: Yeah, sure.

Ameet: Try to reach out to them and answer them, right? So that, please share that on the chat and Ramanuj would request you to give your closing comments and then we will wind it up. Yeah.

Ramanuj Mukherjee: So, my closing comment will be this, that I really thank all of you that you have chosen to support a very young and new company, newcomer in the market like us. We are still learning. So, if we make any mistakes, do forgive us.

I honestly don't understand why our share price rapidly goes up and down every week, but I, we will do our best to keep it up and you know, we can't control the price, but at least our performance will be up, right? As a company, it's really going up, up, up. We are very, very positive about the way things are shaping up. Honestly, doing the IPO has been a very good decision.

The kind of strength we have got after we raised the money and the kind of difference; we are seeing in our business is really truly fantastic. And the team is also very charged up. A lot of great things ahead of us.

Stay with us for the journey and look forward to interacting with you soon again.

Ameet: Thank you, Ramanuj and the team. And once again, very, very sorry for not being able to take all the questions, but you please share us on the email ID shared by Pratul.

We'll be very happy to answer all the questions in a day or two. Thank you once again, all of you.

Ramanuj Mukherjee: Thank you everyone. Take care. Bye-bye.

Siddhant: Thank you.

Pratul: Thank you everyone. Thank you.