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“Just Dial Limited (JUST IN) Q2FY21 Earnings call”

November 2<sup>nd</sup>, 2020



**SPEAKERS:**

**Management, Just Dial Limited**

**Moderator:**

Good day ladies and gentlemen. I'm Harpreet Kapoor, the moderator of this call. Thank you for standing by and welcome to Just Dial Limited Q2FY21 Earnings Call. For the duration of presentation, all participants' lines will be in listen-only mode. We will open the floor for Q&A post the presentation. So I would like to now hand over the proceedings to Mr. Rishit Parikh. Over to you, sir.

**Rishit Parikh:**

Thank you Harpreet. On behalf of Nomura, we would now like to welcome you all to Just Dial's Q2FY21 earnings call. Today, we have with us the Founder, M.D. and CEO of Just Dial Mr. V.S.S. Mani and the CFO, Mr. Abhishek Bansal. Without further delay, I would now like to hand over the call to the management. Over to you, guys.

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**Abhishek Bansal:**

Hi, everyone. Welcome to Just Dial's earnings call for second quarter of fiscal 2021. Operating revenues stood at INR 167.5 crores for the quarter, which declined 30.9% year on year and grew 3.1% quarter on quarter. This Y-o-Y drop was primarily due to lower collections which we have been witnessing since March 2020 due to COVID-19 impact. With lockdown event, monetization has been on an improving trajectory. Second quarter collections, while they were down 28% on a year-on-year basis, they grew 41% sequentially quarter on quarter. Overall, monetization currently stands at about 75% of pre-COVID levels, which is reasonably healthy, considering the severe impact COVID-19 has had on SMEs. Operating EBITDA stood at 44.7 crores for the quarter, declining 33.5% year on year, primarily due to lower top line. However, owing to tight cost controls we have been able to deliver adjusted EBITDA margin of 32.6% for the quarter. Other income for the quarter stood at normalized levels of 26.7 crores. Net profit for the quarter stood at 47.3 crores, declining about 38% year on year. Coming to operational highlights, company has curtailed its advertising spends from April 20 to optimize on our discretionary costs in light of COVID-19 impact. Majority of traffic is presently coming organically without any advertising. Organic traffic has recovered very well over the past few months and is growing steadily. On a like-for-like basis, current organic traffic run rate is approximately 14% higher versus the pre-COVID levels which augurs well for the business. Overall, we had 130.6 million unique users for the quarter, which was down 19% year on year, but increased 30.6% sequentially. Once we resume advertising, we should be higher versus our peak traffic levels that you witnessed last year. Total active database has now touched 30 million listings, which in itself is a great achievement. Paid campaigns at the end of the quarter stood at approximately 449,000 campaigns. Coming to cash and equivalents, which stood at INR 1427 crores as on September end. We have completed the buyback of INR 220 crores during the quarter which was ongoing. With this, we have distributed close to INR 700 crores back to our shareholders over the past five years. On the product side, we are quite excited about our new upcoming portal for B2B JD Mart, which is shaping up well both in terms of user friendliness of platform and content. The product demo videos are available on our website to give you a flavor of what all features the new portal is going to have. Overall, from our perspective, recovery in traffic has been stronger than expected and considering the impact of COVID-19 on the economy, we think monetization should catch up with traffic trends in coming months. COVID-19 has definitely accelerated digital adoption, importance of online presence among SMEs and these shifts should help our business in the long run. Also, COVID-19 has led us to think of innovative ways of running our business and our margins indicate the kind of efficiencies we have been able to bring in. There is a lot of focus on automation, which will help the organization emerge even stronger from this pandemic. With this update, we shall now open the floor for questions. Thank you.

**Moderator:**

Thank you so much, Sir. With this, we will open the floor for Q&A interactive session. Participants, if you wish to ask a question, you may please press '0' and

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then '1' on your telephone keypad and wait for your line to be unmuted. The first question we have from the Rishit. Rishit, over to you.

