



Just Dial Limited
Q3 FY2022 Earnings Conference Call

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Moderator: Mr. Shaleen Kumar – UBS Securities

Management: Mr. VSS Mani – Founder & CEO – Just Dial Limited
Mr. Abhishek Bansal – CFO – Just Dial Limited

Moderator: Good evening everyone. This is Shaleen Kumar from UBS securities. Welcome all to Justdial third quarter results earning call. From the management we have Mr. VSS Mani promoter, MD and CEO of the organization and we have Abhishek Bansal, CFO of Justdial. So I now hand over the call to Abhishek for his opening remarks post that we can open the floor for Q&A. Over to you Abhishek.

Abhishek Bansal: Thanks, Shaleen. Hi, everyone. Welcome to Justdial earnings call for third quarter fiscal '22. Our operating revenue for the quarter stood at 158.9 crores, declining 6.3% on a year on year basis, and was up 1.9% quarter on quarter. Adjusted EBITDA excluding ESOP expenses stood at 10 crores a margin of 6.3%. Other income, which was partly affected due to increase in bond yields during the quarter stood at 28.6 crores. Overall, net profit after taxes stood at 19.4 crores for the quarter. In a nutshell, current quarterly numbers obviously reflect the impact that our business has witnessed over the past few quarters on account of COVID impacting SMEs. B2C service oriented categories contribute almost two thirds of our revenue and SMEs in these categories have been the most affected during these COVID times. However, while macro environment and pandemic situation will keep evolving, we have taken certain measures recently, which are yielding good results in recent months, and likely our monetization shall be back on track in coming quarters. Firstly, on monetization, we have implemented firm pricing and withdrawn almost all discounts that we had been offering during various phases of the pandemic. Along with firmer pricing, we have started focusing aggressively on monthly payment plans, which helps us sign higher number of customers and also gets us a better monthly ticket size. During November and December months, we signed almost 65% of our customers in those months on monthly plan basis and this was just about 8% in preceding quarter. As a result of this strategy, it has helped us improve signups, which is also partly visible in uptake in paid campaigns, which grew sequentially by about 6,600 campaigns to 4,37,000 paid campaigns at the end of the quarter, and it will likely create our future revenue growth as well. Due to change in mix of upfront versus monthly plans, near term collections do get affected since lesser customers are paying us full money upfront. However, over the tenure of the contract, which is typically a year, we expect to gain from future collections that will combine monthly instalments. On operating expenses, employee expenses, so about 16% YOY, and about 9% sequential increase. We added almost 1250 employees during the quarter, majorly in sales.

While employee costs have upfront impacted P&L, revenue generation from newly added sales force should aid future margins. We have also been hiring talent across our product, technology, content and marketing teams.

Advertising spend stood at about 3.5 crores for the quarter. Overall cash and investments stood at 3769 crores as on quarter end.

Coming to other operational highlights traffic stood that 142.7 million unique users for the quarter. 84% of the traffic now comes from mobile platforms. Database strength has now grown to about 31.4 million listings. Overall going forward the focus is to get our own business back on our healthy growth trajectory as soon as possible and early signs of the same already seem to be visible. Plus we are working to roll out new initiatives which are currently under various stages of content building, product development, and user experience optimization. So with this brief update, we shall now open the floor for questions for further detailed discussion. Thank you.

Moderator: Thanks, thanks Abhishek. (not audible) Can you please open the forum for Q&A?

Operator: Thanks for joining everyone, if you have question kindly use the feature raise hand which is available to you on the bottom part of your zoom screen or if you are dialling from the telephone, please press star 9 to raise your hand and we will be assisting you with the Q&A. Thank you.

Moderator: So Abhishek, till we get questions from the participants, possible to provide some more updates on different platforms of Justdial, maybe you can start with our b2b platform any update over there.

