"Just Dial Limited
Q2 FY22 Earnings Conference Call"

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Moderator: Ladies and gentlemen, good day and welcome to Just Dial Limited Q2 FY22 Earnings Conference Call hosted by Nomura Financial Advisory and Securities. 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. Siddhartha Bera from Nomura Financial Advisory and Securities. Thank you and over to you Sir!

Siddhartha Bera: Good morning, good evening, everyone. On behalf of Nomura, I would like to thank the management of Justdial for giving us an opportunity to host this earnings call. To take us through the Q2 FY2022 results and to answer our questions, we have with us Mr. Abhishek Bansal – Chief Financial Officer of Justdial. Unfortunately, Mr. V.S.S Mani – Founder is not able to join due to some unavoidable circumstances. I will now handover the call to Abhishek for his opening remarks and presentation. Over to you Abhishek!

Abhishek Bansal: Thank you Siddharth. Welcome to Justdial earnings call for Q2 for fiscal 2022. Before we discuss quarterly results, I shall share quick update on our strategic partnership with Reliance Group. Reliance Retail Ventures Limited RRVL has recently acquired controlling stake in Justdial via multiple transactions for a total consideration of about 5,719 Crores. They have infused 2,165 Crores into the company via preferential allotment, acquired stake some promoters under a share purchase agreement and acquired further 26% stake via open offer from public shareholder. Consequently, RRVL currently holds about 67% stake in the company and overall promoter group shareholding stands at 77.7%.

Coming to quarterly results, this quarter saw an impact in topline due to decline in collections that we witnessed over past quarters especially the last quarter Q1 FY2022 which saw impact of COVID second wave. Our operating revenue for the quarter stood at about 156 Crores which declined 5.7 % sequentially. Our deferred revenue stood at 334.2 Crores which was up 8.7% sequentially due to sequential recovery in our collection. However, at this point of time, our monetization is still about 25% below pre-pandemic levels but with COVID impact receding an SME business recovery likely to pick up pace, we believe our monetization too should pick up in coming months. Our active paid campaigns stood at about 431,000 at the end of the quarter.

On operating expenses, employee expenses saw about 11.9% Y-o-Y increase. Part of it is due to increment that we rolled out this year which had not been done last year, apart from that we have started hiring talent across sales, products, technology and content our core functions to build strong teams as we plan for next leg of growth of JD.

Other expenses had approximately 2 Crores of advertising spends for the quarter, ad spends should resume aggressively in few months as we rollout some of our pipeline products.

Overall, adjusted EBITDA margins stood at 13.3% for the quarter. Other income stood at 35.6 Crores and overall PAT stood at about 32.9 Crores witnessing a decline of about 30.5% on a year-on-year basis. Cash and investments, stood at 3,773 Crores as on 30 September post 2,165 Crores of preferential issue.

Coming to operational highlights, traffic recovered well sequentially and stood at about 150-million-unit users for the quarter, most of the traffic came organically. On strength of database, total listings now stand at about 31 million. We are working on several initiatives to augment our content which will not only strengthen discovery of product and services on the platform, at the same time our transactional layer shall be enabled across various categories.

With these brief updates, we shall now open the floor for questions. Thank you.

Moderator: Thank you very much. We will now begin the question-and-answer session. The first question is from the line of Abhishek Bhandari from Macquarie. Please go ahead.

Abhishek Bhandari: Hope you are doing well? I had three questions. First, you mentioned your monetization is running 25% below pre-COVID level, if you could guide us by what time frame do we expect it to comeback to a normal level that will be helpful? Second is on your advertising spend, while you have withdrawn from the second leg of IPL but what could be the budgeted expenses for ads for the remaining quarters of this year? Thirdly, the transaction is closed I think you are almost close to a month after the closure of the transaction and all the money is coming in, if you could update us about the reconstitution of board, what is the strategy refresh the company is taking and what will be the plan of aggressively launching some of your pipeline products including your JD Mart and Omni, that will be helpful? Thank you, Abhishek.