**Rishit Parikh:**

Thank you. Just a couple of questions from my side. Now if I look at the paid listing addition in this quarter, it seems a little soft. So just wanted to get your thoughts on the demand trend and when do we see the recovery coming back to pre-COVID levels of paid listings which we had was close to about 5.4 lakhs and just an extension to that question, how do you see the demand trend within the B2B and the B2C space qualitatively if you can provide any color on that?

**Abhishek Bansal:**

Rishit, on paid listings addition, firstly, our target was that on a monthly basis, we wanted to reach to our pre-COVID run rate. As I mentioned in my opening remarks, COVID-19 definitely has had a great impact on overall economy, especially SMEs, traffic obviously has recovered very well. And on monetization, also, we have reached approximately 75% of pre-COVID levels. Initially, we were in fact expecting that second quarter could have been the tough quarter for us, but fortunately, considering the recovery in all parameters, second quarter has slightly been better than the first one. So on paid campaigns addition, the good part is that any decline overall has been arrested; there was still addition of about 3.5 to 4000 campaigns. Going forward, I think in the next few months, this 75% should go back to pre-COVID levels, and that obviously showed drive growth and paid listings. Coming to demand trends between B2B and B2C, at this point of time, we do not specifically look at B2B versus B2C that separately. As we have mentioned earlier, B2B approximately contributes 20% to our revenues. B2B ideally should be less impacted because B2C has hospitality, retail type of sectors, consumer facing sectors, which are obviously much more impacted. Once we have JD Mart, our B2B portal that is launched and monetization on that picks up, that obviously will be the most relevant indicator of demand from B2B side.

**Rishit Parikh:**

Okay, and just one last question before we sort of open up. On the B2B space while we saw the product and it looks pretty good, right? Just on the more let's say selling and pricing side, what are the essential changes that we're making or we're implementing that should probably demonstrate the success of this product. If you could just provide a little more color let's say on the sales side, let's say on the pricing side, let's say on just bundling some of your other value-added services that you're talking about. Thank you.

**Abhishek Bansal:**

See on the B2B side, very –

**V.S.S. Mani:**

[indiscernible].

**Abhishek Bansal:**

Please go ahead Mr. Mani.

**V.S.S. Mani:**

Yeah, so we try to keep the pricing as simple as possible and also, something like a measurable response for the Vendor. So there are very interesting features like you get to see a lead, but when you grab the lead, your money gets deducted. And there will be three types of packages. Each one of them, they

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have different types of features, as the basic package could be as less as INR 3000 a month and there could be couple of other packages, which would give much better features and, you know, kind of positioning, perhaps more leads, trust and verified and other features. We are also bundling a state of art website with this at the higher value packages. So they not only get a complete comprehensive digital catalog, as you saw in the demo, we also give them a state of art website, which they can make use of until their relationship continues with us and they continue to pay us, they get to enjoy it for free of cost.

**Rishit Parikh:**

Sure.

**V.S.S. Mani:**

And it's a complete digital solution for them.

**Abhishek Bansal:**

Okay, so that answered your question?

**Rishit Parikh:**

Now, I'll get back in queue. Perfect. That give us the initial feelers.

**Moderator:**

So before I take the next question, I will announce again, participants if you have any questions, please press '0' and then '1' on your telephone keypad. So we have a question from Pranav from Edelweiss. Your line is unmuted Please go ahead.

**Pranav:**

Yeah, thanks for the opportunity. My first question is regarding, you know, the unique customers. So, can you give some color on how the unique customers have trended? You know, in the previous quarter as well as in the last quarter, because I would have expected some subscribers to actually go away. And, you know, they gradually coming back to, you know, possibly pre-COVID level and then growing. So where do they stand versus pre-COVID? That's my first question.

**Abhishek Bansal:**

So Pranav on paid campaigns, you're right. In first quarter, there were certain segments in which due to lockdown people were not willing to subscribe at all. Now, as lockdown is getting eased, those particular customers are coming back. Having said that as lot of us, on this particular call, can appreciate that many of us have still not started getting out. So in advertising, it does happen that a particular customer wants to have clarity on monetization before they commit to advertising spend which is what probably explains few months which are being taken in order to recover to reach that to pre-COVID levels. In the past also, we have seen it's always the traffic that leads to monetization considering the traffic is coming back. I think it should be just a matter of few months before monetization catches up.

