



“Just Dial Limited
Q1 FY2022 Earnings Conference Call”

July 19, 2021



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Moderator: Ladies and gentlemen, good day, and welcome to Justdial Limited Q1 FY2022 Earnings Call. As a reminder, all participant lines will be in the listen- only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing “*” then “0” on your touchtone phone. Please note that this conference is being recorded. I now hand the conference over to Mr. Rishit Parikh from Nomura Financial Advisory and Securities. Thank you, and over to you, Sir!

Rishit Parikh: Thank you, Mallika. On behalf of Nomura, I would like to welcome you all to Justdial's 1Q FY2022 earnings call. We have with us the CFO of the company – Mr. Abhishek Bansal. Unfortunately, due to exigencies, we could not have Mr. V.S.S. Mani on the line today. Without further delay, I would now like to hand over the call to the management. Over to you, Abhishek!

Abhishek Bansal: Thanks Rishit. Hi everyone, welcome to Justdial's earnings call for first quarter of fiscal 2022. Before we discuss quarterly results, I shall share quick update on our strategic partnership with Reliance.

Reliance Retail Ventures Limited, Justdial and the promoters have entered into definite agreement under which firstly Reliance shall acquire 25.33% stake in the company via new shares that will be issued to a preferential allotment for a total about 2165 Crores. Secondly Reliance shall also acquire secondary stake from Mr. V.S.S. Mani for about 1332 Crores which would be equivalent to 15.62% on post preferential share capital. The above acquisitions will take Reliance stake to about 40.95% and it will figure an open offer for a further 26% stake of the company on a fully diluted basis.

Assuming a full pickup in the open offer Reliance would hold about 66.95% stake in the company post the transaction on a fully diluted basis. Reliance Retail Ventures Limited has already made an announcement for the open offer for a total consideration of approximately 2222 Crores. Current promoter shall hold a residual stake of about 10.69% and Mr. V.S.S. Mani shall continue to drive next leg of Justdial's growth as MD & CEO of the business.

Coming to quarterly results, as we all know the unexpected second wave of COVID-19 had a significant impact on the economy as a whole and SMEs in particular. Our operating revenue for the quarter stood at 165.4 Crores declining 5.8% quarter-on-quarter.

With lockdown easing and impact of COVID-19 abating post the first wave, monetization had been on an improving trajectory until March 2021; however, the second wave restrictions impacted monetization during first quarter of fiscal 2022 and collections

declined about 29% sequentially. Monetization should likely recover hereon with COVID second wave impact also reducing.

As we had communicated earlier, we advertised during IPL 2021 to promote our newly launched B2B platform, JdMart. We spent about 50.5 Crores on advertising and promotion during the quarter. The campaign has resulted in good branding and awareness about the platform. As a result of this lumpy expense booking during the quarter we have incurred loss for the quarter. Adjusted EBITDA stood at a negative 10.4 Crores, other income was at normalized levels of 22.8 Crores and overall we had a loss of about 3.5 Crores at PAT level. Cash and investments stood at 1533 Crores as on June 30.

Coming to operational highlights despite COVID impact traffic witnessed only 3.9% sequential drop to 124.1 million unique users for first quarter. On JdMart we have already rolled out logistic services on our mobile site, apps should follow shortly. In parallel we are working to enable end-to-end transactions on JdMart under which a buyer can place order for products listed on JdMart, payment can be made in full or part, payment shall be routed via JdMart payment escrow service mechanism, seller can ship products via JdMart Logistic Service or even directly and ultimately a seller shall repeat payment upon delivery confirmation by the buyer.

So with this brief update we shall now open the floor for questions. Thank you.

Moderator: Thank you very much. We will now begin the question and answer session.