Abhishek Bansal: Abhishek, on your first question on monetization, as far as timeframe is concerned, a good percentage of our revenue comes from B2C service-oriented category and SMEs in these categories have the most impacted but the way vaccination is panning out, the way overall economy is recovering, we believe that from here on this particular 25% gap that we have versus pre-pandemic levels, I think in say next about three months to four months likely it should get braced. We are already seeing signs of our sales team getting better traction with customers, so, compared to first wave, where recovery was gradual, I think post second wave especially in coming few months we should be able to break this particular gap. On advertising spends, so advertising spends in this particular quarter they were negligible at about 2 Crores. The overall thought process is at instead of looking just at an annual basis, we are going to calibrate ad spends in line with the product rollout and other initiatives that we shall be undertaking going forward. For this particular year, I think ad spend should resume aggressively in Q4 of this year, so, we have spent about 55 odd Crores during the first half, so second half as and when we see timelines of our products etc., we will decide to advertise during Q4. So it will be a mix of again digital versus mass media. On your question around reconstitution of board, so RRVL has taken control of the company including the board with effect from September 1, so the board has already been reconstituted. At this point of time we have total 11 directors on board, out of which 6 have been recently appointed, 5 are non-independent and one independent director. So, the transaction concluded very recently including the open offer. We are closely working that RRVL leadership team and are newly inducted board members on firming up our strategies we are sort of revaluating all assets of our business. There are several exciting initiatives and pipelines. As and when we decide on how would we allocate our resource for each of these initiatives, which initiatives will be prioritized etc., you will get to hear more details from us. So, overall the third process is that JD has created a great asset in terms of 31 million listings, SME relationship being in place, a good network of feet on street being present, how can we leverage all these in light of these particular partnership to take JD to the next level, so as and when we firm up our plan which should be very shortly over next few weeks, we would be communicating our roadmap our going forward.

Abhishek Bhandari: Thank you Abhishek, all the best.

Moderator: Thank you. The next question is from the line of Vivekanand S from Ambit. Please go ahead.

Vivekanand S: Thank you for the opportunity. I will start with a bookkeeping question could you give us the rate of revenue by the geographies and secondly, similar space for campaigns. My second question is on the product pipeline that we have, would you prioritise, promoting JD Mart or would you want to launch multiple new products like you are discussing your annual report the JD Expert being the sensor model for SMEs, how are you thinking about these new launches, will they happen gradually or will they happen in a flurry in Q4 as you mentioned that the JD will resume that? Thank you.

Abhishek Bansal: Firstly, on revenue split, Tier-II, Tier-III cities contributed about 56% by campaign and about 35% to overall revenues. On your second question around product pipeline, definitely JD Mart is one of the key initiatives we have. We are currently thinking of seeing that how scope JD Mart can even be expanded, so that is one thing that we are working on, apart from that on the B2C category side overall thought process is that while Justdial has been a first destination, how can we take search to the more deeper engagement level in terms of either qualified leads in certain categories or in terms of enabling transactions across certain categories. We would be putting in dedicated teams for handing each of these categories, so as and when those particular product piece get ready, they will get rolled out. Obviously since there are so many categories we will have to prioritise that okay which are the key three, four initiatives that we aggressively want to go after and which are some of the other initiatives which will be rolled out over a period of time.

Vivekanand S: Couple of other questions which I did not ask because it was getting too lengthy, so one of them is the JD app that is currently there, has there been any discussion between your company and your platforms to integrate the JD app as part of the my Jio app or make it part of some other app that Reliance might be planning, so that is one and secondly historically you have been very, very consistent in paying out dividend and returning cash with the new board coming in, has that been discussed and is there any difference in the approach towards returning cash that Justdial will now do or should we continue expecting dividend from the company? Thank you.

Abhishek Bansal: Firstly on JD app been integrated, there has not been any specific discussion around, whether JD app will be integrated with any Jio platform or any RRVL retail platform, the key discussions are around what can JD leverage from strength that RRVL or RIL group brings in, what can they leverage out of the SME relationship and the asset that we have created, so there are thoughts being put around those particular items and whether that would ultimately require any integration etc., that we will see. On your question around dividend or return of capital, so you are right I mean before this particular transaction post IPO we have returned about 700 Crores back to shareholders. At this point of time the thought process is that we operate in a very sort of disruptive sector and instead of thinking about how much cash should returned etc., clearly the thought in the leadership teams mind is that how can we grow JD to the next level. Now that would require investments across various items, first of all talent, second augmenting our content, third could be for any of the verticals that we may want to go deeper, there could be investments pertaining to fulfillment of services etc., then fourth obviously tends towards promoting or advertising those projects. So firstly capital would be allocated to all these and then over a period of time once we see that there is a sustainable growth path for JD 2.0 thereafter we shall think of how efficiently to return cash back to shareholder, so at this point of time natural I would say thoughts are not at all on what should be moved off for returning of cash etc., the complete thought process is on what does JD need to do to get to the next leg of growth.

Vivekanand S: Understood. Thank you, Abhishek, and all the best.