**Pranav:**

Okay, just to follow up on that, is there a significant variation in the first month - in terms of the collection for the first month of the quarter and the last month of the quarter. So basically what is the run rate because you did earn around INR 140 crore collections during the quarter? So, what would have been the collection for the last month or, you know, the current run rate?

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**Abhishek Bansal:**

So, in the quarter, we did collections of about INR 160 crores and you are right the exact run rate was better at about INR 58 crores for the month that just passed by. October, it was even better and about 5-6% sequential growth. October we should likely be ending at about INR 60 to 63 crores, which effectively means that versus pre-COVID levels of about INR 78 crores of monthly run rate, we are already at about 78% to 80% of that.

**Pranav:**

Okay, my last question is on the B2B segment. Can you give some color on, you know -- so you have done the fantastic demo of the B2B product, just trying to understand that, you know, how many listings which have been covered and have already been uploaded? I mean, is the B2B portal what you have uploaded, you know, will be there, you know -- I mean, all the listings which have been uploaded, or at the time of product launch, the number of listings which significantly go up on the B2B side?

**V.S.S. Mani:**

Listings are 6 million listings, which are being uploaded there. In terms of enrichment of catalog, the process is continuously on. On a daily basis, we are developing in thousands. So, obviously, at the time of launch, should be much, much more enriched catalog than what we see now. Now, of course, you get only a preview. So that's what the service is.

**Pranav:**

Sir, my basic question is that you are uploading on the real time. So the listing comes in, you upload it, it's not that, you know, the quality or the quantity of listings, in terms of the number of products will go up significantly at the time of launch of the website.

**Abhishek Bansal:**

So Pranav, out of the total 30 million listings that we have, 6 million pertain to B2B. Majority of those listings, we always had. They have been amassed over last whatever 15-20 years and that is the segment from which we are getting 20% of revenues. As part of JD Mart, where a lot of searches will be triggered from product searches, meaning you will directly search a product; those digital catalogs are getting enhanced in all these particular listings. As we speak, 30 million products are already available in all these particular 6 million listings that we have and on a daily basis, there is content enrichment that is happening on the B2B side.

**Pranav:**

Okay, great. Thank you. That's it from my side and all the very best for your B2B venture.

**Abhishek Bansal:**

Thank you so much.

**Moderator:**

Thanks for your question. I'll repeat participants, if you have any questions, please press '0' and then '1' on your telephone keypad. We have a question from Vinay Jain, individual investor. Your line is unmuted. Please go ahead.

**Vinay Jain:**

I wanted to ask when we are planning to launch this JD Mart? Hello.

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- Abhishek Bansal:** Yes. So to your question on launch, we are targeting to launch JD Mart by the end of this calendar year. So sometime in December is what we are targeting launch of the platform.
- Vinay Jain:** Okay and in what way it is better than Indiamart? What is unique feature which is not there in Indiamart?
- V.S.S. Mani:** No, we don't want to get into any comparison right now. When the product is launched, you would be able to see something distinctly unique to what we have created. And there is enough scope in the market for or to marketplaces to exist. As you can understand that, you know, most of businesses have realized how important it is to go online, go digital, and go -- for them digital means more importantly a marketplace where the customers are there. So we are very proud of our features and we got certain features, not that it cannot be replicated, but then, those features are not there in any other portal right now. So when we launch it, you get to see it. In terms of quality presentation, everything, you'll see it will be distinctly unique at this point.
- Vinay Jain:** Okay, thank you.
- Moderator:** Next question we have from Ankit Gupta, individual investor. Your line is unmuted. Please go ahead.
- Ankit Gupta:** Hi sir. Regarding the B2B model, what will be our business model, it will be a premium or it will be a pure subscription, like model. That's number one. And second, once you launch as a marketing initiative, will you be going -- will you be offering free service for starting phase, three months or six months? What is the plan like?
- V.S.S. Mani:** So all the 6 million listings are entitled for a premium catalog. So the idea is to get them all download our JD Mart app, update their catalog, own it, and all those things. So that's how you create a great ecosystem and a great marketplace because in B2B the sellers can also the potential users for the product. So premium definitely is going to be there for all 6 million. Everybody can enjoy the catalog. In terms of access to leads and all that, the privileged ones will get more and not that the premiums won't get it, but then the ones which are paying or taking premium listings are the ones who'll get access to, you know, qualified leads. So that's how it is going to be and -- yeah, what was the second question?
- Ankit Gupta:** Regarding your initiatives, yeah marketing initiatives.
- V.S.S. Mani:** Yeah, marketing, of course, will be big bang launch. You will see it in all over the media whenever we launch. It will be covered both digital, television as well as every possible channel to reach out to businesses.
- Ankit Gupta:** Okay, and sir, have you decided the pricing for the premium subscription?
- V.S.S. Mani:** Like I said, it will be as simple and minimal as INR 3000 a month, and upwards depending on the kind of keywords, the number of catalogs you want to display,