Rishit Parikh: This is Rishit. I will go ahead with the first question as we see the Q&A queue assemble. So couple of questions essentially from my side. One, if you could related to the transaction if you could just talk about the synergies or the benefit that we will have from the access to Reliance per this transaction, is there a three to five year strategy that we sort of embarked on before we went ahead with this transaction? That is one. Second on margins, I think realizations again look much softer. Are we discounting again to retain customers and if you can just provide a color on how do we see the trajectory inching up in the next couple of quarters?

Abhishek Bansal: Rishit, on your first question on synergies. See at this point of time, we have entered into definite agreement, so the transaction will take some time to get concluded. There are multiple steps to the transaction. I think once that happens, we have RRVL on our board that is when we would be holding detailed discussions around potential synergies etc., and we would be in a better position to elaborate on the same. On your second question around margins, so at this point of time till March we were at about 90% of pre-COVID levels, but the second wave obviously caught all of us off-guard. So last particular quarter not much

about discounting but definitely there were SMEs whose, if renewals were due they wanted to push those renewals out, high value SMEs would want to bid for their business to recover and then participate back. So yes, first quarter did have an impact on collections, first wave, second wave abating likely pressures improve hereon and as and when collecting etc., improve both campaigns and realizations should be back on track.

Rishit Parikh: Just on the first question if I can throw up a little more. We would have done some amount of due diligence, before we sort of start about this transaction. I just wanted to get the initial thoughts and not like a detailed strategy so that is one, and the follow up that I had is that even after spending about 50 Crores of ad spends our traffic is largely similar on a Q-o-Q basis it has come down. If you can just provide a little more color on that, that will be helpful? Thank you.

Abhishek Bansal: See yes definitely obviously both parties would have engaged to figure out what all can be done. So over last several years we have created a great asset in terms of 30 million listings the relationship with SMEs and RRVL also wants to grow India's SME ecosystem, digitalize SMEs etc., so there could be multiple areas where synergies would exist and sorry what was the second part of the question?

Rishit Parikh: Even after the ad spends was roughly about 50 Crores, if you look at the overall traffic it is still weak?

Abhishek Bansal: Correct, see in as far as advertising is concerned couple of things; one, there was never be a one-on-one correlation in terms of process and then advertising. What this advertising has done is that today if my sales personnel goes and the SME and talks about JdMart. A good percentage of SMEs do know about JdMart with that there was a campaign with Mr. Ranveer Singh as part of IPL. So as a result of all this that conversations beginning becomes much easier so all those things have a long-term benefits and that may not necessarily translate into traffic on an immediate basis.

Rishit Parikh: Understood. I will come back in the queue.

Moderator: Thank you. The next question is from the line of Varun Goenka from Nippon India Asset Management Company. Please go ahead.

Varun Goenka: Congratulations for this milestone. I wanted to understand Reliance Retail also infusion cash in Justdial even though it already has 1500 Crores, so what this Justdial has been holding substantial amount of cash, what is the thought in terms of the areas of investments that we are looking at more of the products abilities that we are looking to build or how are looking to further increase our distribution etc., anything on this Abhishek would help.

Abhishek Bansal: Varun yes we would be holding about 3700 Crores cash post this equity infusion so there are multiple areas of investments, we want to rollout certain grade products that we have built over last several years, there could be newer products that we could be working upon, there would be investments in technology, feet-on-street online selling platform etc. So, in a nutshell, as I said that at this point of time while we have entered into these agreements over next few months is when we would be holding detailed discussions around this.

Varun Goenka: I think there is actually nothing more to, but I will get back in the queue. Look forward to the next few months. Thank you so much.

Moderator: Thank you. The next question is from the line of Shyam Sundar Sriram from Sundaram Mutual Fund. Please go ahead.

Shyam Sundar Sriram: Good evening. Thanks for taking my question. Sir my first question is just related to the prior question. So much shares are we having any acquisition in this space Sir, does it throw any inorganic growth that we may take with this cash on our balance sheet per se or do we want to continue to grow the JdMart business organically, any thoughts on that and added to that, Sir, on an acquirer perspective how do you think and what is the end goal of them for JdMart today see JD's as the B2B vertical which complements our existing initiatives on the B2C side what are your thoughts on that front. These are the two questions from the acquisition perspective? I have one more question I will come back after this.