Moderator: Thank you. The next question is from the line of Ruchi Burde from BOB Capital Markets. Please go ahead.

Ruchi Burde: Sticking on the previous question, you sounded that there is a change in the payout policy at JD, so would you say that now with the growth chase profitability is now secondary target or thought process that JD would like to prioritise growth at this point of time, would that be I would say good interpretation of current seat of strategy?

Abhishek Bansal: My assessment is so far basis interactions with RRVL team is that both JD and RRVL have a very similar thought process that any business that we run should have long term unit economics, should have long term profitability, so there might be investments that might be done in short term to bring that particular initiative to a particular sale, but that particular business should not be run with the thought process that we spend 100 to earn Rs.80, so that particular DNA which JD has followed from day 1 that will definitely be in place but yes, we would no longer be any averse to making investments in short to medium term to make our initiatives a success.

Ruchi Burde: Secondly, when we heard you on the board level some changes have there been any talent or total changes on the operational level or executive team level?

Abhishek Bansal: We have been inducting talent, so at senior leadership roles the number of people we have hired in say last six months to nine months is probably far higher versus what we would have done say last four years to five years, so we are inducting senior developers in our tech, product teams, then even on a marketing side we have dedicated CMO in place with dedicated teams. JD Mart there is a 150-160 member team that is already in place, at the same time for all other initiatives the thought process is to have dedicated heads for each of these initiatives. So yes there is a significant investment that is happening on the talent side, similarly on content which is one of the key areas, there are certain four or five good senior hires that are expected to join us in next couple of months.

Ruchi Burde: My next question is regarding our paid campaigns, so is there any geographic skew towards where we are losing, or we lost paying customers where we need to focus more to get them back or these are across the board?

Abhishek Bansal: If I compare paid campaigns versus peak levels of pre-COVID so definitely the drop is higher in Tier-I cities compared to Tier-II, Tier-III cities but one of the reasons obviously is also that Tier-I tends to have a higher ticket size, so when B2C services business of SME got impacted, so high ticket size businesses tend to curtail their spends first but with economy coming back on track, I think we should be able to cover our lost ground even in Tier-I cities. Plus as I mentioned some of the initiatives would be around adding a transactional layer in certain categories and there it may not be necessarily about chasing more number of customer, it could be having certain few quality vendors fulfilling all the orders in those particular categories and overall revenue would be maximized from those few vendors itself.

Ruchi Burde: Understood. That is it from me. Thank you and all the best.

Moderator: Thank you. The next question is from the line of Ameya Karambelkar from Kotak Investment Advisors. Please go ahead.

Ameya Karambelkar: Thank you so much for the opportunity. Couple of questions from my side, firstly, if you could help us with how you are looking at sequential recovery in the active state campaigns finding out and by when could it go back to those pre-pandemic level and from a medium term perspective, is there any kind of target or aspiration that you have for the number of paid campaigns? That is the first question and the second is as we look to aggressively invest in tech and sales employees, could you see a material increase in the employee expenses going ahead? Thank you.

Abhishek Bansal: On your first question regarding sequential recovery in paid campaigns, so last quarter paid campaigns had a de-growth, one of the key reasons there was that due to COVID second wave impact, we could not have our feet on street aggressively meet customer, as a result of that we focused on more of upfront payment, contracts versus monthly payment contracts. Typically historically our average 30% of the customer sign up on monthly payment basis but in last quarter that was only around 9% to 10%. Now what that does is that if you are asking a customer to pay say Rs.22,000 upfront versus timing up on a Rs.2000 per month payment plan, there is a dropping number of customers that tend to sign up, having said that since you get upfront money that is what gets reflected as higher deferred revenue, so despite dropping campaigns, we see sequentially increase in deferred revenue. From this particular month onwards, now since all employees are working from office are able to report to field etc., we are going back to our strategy of aggressively signing our customers be it on affordable monthly payment plan, so I personally see that recovery in paid campaigns should accelerate from here on, before even the revenue goes back to pre-pandemic levels, I am hopeful that campaigns should see recovery much faster. On your second question regarding investments in tech and corresponding increase in employee expenses, we see a good chunk of our employee expenses is towards sales related employee and on the tech side while we are making investments will have to see how that pans out but we are clear that in case investment in tech product content results in increase in employee expenses for a certain period of times so be it. As I said that we operate in a very disruptive sector, so there is no point just conserving cash in bank with the thought process that employee expenses should not go up materially etc., so the first thought process is that make investments whatever are needed and over a period of time, unit economics of those particular verticals will automatically take care of revenues, profitability, free cash flow etc.