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as well as the quantum of leads they want to access. So it will be based on that. So basic package will be as less as INR 3000 a month which is just INR 100 a day.

**Ankit Gupta:**

Yeah, yeah. Got it. Thank you, sir. Got it.

**Moderator:**

Before I'll take next question, I'll announce again, participants if you have any questions, please press '0' and then '1' on your telephone keypad. Next, we have Anmol Garg from Motilal Oswal. Your line is unmuted. Please go ahead.

**Anmol Garg:**

Hi, sir. Sir, just wanted to know that what would be the average realization of the current B2B listing on our flagship app?

**Abhishek Bansal:**

So current average realization pre-COVID was about INR 20,000 per campaign per year. So against our overall company level, B2B was fetching us around 10% higher ticket size.

**Anmol Garg:**

Okay, and, sir, are we confident that the higher pricing point will not impact our current B2B listing revenue while we are migrating our B2B listings to JD Mart application?

**Abhishek Bansal:**

See definitely not the price point at which we currently operate INR 20,000. It will be even less than say whatever INR 1700-1800 a month and in B2B what we realize customers definitely have the propensity to be able to pay much higher. So the customer is saying that if you can deliver me higher value, I'm willing to pay even twice-thrice of that particular amount. So specifically on B2B side because those customers themselves have a much higher ticket size versus a B2C SME, that is why I don't think so ticket size should be any particular problem.

**Anmol Garg:**

And sir, lastly from my end, the customers who are not switching to the JD Mart app, will they be able to list down their products on the flagship app under the B2B part?

**Abhishek Bansal:**

So all customers, as we have mentioned, will be able to showcase their particular product on the platform, both Just Dial as well as JD Mart. In order to access premium features such as access to qualified leads, they will be required to pay a certain amount.

**Anmol Garg:**

Okay, okay. Thanks. Thanks.

**Moderator:**

Next, we have Deep Shah from Ambit Capital. Your line is unmuted. Please go ahead.

**Deep Shah:**

Yeah, hi. Thank you for opportunity. I just wanted to ask that over the last three quarters, we've seen around 2750 employees being reduced. So what is the thought process on that front? And will we see that incrementally this headcount should increase as we build out specialized teams for B2B?



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**Abhishek Bansal:**

So, Deep, on the employee count from last six-seven months, we have been very, very restrictive on hiring. Hiring has been opened up only in last one, one and a half months. That is why one of the reasons has been for this particular drop. Also, in order to optimize on our particular payroll costs, we did some rationalization in terms of rewarding top performers more and bottom performers were treated on a performance-link basis. Going forward, I think we should be adding to current particular headcount. However, endeavor will always be to ensure that current resources output should be optimized to the extent possible.