Abhishek Bansal: Shyam, on your first question regarding possible usage of cash, definitely we shall work to organically grow the business, at the same time if there are any organic opportunities which would have synergies with Justdial we would be open to evaluating. As I mentioned that at this point of time, the focus would be to grow the business organically be it Justdial platform or JdMart or any other newer initiatives. As far as acquirers perspective is concerned, as I mentioned earlier there the key thought process is that Justdial has created a great asset in terms of 30 million listings. JdMart platform is also shaping up well. So this particular partnership both companies do think that they can (audio cut) 14:37. Yes so I was saying that from acquirer's perspective as well they do believe that JD has a great asset in terms of 30 million listing days. JdMart also is shaping up pretty well. So both companies would work to grow the SME ecosystem in India, digitalizing SMEs and the detailed plans around the same would be finalized over the next few months.

Shyam Sundar Sriram: Sir and my other question is on the employee headcounts say employee count has been coming off as compared to the F2021 or F2020 levels so while if that the case? Are we seeing a very gradual pickup in terms of the new subscriber addition and hence we have proactively grown our employee headcount any thoughts on that?

- Abhishek Bansal:** See on employee headcount as you would appreciate that this particular quarter especially the months of April, May all of us were scrambling to advertising safety of our employees. So we were not at all focused on any incremental hiring etc. So this is that in the month of June we as our routine exercise have certain performance related exits as well. So the thought process was that with this second wave hitting us hard, let us try to have as much automation in place and not look at immediately replenishing whatever attrition etc., is taking place. So going forward with this second wave impact abating, we would look to one hire back the salesforce that has gone down. Second also explore ways of reaching SMEs online via our direct online sales.
- Shyam Sundar Sriram:** Sir this employee reduction is more of national attrition and we have not replaced them that is how it works?
- Abhishek Bansal:** Yes, so this particular quarter we did not go for any incremental hiring plus there were certain performance related exits as well. In future quarters we should be back on track.
- Shyam Sundar Sriram:** Sir on JdMart where are we now any metrics that you can share in terms of the paying subscribers that has come on board as compared to with from the long stand or anything that you can share on the JdMart side, it would be helpful?
- Abhishek Bansal:** On JdMart the first thing that we are doing is we are in the process of putting up a sales team so some of those initiatives got delayed by couple of months due to second wave impact; however, right now we are in the process of putting up sales team for JdMart. At the same time on traffic side, pages are getting indexed as we speak about 6.5 million, 7 million pages have already been indexed, so broadly is happening both on ramping up traffic and subsequently monetization as well.
- Shyam Sundar Sriram:** Thank you very much. I will fall back in the queue.
- Moderator:** Thank you. The next question is from the line of Sudheer Guntupalli from ICICI Securities. Please go ahead.
- Sudheer Guntupalli:** Good evening. Thank you for the opportunity. First question from my side, we know that Mr. Mani and the management team imposes immense faith in the company and its forward-looking growth prospects. So in that backdrop we would have loved to see any potential partnership from RIL side or any other prospective bidder side so kind of shape up in the form of primary infusion of growth capital into the company. So just little curious as to why Mr. Mani decided to exit a significant part of the stake.