Ameya Karambelkar: Thanks, that is helpful. Just to sum up if you could give some qualitative or quantitative color on how the traction on JD Mart panned out this quarter that will be helpful? Thanks.

Abhishek Bansal: JD Mart as I said that on the team front, we already have a team of about 150 odd employees in place, due to the related category we always use to get a certain percentage of our traffic coming to JD platforms, since JD has such a strong brand recall even today JD results tend to get far more prominence versus JD Mart results, so JD's brand equity obviously is overpowering. I think it will take a few quarter, ultimately the thought process is that with this dedicated platform in place with products being available on the platform be it via JD or JD Mart the number of users coming for platform should substantially increase, so we are seeing month-on-month increase in that, I think after the period of time once we have a certain critical mass in terms of traffic we would be able to share those metrics separately as well.

Ameya Karambelkar: Thanks. That is all from my side.

Moderator: Thank you. The next question is from the line of Swapnil from JM Financial. Please go ahead.

Swapnil: Just one question on JD Mart platform again. Can you just help us understand like what is the monetization status of this like have you started on-boarding clients who pay for the services JD Mart services or you are still in the running the trial the campaigns that you are doing. Also how many store fronts, B2B store fronts do you have now. You used to have around 101,000 store front earlier pre-pandemic. How many do you have now and how many are paid basically in that and any update on content that we were supposed to upload and make visible for the buyers, so those kind of metrics if you can share some detail on this? Thanks.

Abhishek Bansal: JD Mart monetization as I said that right now, we are in the process of primarily training the team, so we have put this particular team in last about 32 days to 40 days itself. Our teams have already started reaching out to customers in these particular categories primarily, say manufacturers, distributors, wholesalers are in the first phase trying to explain them importance of being present online etc., so I think in next few months monetization should start picking up. From B2B content side, so at this point of time we have almost a million listings with reasonably rich catalogues, so out of the total universe of about 6.5 million to 7 million businesses which are B2B in nature in about 1 million to 1.1 million basis we do have reasonably rich catalogues on the platform and as far as paid customers are concerned, paid customers on regular JD platform for B2B category, so they form approximately about 20% of our paid campaigns, so approximately 85,000 would be existing paid campaigns for B2B related categories.

Swapnil: Right so the understanding is like JD Mart specific B2B has not started, so there is no monetization, there is no paid supply right now as of now?

Abhishek Bansal: Paid suppliers of B2B segment which were present on Justdial, they are getting priority visibility on JD Mart as well, so if you are a ball bearing manufacturer and you are paying to JD, in that case when you search for ball bearings on JD Mart this particular paid customers product will rank on top, ultimately from a SME perspective they do not care much whether they are getting a lead or visibility from JD or JD Mart, so in that particular perspective those particular customers are getting priority on JD Mart also but the key is that how do we quickly get incremental revenues from this particular initiative, that incremental revenue should start flowing in coming months with the new dedicated team being put in play.

Swapnil: Right and any color on the transactions that you plan to initiate for some of the categories, so which are these target categories?

Abhishek Bansal: From the transaction side, one is like on the JD Mart platform itself we would want transactions to ultimately happen. Then JD Experts which is on demand home services that is another category, effectively today the way user behavior is changing that everyone wants to do activities at the click of a button, there are many categories which can ultimately become transaction enabled, for us the key question will be that whether how much scale can that particular category ultimately get, so whichever categories we believe have significant scale that can happen in coming years, those we will try to shift towards transactional business model.

Swapnil: Will you also enable logistic services for this on your own?

Abhishek Bansal: The way we see logistic is that in today's era logistic is gradually becoming commoditized, so you have well established players for hyperlocal, intracity, intercity, to start with we would tie up with some of these particular players for logistic services. Having said that in case user experience warrants us to get deeper into logistic services as well, we could look at that option also but as I see there are multiple players out there which had competitive rates are willing to fulfill in product delivery etc., so the first thought process will be to have these third parties fulfill these particular orders that will also help us faster time to market for our initiatives.

Swapnil: Thanks for answering my questions.

Moderator: Thank you. The next question is from the line of Shivangi Agarwal from Lakewater Advisors. Please go ahead.

Shivangi Agarwal: Thank you for taking my question. I have two questions for you for today. My first question being, could you please shed some light on the current status of the copyright infringement dispute of the Justdial with IndiaMART and my second question is that the transactional terms which you spoke about in the previous question, they have a roadmap for you for the future? Thank you.