**V.S.S. Mani:**

See, one, of course, because of COVID, the access to customers reduced drastically and hence, you know, we let the attrition happen and we didn't hire new people, we continue to consolidate our existing team and get more productivity out of them. But that's not a long-term strategy. Obviously, when markets open up, mobility becomes normal, then our hiring should be really in full speed and it's already started actually and by the time probably the last quarter of this year or the first quarter of next year, we should be having more headcounts directly or indirectly working for us.

**Deep Shah:**

Okay, thank you.

**V.S.S. Mani:**

More than what it was pre-COVID level.

**Abhishek Bansal:**

Moderator, you can take the next question.

**Moderator:**

Okay, sir. So the next question is from Manik Taneja from JM Financial. Your line is unmuted. Please go ahead.

**Manik Taneja:**

Yes. Thank you for the opportunity. I had a couple of questions for Abhishek and Mani. Number one question was that trends that we are seeing around revenue decline related to the paid campaign trend, there is no wide deviation in terms of the paid campaign in [indiscernible] 15% while revenues being down 31% and that has sustained in the [indiscernible], so what explains that? That is my question number one. The second thing is just wanted to get some sense related to the JD Xperts launch. So how do you essentially plan to compete against some of your private competition? Who may be open to burning cash given the philosophy that Just Dial has [indiscernible]? Thank you.

**V.S.S. Mani:**

I'll take the second question first. So JD Xperts is just an option given to the Just Dial users that they could also book directly through Just Dial and Jd Xperts will be seasoned guys who can give you a different level of service, there is a fixed tariff card, scheduling possible and JD also sticks its neck out to support. Okay, and that's an option to the users and that is required because certain segment of the population wants to move on and we have a fiction-free smooth experience, you know, what I call it like the uberization method of doing things, you know, and that's why there is a need of the hour now is to launch something like JD Xperts, nevertheless. It's not necessarily everything moves to JD Xperts, but JD Xperts is one of those products available and that will also be a standalone app



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called JD Xperts, which people who care for lifestyle, care for quality or expert listing will move on to that. Now in terms of competition and all that, the market is just, not even scratched the surface, things are dramatically changing, you will see there is enough opportunity for more than one player. And also there are many, many users who would probably want to use it via app and some may want to even as simple as call the number and then there schedule it, like pest control service and all that. So the potential is huge. And we are quite excited about it. And our partners are extremely excited about it. So things are looking good. And as far as JD is concerned, some monetization from the start could only get better. The more deeper engagement per users, repeat usage, all this is going to be the outcome of JD Xperts. First question I couldn't hear, so Abhishek you can take that up.

**Abhishek Bansal:**

Yes. On the first question on revenue drop versus campaign drop, see the revenue that you see in P&L is nothing but accrual of what we have sold in past say four quarters. So any particular money that comes into the company, if it is on an uptrend basis, money gets accrued over the tenure of the contract, typically say one year. Now, first quarter had 52% year on year drop in collections and the March month was also impacted due to lockdown. Against that the drop in revenue in P&L is around 31% each for first quarter as well as second quarter. Theoretically, the 52% drop should have shown up in P&L 52% drop in accrual in some particular quarter. However, considering how revenue recognition takes place that effect has been sort of smoothened out to about 30% of the top line. So the key is that how soon can that particular collections number on a monthly basis come back as it comes back -- as it comes back, definitely P&L revenue shall also be back on track.

**Manik Taneja:**

Sure. Thank you, Abhishek. That's helpful.

**Abhishek Bansal:**

Thank you so much.

**Moderator:**

Next, we have Shubhangi Nigam from Kotak Securities. Your line is unmuted. Please go ahead.

**Shubhangi Nigam:**

Thank you for the opportunity. I just have a small bookkeeping question. What is the share of the tier 2 and tier 3 cities in the total revenues as well as in the campaign? And what is your outlook ahead like a year down the line or something?

**Abhishek Bansal:**

So tier 2, tier 3 cities they contribute about 33% to revenue and about 55% to campaigns count. So tier 2, tier 3 cities have been seeing higher growth though they have a much lesser ticket size versus tier 1 cities. Over the long run considering the kind of potential that exists in tier 1 cities itself plus the new product launches that we are having in terms of JD Mart, JD Xperts, etc., I think tier 1 cities should also pick up long run. Tier 1 should still continue to have about 60% revenue share.