- Abhishek Bansal:** See Sudheer definitely there is a 2000 Crores plus primary infusion that is happening so this transaction should be look by the composite transaction which has a primary component, which has a secondary component and there is a open offer as well and as far as exiting or not exiting at Mr. Mani's part is concerned so he has put in 25 years building this particular business even after this particular stake sale he would be at close to 10% which is a very decent stake and both parties shall work to grow the business here on.
- Sudheer Guntupalli:** Extension of Rishit's earlier question, just a little curious on why is the transaction happening at Reliance Retail level and not at Jio platforms level intuitively one would have expected the transaction to happen at Jio platform's level right for any synergies to materialize?
- Abhishek Bansal:** See the entity is not that important at the end of the day. It is the Reliance Group with which we are partnering since Reliance Retail is more closer to SME that is why partnership with Reliance Retail.
- Sudheer Guntupalli:** You are essentially saying that it little fluid and that is not necessarily just because the legal entity acquiring as this Reliance Retail it does not necessarily stop us from let us say exploring any possible synergies with Jio platform sort of a business?
- Abhishek Bansal:** As I said see at the end of the day, we would continue to run as a independent listed company and as far as the synergies are concerned which could help us exploit the SME opportunity in India better those could be with any of the RIL Group companies.
- Sudheer Guntupalli:** Lastly, any thoughts on the branding at Justdial and the application hosting of Justdial and the branding of JD and JdMart remain status quo or will it change? Secondly will the JD and JdMart apps be hosted on a standalone basis or it will be hosted on MyJio also going forward?
- Abhishek Bansal:** As I said see at this point of time likely branding will remain as it is, business would still be run in the way it has been done so far along with the possibilities of growing it further and whether it will be part of MyJio platform those are a kind of synergies but over next few months, we will figure out so whatever will be in the best interest of both parties those steps will be taken.
- Sudheer Guntupalli:** Just one last question if I may as of now there is no thought about delisting the company, I am assuming or is my assumptions wrong?
- Abhishek Bansal:** No. There is no such thought.
- Sudheer Guntupalli:** Thanks Abhishek. All the best.

- Moderator:** Thank you. The next question is from the line of Vivekanand from Ambit Capital. Please go ahead.
- Vivekanand S:** A bookkeeping question can you please help us with the split of the revenues and the campaign that is question one?
- Abhishek Bansal:** Revenue and campaigns broadly the split has been similar compared to previous quarters tier II, tier III about 35% on revenue contribution and about 55% on campaign contribution.
- Vivekanand S:** Sir second question is on the shareholders agreement that the three parties have signed Justdial, the family and Reliance Retail, if you could help us understand specifics of the governance on the use of cash for example dividend payout, treasury practices and decision making on new outlay for new projects. Second thing is with respect the board composition what does the SSA mentioned and thirdly with respect to accounting for projects under development right now for example we expense the entire amount of spends that we undertake on JdMart will that practice remain because these are assets that may have future economic benefits and therefore they can also be recorded as in the balance sheet, right? Thank you.
- Abhishek Bansal:** So Vivek on your first question the usage of cash, management of treasury, dividend payouts, etc., so there are not any specific covenants etc., which determine the same. At the end of the day Justdial its board will decide how to best deploy that particular capital for any organic, inorganic growth or any such opportunities and same will hold true for management of treasury as well. So net-net the existing management will continue to take decisions as it was happening earlier. On the board composition, definitely the understanding is that the acquirer will have a sole control so they will have the representatives on the board in line with whatever are the norms for board composition. On your third question around the accounting practices so my understanding is that accounting is driven by Ind-AS or the relevant Accounting Standards there could be areas where you could actually take decisions basis; how, whether it can be capitalized or not so I do not think so any of those decisions are dependent on the transactions. At the end of the day, the management you have the statutory auditors they will collectively go by whatever Accounting Standards say.
- Vivekanand S:** Yes, just one small follow-up. Mr. Mani will be the only representative of the minority, I mean currently we have one non-promoter, but significant shareholder, director and Mr. Mani's family members on the board. So how will t hat look like as far as the board composition goes?

Abhishek Bansal: As far as board composition is concerned, Mr. Mani since he will be the MD and CEO he will definitely be part of the board, rest of the board composition will be decided as and when this particular transactions progresses. There is not any specific hard and fast covenants to say that X members will be there or X members will not be there those particular details will be finding as we go forward.