Abhishek Bansal: On the first question regarding current status, so there are two parallel suits that are running, and those particular suits are ongoing. There has not been any material progress in either of the two litigations. Could you please repeat your second question regarding transactions?

Shivangi Agarwal: The second question which I asked was the revenue which you spoke about in the previous question that the company is planning to take on the venue on the basis transactions from the JD Mart platform. So, did you have a roadmap plan for it as to how it is going to happen in the future?

Abhishek Bansal: On transactional revenue the thought process is that JD Mart will have three sets of revenue streams; one will be the subscription revenue, basically SMEs getting visibility through the platform, and they are paying for it, it could be the tenure-based subscriptions, or it could be pay for performance-based plans. Second stream of revenue would be certain percentage commission basis revenue. So, at this point of time we believe that JD Mart especially on B2B category will to a great extent be lead generation based but ultimately similar to the experience that China has seen with Alibaba, there could be good amount of transactions also that can start flowing in, so transaction revenue will result in commission revenues and the third revenue stream we want to have is certain revenue for add on services. So, for example; we are enabling logistics on the platform, so even if a transaction is not placed via JD Mart and there is an SME who wants to shift their offline orders via connecting logistics players on our platform they could give that particular service, the reasons for that particular SME to come to our platform to choose the logistics service would primarily be they get quotations across various logistics service providers, so they possibly would get better rates for their requirement. So, the first subscription revenues we are getting currently also as part of Justdial endeavor is to grow those and on the transaction bit there is work going on in terms of not just enabling static digital catalogs but also having vendors put in real time prices, inventory status etc., so once those items are in place that is when we should see traction on transactional revenue streams for JD Mart.

Shivangi Agarwal: Thank you.

Moderator: Thank you. The next question is from the line of Gaurav Rateria from Morgan Stanley. Please go ahead.

Gaurav Rateria: Thank you for taking my question. I have a couple of questions. I will go one by one. So, firstly is there any fundamental difference in the behavior of the users coming via app or versus coming via mobile browser in terms of number of searches per day or per month and does it even really matter from a monetization perspective because of stickiness?

Abhishek Bansal: On app versus browser behavior so far, the approach that we have taken was that we are sort of platform agnostic in terms of either user coming via app or whether user comes via browser. Having said that any user who holds one particular app on their devise they are likely to be more sticky users, slightly more frequent users. So, long-term yes, we would want to have our app installed in as many phones. But as I said that considering a good chunk of Internet surfing happens via default browsers of devices, it is super important to have a browser experience being very similar to an app experience.

Gaurav Rateria: What would be the cost of driving an app download right now?

Abhishek Bansal: Cost of driving an app download can vary substantially. You can get an app download for even Rs.20, you can get the app download for Rs.200, it is all about quality of users. So, for example in case you do any particular advertising campaign on any gaming site, so maybe you will get very low quality installed as far as your service is concerned. Any other gaming app might find that particular user to be a high-quality user. So, there is no hard and fast rule to say that you can get app download at X rupees, it all depends on once you get an app download how engaged that particular user would be.

Gaurav Rateria: Secondly, my understanding is that the churn for SME has increased quite a bit during the pandemic, is it fair to say that the churn might have come down and now the gross addition of trade campaign had slowed because of lesser effort on sales and marketing which now will pickup and that will lead to incremental freight campaigns any color of the churn rate what it used to be pre-pandemic, what it be that during the pandemic time and what it has come down to now?

Abhishek Bansal: There my assessment is that while churn in SMEs business might have increased but ultimately a particular SME, a particular entrepreneur they would go back to doing some or the other business itself. So, during these particular times of the COVID etc., yes they might have curtailed their spends on a platform such as Justdial which is what impacted our campaign, but going forward all of those particular SMEs would come back doing some or the other business possibly similar to what they were doing earlier and as and when that happens that should help us see recovery both in our paid campaigns as well as our revenues.

Gaurav Rateria: Okay, and last question is on you specifically mentioned about investments on content fulfillment, so if you could elaborate a bit on what exactly those investments would be around content and fulfillments and also on the technology side right now what would be our spend on technology as percentage of revenues and with the beefing up of teams around technology and other things what the technology spend will look like in the coming years? Thank you.