**Shubhangi Nigam:**

Okay, thanks a lot. This answers it.

**Abhishek Bansal:** Thank you.

**Moderator:** Next we have Yogesh Bhatia from The Quest Investments [ph]. Your line is unmuted. Please go ahead.

**Yogesh Bhatia:** Hi. Sir, I wanted to ask you how much is the total capital commitment towards JD Mart and of that how much have we already spent on building the app and things like that?

**Abhishek Bansal:** See in terms of -- there is no total capital commitment as such because JD Mart which caters to B2B listing, we have always been having these particular listings on our platform. The development cost is already expensed whatever has gone in last eight to nine months. We do intend to spend aggressively on marketing this particular world-class product that we have created. So, we are planning to have say around INR 80 to 100 crores possibly to be spent on popularizing this particular product over six to nine months post the launch of the platform.

**Yogesh Bhatia:** Okay, and I had one more question who is leading the sales team for JD Mart? Is it our existing team or have we, you know, we have new faces in the team? How is that?

**V.S.S. Mani:** There is a certain person called Suhail Siddiqui will be heading the B2B sales initiative. Already heading it actually.

**Yogesh Bhatia:** Who is it, sir? I couldn't hear.

**V.S.S. Mani:** There are also couple of other who are experts. Suhail.

**Yogesh Bhatia:** Okay, okay. Suhail, okay, okay.

**V.S.S. Mani:** Yeah. He's been with us for last 25 years, almost as old as the company.

**Yogesh Bhatia:** Okay. Achha, he's been with you for 25 years or so.

**V.S.S. Mani:** Yeah, old hands and he's got this passion for B2B. So, he'll be heading this with a group of people.

**Yogesh Bhatia:** So, will it be right for me to assume that the second half of next calendar year we should be -- JD Mart can meaningfully, you know, contribute to the top line of Just Dial?

**V.S.S. Mani:** Absolutely.

**Yogesh Bhatia:** Okay, Okay. Thank you, sir. That should be all.

**V.S.S. Mani:** Okay.

**Moderator:** Next, we have Ridhima from Roha Asset Management. Your line is unmuted. Please go ahead.

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**Ridhima:**

Good evening, sir. Thank you for the opportunity. My question is on the B2B side that to which cities I mean to which tier, tier 1, tier 2, tier 3 we are targeting this B2B segment and in the package side as you said that average realization per campaign is INR 20,000. So, is this -- so when we take any campaigns, so how much horizon basically is it for three months or six months or for say two years or three years like that? Give me some color on that. Yeah.

**Abhishek Bansal:**

Sure. So, in terms of cities, the platform would be a pan India platform. It will cater to every geography out there. We have our feet on street present across 150 plus cities in India. So, all our initiatives typically are at a pan India level. Definitely there will be more focused on industrial belts where monetization potential will be much higher. Coming to your question on INR 20,000, that particular ticket size is on an annualized basis. Our particular most of the packages typically are annual in nature.

**Ridhima:**

Okay, okay. So, isn't it like say more than one year, two year, three year kind of thing?

**Abhishek Bansal:**

There are certain packages which are for longer as well as shorter duration as well. But on an average when we look at our particular ticket size, that is typically the annualized ticket size. So annual revenue divided by active paid campaigns at any point of time, typically gives us the blended ticket size on an annualized basis.

**Ridhima:**

Okay, okay. And in this B2B platform, everything is on upfront payment basis or is there any deferred revenue also?

**Abhishek Bansal:**

So, the endeavor will be that it will be as friction free as possible. So, there will be both payments, options of monthly payment as well as upfront payments. And in case you wish to opt for upfront payment, there will definitely be 10 to 15% standard discount that should be there. So our endeavor will be that any particular customer bases their particular preferences should be able to join our particular paid ecosystem.