Vivekanand S: Thank you very much, all the best.

Moderator: Thank you. The next question is from the line of Keshav Lahoti from Antique Stock Broking. Please go ahead.

Keshav Lahoti: Thank you for the opportunity. Sir I want to understand as because of COVID JdMart sort of is bit delayed so ideally when should we expect the monetization to play out for JdMart and how the monetization will play out?

Abhishek Bansal: Keshav on JdMart, we are sort of clear that it is not that we want to rush into monetization. This particular platform is being built with the thought process that it should be the B2B platform for any Indian MSME over the next few years, which would one require traffic to be significantly ramped up. Second on the monetization bit we might want to offer 30 day, 60 day, 90 day, free trial to SMEs so that is how we want to approach it. As far as monetization etc., is concerned, as I mentioned earlier during my initial remarks that we are already in the process of putting a monetization team but we are very clear that we want to have a great product in terms of the content should be very comprehensive, we want to have as many rich digital catalogues as possible we want to give a flavor to SME so that they should perceive this particular platform as a great platform for their business and then monetization will obviously pickup. So one or two quarters of early or delayed monetization does not matter much in the broader scheme of things.

Keshav Lahoti: With Reliance coming on the board someone like Reliance is known for aggressive nature if you take something like Reliance Jio so should the aggressiveness of JdMart will more increase going forward any plans of increasing ad spend?

Abhishek Bansal: With the primary infusion definitely we would do whatever is needed to grow the business. Now whether that will entail aggressive spends on advertising or aggressive spends on putting feet-on-street to make SMEs aware about the platform etc., so all those we will sort of finalize over the next few months.

Keshav Lahoti: Thank you. That is it from my side.

Moderator: Thank you. The next question is from the line of Abhilasha Satale from Dalal & Broacha. Please go ahead.

Abhilasha Satale: Thank you for giving me the opportunity. I have a question on advertisement spend so during the quarter it has increased substantially because of the advertising during the IPL. So going forward how do we see our advertisement spend for the rest of the year? Our quarterly run rate has been in the range of 20 Crores to 25 Crores this quarter it has been higher so is it like most of it we have spend additional because we were saying that 200 Crores over next two years so how much will be there additional for the rest of the year? This is my first question.

Abhishek Bansal: Abhilasha on ad spend that we had communicated during our previous earnings call that FY2020 we had spent about 65 Crores, FY2021 we hardly spent about 3 Crores, 4 Crores and FY2022 we had budgeted about double of FY2020 so about 120 Crores, 130 Crores. So first quarter we have already spent about 50 Crores, we have the original basis original plan we could spend another 70, 80 Crores for the rest of the year. Having said that at this point of time over next few months, we shall be chalking out, reworking on our strategy and basis that if any ad spends need to increase or decrease those tweaks will be done.

Abhilasha Satale: How is the response post the advertisement, because most of the advertisement has been spent on the JdMart awareness? In the last call we had mentioned that downloads had increased to around 15000 to 20000 per day so how is the situation currently and with second wave receding how much confident we are going back to the active customer base of 5 lakh plus over say over how many quarters do we see you having that?

Abhishek Bansal: See on response for JdMart one way by which we evaluate is responsiveness of customers when it comes to creation of digital catalogues so that response has been pretty good. Incrementally, it has become easier for our teams or our outsourced vendors to be able to create those catalogues because vendors are aware that this is the new B2B marketplace that has come up. So that way the response I would attribute it to be quite well. On your second question around by when we would reach say a 5 lakh plus campaign see as I mentioned so things are on a recovering trajectory till March and since a good percentage of our revenue comes from B2C segment, SMEs which were severely impacted both in the first and second wave of COVID, it is becoming bit unpredictable. So hopefully if there is not adverse impact due to subsequent COVID base recovery should relatively be faster this time around, but we are assessing the situation on a monthly basis so post April and May things are recovering so I think next couple of months will give better clarity on by when overall monetization and subsequently campaigns could pickup to pre-COVID levels.