Abhishek Bansal: On content side thought process is that very ideally, we want to have digital catalogs enabled for all businesses on JD. So, even if it is a Saloon out there, I want that I should be able to tell you that this particular Saloon provides which all services and that what particular price points. So, address, photos, videos, the basic details that in any case are already available on the platform, the real value add to the user would be, if I can tell pricing about the products and services. So, when we talk about investments in content, they are primarily towards getting even more quality content. For example, in our vertical such as real estate so far, we have agent listed on the platform, but the need of the hour is that we should be able to showcase what are the various properties that are available for renting or buying, selling. Similar, would be the behavior in several other categories as well and the next step to having a good user experience is fulfillment should be proper. So, if you have actually ordered a pest control via Justdial so you are putting your trust on Justdial, so we should be able to ensure that whoever JD structured vendor fulfilling that service that transaction should get fulfilled from end-to-end. Now, that could obviously require investment in terms of training those particular vendors or having a team in place to ensure that users get a good experience etc., etc. Regarding your question on tech related investment, so tech related investments broadly two types of investments; one is tech team developer's product related teams that we have, so we at this point of time have about 340 engineers-350 engineers, we are in the process of aggressively beefing up this particular team. Second set of expenses are tech infrastructure related expense. I will have to see on exact numbers on how much we spend but as I said that whatever spends that we need to do especially on the talent side we are already in the process of making those particular investments.

Gaurav Rateria: Got it, thank you so much.

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

Pranav Kshatriya: Thank you for taking my question. I have couple of questions. Firstly, I am trying to understand the engagement on JD Mart platform, since you mentioned that because JD itself is a very strong brand lot of searches are directed to it. I vaguely remember you talking about search optimization being complete for JD Mart and hence traffic to it in the last quarter. So, in that context since the launch of JD how the B2B traffic on JD Mart standalone plus B2B traffic on Justdial has moved. If you can share some color on that and my second question is how one should see the advertising spend for Justdial and JD Mart panning out. This quarter there were some increases in other cost possibly due to the paid traffic coming back to the platform that is why there was increase in traffic as well, but going forward how should we see this, and JD Mart will also get it its share of paid traffic and hence higher traffic going forward? Thank you.

Abhishek Bansal: Pranav firstly on ad spends, ad spends were about Rs.2 Crores for the quarter out of about 150 million unique users that we had only about 3% - 4%, 5 million – 6 million users were acquired via paid traffic so, majority of the traffic came organically itself. I term of engagement on JD Mart related statistics, about 10 million – 10.5 million JD Mart pages have been already indexed and endeavor is to overall maximize traffic that is coming to JD and JD Mart for B2B related categories. We are also in the process of enabling some of JD Mart related content on JD as well so that users coming to JD also get a better experience for these categories. In recent months, say last few quarters obviously there have been other factors as well such as impact of COVID etc., in next three months to four months we should be in a better position to assess that how overall traffic is fairing versus pre-pandemic levels for these categories.

Pranav Kshatriya: Okay, and in the Rs.2 Crores where that was spent was it some portion of that directed towards JD Mart traffic acquisition?

Abhishek Bansal: So, when we run campaigns for Justdial, when we used to do in that past as well, two strategies are adopted; one was going after top 200, 300, 500 categories which were fetching JD revenue. Second, was blanket campaign across all pages of Justdial, in both these strategies B2B pages were also getting covered. So, whenever we advertise it is not specifically that whether part of Rs.2 Crores is going towards JD Mart or related events or not, at this point of time we do not do that much segregation of B2C versus B2B; however, going forward we will have digital spends also targeted specifically towards B2B related manufacturers, distributors, wholesalers.

Pranav Kshatriya: That is, it from my side.

Moderator: Thank you. The next question is from the line of Sonal Minhas from Prescient Capital. Please go ahead.

Kunal: This is Kunal, Abhishek I have two questions, first one was around the investors people have been making over the last, which is pre-acquisitions by Reliance. So, I just want to know forget the acquisition, what was the major gains on one, two year milestones the company is going to hit by the senior hiring or let us say hiring and to quantify that let us say, through a sustainable topline growth which has been more targeting over the next one two years that is basic get an understanding of what the organic rate of growth of business you would have been irrespective of the business?