**Ridhima:**

Okay, okay. And in the EBITDA margins, so what guidance at this point in time we can give on EBITDA margin and in the top line?

**Abhishek Bansal:**

See, there is no specific guidance that we provide. One has -- all of us can appreciate that currently, the situation remains very fluid in terms of COVID-19 impact, though the good part is that cases and fatality rates are down in India, our traffic has already recovered well, monetization is catching up. On the margin side, as you would have seen that despite a 30% drop in top line, we have been able to pull all our efficiency levers and still able to deliver 30% plus EBITDA margin. So Just Dial has always tried to run business as efficiently as possible. Having said that, the campaigns that we shall launch to popularize our new products that would obviously have impact for few quarters, however, that would obviously be looked as an investment to get much more traffic and monetization in future.

- Ridhima:** Okay, and our total deferred revenue growth Y-o-Y and Q-o-Q? What is the exact number, absolute number?
- Abhishek Bansal:** So deferred revenue for this particular quarter stood at about INR 279.5 crores, which had a decline of about 26% year on year.
- Ridhima:** Okay, and Q-o-Q?
- V.S.S. Mani:** I would like to add a bit on deferred revenue. So if you see in the month of January, we had a collection of 82 odd crores and in the month of February it had come down to 62. Now, that is because consciously we had tried to push more monthly payment packages, you know, and unfortunately that happened right before COVID and hence we are double whammy, you know, so now we are striking the right balance with this new initiative and you will see that things should be looking up in terms of deferred revenue as well with collections going up and you know, so that also is a factor.
- Ridhima:** Okay, and deferred revenue number for the Q1 if you can provide?
- Abhishek Bansal:** INR 287 crores at the end of first quarter.
- Ridhima:** Okay, thank you so much.
- Abhishek Bansal:** Thank you.
- Moderator:** Next, we have Manik Taneja from JM financial. Your line is unmuted. Please go ahead.
- Manik Taneja:** Hi. Thanks for opportunity again. I had a bookkeeping question related to the advertising expenses in the current quarter as well as in the prior quarter. If you could break up the other expenses items, the advertising expenses and other expenses?
- Abhishek Bansal:** Sure. Advertising spend was negligible. For the first two quarters combined, we have spent approximately INR 50 lakhs. For second quarter, it was about INR 20 lakhs only.
- Manik Taneja:** Okay. Thank you, Abhishek.
- Abhishek Bansal:** Thank you.
- Moderator:** I'll repeat participants. If you still have any questions, you may please press '0' and then '1'. Next we have Raeheth Sahni from Ambit Capital. Your line is unmuted. Please go ahead.
- Raeheth Sahni:** Hi, thank you for the opportunity. I just had a question about billing. So how is the billing cycle changing and what proportion of new ads are monthly plans against the three-month or six-month plan?

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**Abhishek Bansal:**

So at this point of time, our signups are around 28% to 30% are on a monthly plan basis and 70-72% are on upfront basis. Here again in the month of February and first of March when we had aggressively sold on monthly plan basis, this particular ratio had almost reversed, 70% were being sold on monthly plan basis and the good part was that because of much higher affordability, we could see about 15-16% jump in our particular signups in the month of February versus say December quarter average. Our endeavor going forward will be as soon as all the lockdown restrictions are fully lifted, our sales employees are able to visit employees freely, we would want to, again go back to our monthly plan strategy because under that strategy, it enables any SME to come into the paid ecosystem in a very frictionless manner.

**Raeheth Sahni:**

Okay, thank you.

**Abhishek Bansal:**

Thank you.

**Moderator:**

So at this time, there are no further questions in the queue. So, I would like to now hand over the floor back to the management for their closing remarks. Over to you, sir.

**Abhishek Bansal:**

Thank you everyone for joining us. In case you have any further queries, please do reach out. We will do our best to address and you shall get regular updates on our new initiatives. That's it from my side. Thank you.

**Moderator:**

Thank you so much speakers for addressing the session. Thank you participants for joining in. That does conclude our conference call for today. You may all disconnect now. Thank you and have a pleasant evening.