Abhilasha Satale: Thank you and all the best.

Moderator: Thank you. The next question is from the line of Abhishek Bhandari from Macquarie. Please go ahead.

Abhishek Bhandari: Thank you. Congrats Abhishek, congrats Mani, if he is on the call. I think the deal vindicates the last two and a half decade of hard work. So, Abhishek I had a couple of questions; first, if you could give me the timeline of the closure of the deal and the way the pricing was arrived at. How did you arrive at that price?

Abhishek Bansal: Firstly, on the timelines, we shall be holding AGM sometime in mid August and post shareholder's approval, the primary tranche should get closed sometime in August end. As far as open offer timelines are concerned, open offer will take probably another one, one and a half months to close and as far as the pricing is consider the second wave tranche was obviously negotiated between the promoters and the acquirer and as far as preferential issue and open offer pricing is concerned that was basis SEBI's ICDR regulations which govern both preferential pricing as well as open offer pricing. We made a set formula which gives the floor price basis the average price for the last two weeks, 26-weeks, 60-days etc., basis that there was a floor price and the set price is higher than that particular floor price.

Abhishek Bhandari: The reason for asking this question Abhishek is that this is such a large takeover scenario where the Reliance Group practically will be owning majority stake, the shareholders would have assumed a controlling premium prevailing to the current market price. So, I was curious what made the money offered at a discount and do the transaction.

Abhishek Bansal: One cannot look at pricing just from a very recent share price perspective. So, one way to look at it could be that the share prices currently at say five-year high. In the last one, one and a half years, not before us across companies we have seen valuations swinging a lot. So, the thought process of the board, company, promoters, was simply that whether the valuation is reasonable enough and whether this particular strategic partnership makes sense and basis that they decided to go ahead with it.

Abhishek Bhandari: My second question Abhishek is in the past, you guys have been known to be very frugal with cash and that is probably reflected in you conserving cash and not very stable growth, in terms of traffic. Is it fair to assume that that strategy might change given that I would presume that broadly speaking on the tech side your investments have been done so, unless you are going to acquire something big, so is it fair to assume that the bulk of this 3500 to 3700 Crores on the cash post August, you will be chasing growth and delaying the monetization or the initiatives.

Abhishek Bansal: Abhishek I do not think so it would be correct to say that we were frugal to the extent of sacrificing growth. We were always clear that we do not want to spend Rs.2 to get Re.1

revenue. So, we were always adverse to giving cash back discounts, which we felt were just instant gratification tools and were possibly not going to result in those users sticking for long-term etc., so going forward obviously we will do whatever is needed to grow the company. Just throwing cash possibly is not the right strategy, but there are several other ways of growing the business. For example, you can invest in your product and technology, once you have a great product, you can obviously list in a strong advertising. You can rest on monetization in your sales team, fleet on street, customer support, so there are multiple avenues to do that.

Abhishek Bhandari: Abhishek my last question is throughout the call, you have been mentioning B2B platform being the primary focus of the transaction. I heard that plays the most. So, is it fair to assume that your JD which is your biggest platform or the other platforms like JD Expert, JD Omni, star taking a backseat and the focus becomes JdMart or it is just you spoke about it because the questions were more around it. I am just trying to understand which products of yours will become incrementally more in focus given that most of the other ones actually are at a very nascent stage.

Abhishek Bansal: From my end, I did not specifically say that B2B will focus, probably it is a coincidence that since the questions were centered around B2B that is how the inflation went. From our perspective, we are very clear that it is overall Justdial that has to grow both the B2C and B2B side. B2C side would entail rollout of products, which would be transaction centric then we have created this JD Omni platform over the last several years, which we believe that can do wonders in terms of digitizing India's SME and at the same time, we have created this parallel B2B platform probably because JdMart is now launched that is why the focus on JdMart is higher, but internally we are clear that there will be separate team working on each of these separate products.