Abhishek Bansal: Kunal, on the business the way we are looking at it is that there is a core search business that we have which should continue to flourish in probably 80% - 90% of the categories since those categories are relatively infrequent in nature and there will never be a possibly vertical competition in those particular categories because on a standalone basis it does not make sense to do a vertical in those categories and second would be certain categories where it is necessary to go deeper either in terms of content or in terms of fulfillment via better quality, enquiries via transactions. So, the thought process is that get core business first of all to come back to pre-pandemic levels and thereafter try to grow it sustainably at least on a 15% to 20% basis because the way we have still underpenetrated that should be possible. Now, that would also require certain augmentation in terms of getting better content, no longer can you just rely on address, photos, videos you need to have catalogues of businesses, in certain categories such as real estate have content in terms of products or service type of listing. So, all those changes ultimately are sort of category specific approach should help us grow that core business at a reasonable run rate and then the newer initiatives which would be sort of adding on top of these revenues from scratch having said that some of those discussions are already on that which are the kind of verticals we want prioritize, JD Mart is already launched, JD Experts we are already piloting in couple of sittings with one category or two categories. So, as, and when we have more clarity on or firmer plans on which are the verticals, we are targeting we would be able to share milestones around the same.

Kunal: I understand that that answers the first part. My second question is around if you could share but basically what are the incentives for the current management to stay put going ahead or is that something which is work-in-progress or the Reliance management to look into and the reason being it continues there is not too much there?

Abhishek Bansal: So, the existing team they had been reasonably well incentivized with lucrative ESOP plans which have best in future years. Very importantly we share a pride on our leadership or the management team and most of the folks who have been listed they have been with us for at least 15–20 years. So, from that particular perspective I do not think so there should be any concern around churn in top management. At the same time in the past also our particular incentives in terms of either ESOP or other variables have been well planned that will be the same case going forward as well.

Kunal: Understand. If I could just squeeze in a third question, is the plan going ahead to keep this entity as a listed entity, as an independent listed entity or if you cannot answer that right now it is okay but just asking the kind of sound it will be?

Abhishek Bansal: Yes, to the best of my knowledge it will continue to operate as a listed independent entity.

Kunal: Thanks a lot Abhishek. Thank you.

Moderator: Thank you. The next question is from the line of Abhijeet Jain from Citigroup. Please go ahead.

Abhijeet Jain: Thanks a lot. Abhishek, just three questions from my side of the 85000 paid B2B campaigns that you highlighted could you give a broad mix of how much of this would be in services oriented accounts and how much of it would be goods-oriented accounts?

Abhishek Bansal: Abhijeet that I think broadly should be around 50:50, 50% of those should be service oriented and another 45%-50% should be products oriented.

Abhijeet Jain: Correct, and what is the current share of overall topline, I would ask which is coming from large corporate or organized corporate kind of customers. I know that you used to do business with a budget hotel operator I am just trying to get a sense of what part of business is coming from that segment still?

Abhishek Bansal: I have not honestly looked at most recent numbers but pre-pandemic when we were doing sell out about Rs.950 Crores odd, so at that time about Rs.70 Crores to Rs.80 Crores used to be large corporate so to say corporates or businesses having pan India presence through multiple outlets.

Abhijeet Jain: Thanks. One final question from my side, I know that in Q1 obviously most of you ad budget would have been on the IPL side. But in a more steady state scenario how do you look at you ad budget allocation between digital and offline, what is the broad split look like from going forward perspective?

Abhishek Bansal: In our experience like mass media advertising tends to be the expensive that lumpy, so the way typically it works is that you do a four to six weeks mass media campaign and follow it up with a sustainable digital campaign, so maybe in terms of value both might consume 50% of your advertising budget, but large in terms of tenure maybe 70%-80% times you might be dominating digital advertising versus mass media. So, like pre-pandemic we used to advertise in multiplexes that again is a non-digital property but a good property to get mobile users. So, it will be a combination all those that we will evaluate. As I said that we have a dedicated marketing team in place which is already working on creative's and the digital related items so that we optimize whatever spends we will do for our future product rollouts.

Abhijeet Jain: Correct, thank you Abhishek and just two other questions, one is you said and obviously we covered this that 85000 is your paid campaigns, on the traffic side of the total traffic how much of the traffic goes to B2B kind of search results out of the 150 million?

Abhishek Bansal: Pre-pandemic B2B used to contribute about 16%-17% of the traffic so, revenue contribution of B2B used to be about 20% on the traffic side it used to be bit lower at about 16% - 17%. I presume similar should be the behavior now as well.

Abhijeet Jain: One final question from my side, among the categories that you currently have on the business, which are the top ones you would name where you do not have any verticals were competing with you right now either in B2B or in B2C in any of those sectors?

Abhishek Bansal: See ultimately while there might be a vertical player or not business models can be different, for example in pest control services maybe in certain urban cities, in certain pockets you might have a vertical player but at the same time there might be a huge traffic that might be coming to look for a regular pest control service provider, so there might be a vertical player who might also be doing lead generation as what we are doing. So, I do not think so it would be right to segregate categories to say that in these there is a vertical player, in these there is not a vertical player. The right way to look at it would be that in these categories what is the business model that company should have, should it just be search based, should it be search plus transaction and that is how we should look at category wise.

Abhijeet Jain: Yes, sure. Thank you so much. Abhishek, just one final question from my side I know you disclosed the number of app downloads every quarter; would you have a sense of what is your MAU matrix look like on the app side?

Abhishek Bansal: I will have to come back to you on this. I do not have that number ready with me.

Abhijeet Jain: Sure, thank you so much. Those were my questions Abhishek, thank you.

Moderator Thank you. The next question is from the line of Garima Mishra from Kotak Securities. Please go ahead. The next question is from the line of Alroy Lobo from Kotak Investment Advisors. Please go ahead.

Alroy Lobo: Thanks for taking my question. The first question is on the fact that you want to remain listed. The overall promoter holding now is 77.7% so is that going to be a selloff of 2.7% or will there be a re-classification of the promoter in a group?

Abhishek Bansal: This is my current understanding we will have to bring down promoter's shareholding to 75%. There could be some bit of dilution through ESOP related dilution that might happen over a period of next one year. But yes, remaining we will have to do brought down.

Alroy Lobo: But there is not going to be a re-classification of promoter, it will be a selloff in case it does not come down 75%, there we would have to be sell off those balance shares?

Abhishek Bansal: Among the promoter group primarily it is RRVL and Mr. V.S.S Mani and there are few other erstwhile promoters, there could be some reclassification of other erstwhile promoters; however, stake held by them is not significant.

Alroy Lobo: Okay, second is on you ad productivity you had a big spend in the last quarter on IPL. How do you measure ad productivity for example, this Rs.50 Crores of ad spend that you made last quarter, how do measure that it has really been effective in growing our business?

Abhishek Bansal: Advertising in our case probably since that was the one high ticket expense that is why we are discussing it, but otherwise whenever you do a say Rs.200 Crores– Rs.300 Crores of advertising spend in the entire year maybe there is some 30% - 40% - 50% which did not yield desired results, but it is difficult to pinpoint the same. So, since we did this particular IPL spends today whenever my sales team gets in touch with any B2B manufacturer or distributor and gives a reference to those particular ads there is a recall that happens that helps in starting that particular conversation much faster. Some of these intangible benefits cannot be directly quantified. The way any ad spends should be evaluated is that over a sustained period, you do certain spends and what is the outcome in terms of total revenues. So, even for Justdial before this particular strategic transaction we used to plan spending 7% to 8% of our topline towards advertising, not that we could quantify that with that Rs.60 Crores – Rs.65 Crores of annual spend what exactly was, what exactly did not, but yes overall in terms of branding, in terms of assistance to sales teams and overall traffic that does help. So, you keep doing running between various mediums trying to see how you overall optimize it.

Alroy Lobo: The reason I am asking this question is that in the last quarter if you spend Rs.50 Crores one would you expected at least some immediate benefit of that Rs.50 Crores coming in terms of in paid campaigns or realization for paid campaigns both these are actually dropped this quarter and I understand that ad is a long-term investment but normally you see results at least in the near-term after a specific ad spend, so that is my point to understand internally how you measure the ad productivity. The next question is more to do with the blueprint you have post Reliance acquisition, when do you think you can come out with the more comprehensive blueprint as far as investors because we are hearing you in terms of various initiatives you are taking across the board, but on a immediate basis that there is clear understanding how this company would basically evolve going forward, where do you think you are going to be ready to outline the plan?

Abhishek Bansal: Just one more comment on the first remark that you made. This year's IPL was also we have to remember not a very normalized scenario and since we had impact of COVID second wave to the extent that IPL had to be truncated and be done in two phases. So, that also is something that we should keep in mind which also is the reason that one should not be looking at it that in this particular quarter X amount of rupees spend, what is the immediate gain in next quarter and so on. On your second question in terms of timeframe, I think in another about six weeks to eight weeks tentatively we should be able to firm up our plans and be able to openly communicate that what is the roadmap that we are taking forward and them be able to also track progress on that particular roadmap.

Alroy Lobo: Right, thank you.

Moderator: Thank you. As there are no further questions from the participants, I now hand the conference over to Mr. Abhishek Bansal for closing comments.

Abhishek Bansal: Thank you everyone for joining in. In case you have any further queries please do reach out to us. We will do our best to address and you shall very shortly hear further details on our strategic roadmap ahead. So, that is it from our side. Thank you.

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;