Abhishek Bhandari: Got it Abhishek. Look forward to more details in coming months. Thank you.

Moderator: Thank you. The next question is from the line of Mohit Motwani of HDFC Securities. Please go ahead.

Mohit Motwani: Thank you for the opportunity. My question was on the sales trend which has come down, so I see that since Q3 of FY2021 we have been bringing down the sales trend significantly. So, is this the reason for this also will be the same as employee headcount that attrition and performance-related exists or something else because with your high advertising spends, I believe that you would want to go aggressive on acquiring customers. So can you give some thoughts on why the sales trend has come down drastically?

- Abhishek Bansal:** Mohit that was the thought process up until February and March. We wanted to aggressively ramp up our sales team in April and May. However, end of March or beginning April onwards the second wave hit us extremely hard, so at that point of time, we said that it does not make sense to just push hiring, so let us prioritize safety of our employees. Secondly, since business monetization was adversely impacted, we said that okay, let us now again work towards bringing in efficiencies, so all of that has been done. So going forward we would work to grow sales team for Justdial as well as I mentioned earlier, we are putting up sales team for JdMart as well.
- Mohit Motwani:** I understand that going forward you will be having more of incremental hiring on the sales trend side so as to push your offerings on JdMart as well?
- Abhishek Bansal:** Our hiring requirements are more on sales side even on the sales side, we are working on how we can get part of our revenue directly online instead of just depending on sales assisted monetization and for rest of the departments, yes there could be certain hiring if need be on the technology content side, but bulk of the requirements are likely to be on sales and monetization front.
- Mohit Motwani:** Thank you so much.
- Moderator:** Thank you. The next question is from the line of Vijeth Jain from CitiBank. Please go ahead.
- Vijeth Jain:** Thank you for the opportunity. Congratulations on the deal. Abhishek, I just got one question remaining. Looking at your sales staff and the feet on street, do you think that strength that we have close to 4000 odd people on the feet on street side, is that something that can be leveraged by Reliance to sell some of their other offerings to SMEs directly should we think of them relationship managers or not?
- Abhishek Bansal:** At this point of time honestly, nothing of that has been thought through. So, any kind of synergies would be up for exploration, which could help Justdial which could help RRVL. So, specifically whether our feet on street can be leveraged or not there has not been any specific thought around the same.
- Vijeth Jain:** Just looking at JdMart and I know you have already clarified on the monetization, long-term, medium, to etc., I am just wondering over the next quarter or so, in terms of investment focus in JdMart is that going to be largely on hiring new sales people or is there more technology product development and leadership recruitment plans also in the work there?

Abhishek Bansal: So, both would be in focus, investments to improve the product further. So, as I mentioned on JdMart, we have already taken logistics, this is live on our mobile platform, we are also working to enable transactions on JdMart, so whatever investments are needed to enable that all those will be done. As far as JdMart monetization team is concerned, that monetization team in the initial months will also assist us with content. So at the end of the day these platforms if you have a great content, content will drive traffic and traffic will ultimately drive monetization. So, product building as well as content will be first area of focus. That should naturally result into traffic flowing in which would ultimately lead to better monetization.

Vijeth Jain: Sir, one final question, just thinking about this balance between traffic and monetization, I know that within the B2B category there can be a bit of an overlap between both buyers and sellers, but just trying to understand how does that work in terms of balance as in you get a lot of traffic say from some advertisement efforts but a lot of listings on your platform are not paid for, so is it that you still saying those leads in a direction of those, customers, and then some months down the line, we can point to them, is that how you are thinking about it by and large?

Abhishek Bansal: We already are monetizing from B2B customers on our JD platforms. So, those customers if they have created distal catalogues, their products would get preference in search results, so they will be the first set of beneficiary. So our existing customers we want to ensure that they get even better value for money for the spends that we have done so that next time, whenever their renewals are due, we can rightfully ask for a higher amount and then some of the leads will also be passed on to quality vendors who have created rich catalogues though they might not be paying, and then over a period of time, once you know that these vendors are getting response from your platform, we can obviously get those vendors to pay a certain amount to continue getting those leads from the platform.

Vijeth Jain: Thank you. Those were my questions. Thank you so much, Abhishek.

Moderator: Thank you. The next question is from the line of Pranav Kshatriya from Edelweiss. Please go ahead.

Pranav Kshatriya: Thank you for the opportunity. My first question is regarding this JdMart platform. Can you share how much is the traffic on JdMart platform currently?

Abhishek Bansal: Pranav, traffic related stat I think, we would wait for maybe one or two quarters, once we have a decent traffic flowing in from Google, which would be a core source of traffic. It will be better to share specific metrics at that point of time.

- Pranav Kshatriya:** Any statistics, which you can share let us say, the number of listing on the platform, the number of photographs vis-à-vis the competition to basically assess that where we are versus the competition because I believe that one needs to be at least at par if not better to really drive the traffic and the monetization?
- Abhishek Bansal:** From our platform perspective, what I can mention is that platform has about 30 million products out of which about one-third plus are uniquely mutual in terms of digital catalogues. We have rich catalogues for about 500000 to 600000 businesses, semi-rich catalogues for over a million such listing; so on the content side, the platform has shaped up pretty well.
- Pranav Kshatriya:** Second question is on if I add up the stake, I think, Mr. Mani and Reliance Group as a whole, I think they will end up holding almost 80% of the stake, so is it possible that somebody will have to share, sell their stake and Mr. Mani will further dilute by 5% from his holding because promoter holding has to be 75%.
- Abhishek Bansal:** So assuming full pick up in open offer the total stake of the promoter would likely go to around 77.5% or so. So, yes it could be 2.5% higher versus 75%, but we shall evaluate in that particular scenario that which party actually sells to bring down their stake and over timeframe.
- Pranav Kshatriya:** Mr. Mani I understand that he will be the Managing Director and CEO but will he also be the Chairman of the Board or there will be somebody else who would be the Chairman?
- Abhishek Bansal:** Even presently, the Chairman of the Board is Mr. B. Anand, who is one of the Independent Directors. So, we will decide on in discussion with the acquirer that what exactly will be the board composition. At the end of the day, board collectively takes decision and it will be a completely professional Board as it has been today.
- Pranav Kshatriya:** My last question is regarding on the cost side, if we look at till last year, we were giving almost 100% of the free cash flow generated back to the shareholder because we are certain that there is no need for capital and I believe that then also you had this JdMart platform which was in the works and even the JD Expert and other platforms were in the works. So, what exactly, is changing whilst this incremental Rs.2000 Crores is likely to be deployed and how should we see this money getting spent in the next few years for the growth of this platform?
- Abhishek Bansal:** Pranav, unfortunately for this question, you will have to wait for a few months. As I mentioned earlier that the transaction has just been announced, definite agreements have been entered into, usage of cash, what all products will be focused on, which are the ones

which will be aggressively pursued etc., so we will decide over the next few months as and when we have the acquirer on our board. That is when we would be able to articulate this better.

Pranav Kshatriya: Thank you so much. All the very best. Thank you.

Moderator: Thank you. The next question is from the line of Sivakumar K from Unifi Capital. Please go ahead.

Sivakumar K: My query has been answered. Thank you.

Moderator: Thank you. Ladies and gentlemen this was the last question for today. I would now like to hand the conference over to Mr. Abhishek Bansal for closing comments.

Abhishek Bansal: Thank you everyone for joining us. In case you have any further queries, please do reach out. We would do our best to address. That is it from our side. Thank you so much.

Moderator: Thank you. On behalf of Nomura Financial Advisory and Securities that concludes this conference. Thank you for joining us. You may now disconnect your lines.