Abhishek Bansal: So Shaleen, at this point of time, we are sort of looking at our business in two parts. The first, obviously, the core business, which as I mentioned, got affected primarily due to first and second wave of COVID. So there the focus is to get that particular piece back on a healthy growth path as soon as possible. On newer initiatives, ultimately, the way we look at it is that more and more consumers are going online, wanting to do things online, be it in terms of booking any appointments, doing any transactions. On the other hand, as far as SMEs or businesses are concerned, they also want to be present online to get discovered to get new users. So our newer initiatives, be it via JdMart, Jd Xperts and other platforms that we are working on, the idea is to mainly add a transaction layer to all those categories where we have in any case been dominating via search and discovery. So JD experts, for example, we are currently testing with one category pest control services, more services will go live in this particular quarter. JdXperts will have a dedicated app as well, which will get rolled out sometime this particular quarter. The idea of this particular betaphase launch is to optimize user experience, and then scale up as and when user experience is optimal. Similarly on JD Mart at this point of time, we have almost 1.2 million catalogues, specific to b2b businesses. Overall, there are about 8 odd million

businesses on JdMart for search. Out of the 1.2 million catalogues that we have about half a million are quite rich catalogues. So there is work happening on content, etc. on JdMart and apart from that, there are certain other initiatives, as I mentioned, the idea is to be able to add a transaction layer to services as well as other categories on the platform.

Moderator: Sure. Sure.

Operator: So everyone, if you have question, please press the raise hand button, which can be found at the bottom of the Zoom interface. If you are dialled in via telephone, please press star nine to raise your hand. Thank you. Shaleen we don't see any raise hands as of now, thank you.

Moderator: Sure. So I think I will use the opportunity then. Abhishek, so obviously, you know, the big question in everyone's mind when we talk about is like, you know, historically, now reliance is a promoter over here and historically, we haven't seen a lot coming out post acquisition, what has happened in the past. So just want to pick your mind, you know, how the management over new management is aligned and what kind of discussions are happening, in terms of the business plan, going forward strategy because there's a lot of cash also sitting on the books right. So, how you intend to utilize it. So any color you can give both in alignment with the strategy, how they are involved with you guys and maybe future use of cash etc. which you will be using.

Abhishek Bansal: Okay, so firstly, Shaleen on the management, there is no new management at this point of time, it's the same strong management, experience team that is running the show. Definitely RRVL's presence on the board is there and we actively engage with RRVL's and RIL's leadership team for our particular future business plans. So, at this point of time, while we did this particular strategic transaction, both parties realize that there is a great asset in terms of 30-31 million listings, active vendor relationships and there is a lot that can be done in terms of enabling SMEs going forward. So as I mentioned, at this point of time, as far as usage of cash is concerned, cash will definitely, cash is already getting deployed in a manner - in terms of hiring talent to build our particular product, to augment our particular initiatives in terms of addition to Salesforce, etc. As in when our particular existing and new businesses would require marketing spends advertising support, there will be aggressive spends on those as well.

Moderator: Okay, I think we have some questions from the participants. Hi,Sai, you're the first participant kindly unmute yourself and ask your question.

Participant: Hi Abhishek, my question is, with Reliance coming in the board okay, what kind of changes, in similar lines to the previous question, what kind of

changes happened and second thing, there is a lot of rumours circulating around in market that JD is planning to launch an E commerce platform. Is there anything which you're thinking on those lines? So what kind of future growth prospects which we can as an investor look at?

Abhishek Bansal: Okay, see, first of all, with Reliance coming on board in terms of changes definitely they are now present on our board. There are active strategic discussions that happen between both sides. Operationally, also, our teams are actively engaging with them to see what all synergies can be utilized at both ends. One key benefit even more compared to synergies is the learnings that you can draw from our strategic partners such as Reliance. For example, they have strong expertise in manpower intensive say businesses. So while we are looking to aggressively increase our manpower to aid our core business, so some of those learnings can be deployed, as well. So I think over the coming months and quarters, we will be able to leverage on these particular synergies learnings and that should be visible in our performance as well. To your second question regarding any foray into E commerce, right, so as I mentioned in my opening remarks, it is very clear that the way things are evolving both users as well as SMEs do want to do things more and more online. Keeping that in mind, we had initiated projects such as Jdexperts, JdMart on the b2b side. So as and when some of these initiatives start taking more color, we would be in better shape to share. And in any case, most of these particular platforms are user facing platforms, so whenever they are getting lost, you will obviously be the first ones to be able to witness those.

Participant: Ok. Thank you.

Abhishek Bansal: Thank you.

Operator: Ankur, you are next kindly go ahead and ask a question, please.

Ankur: Thanks so much. So my question is, so I don't know whether Abhishek or Mani. So there are two questions. One, so as an individual investor, I've been you know, closely watching Just Dial and been participating into all the investor meetings for four quarters now. So I started last December and again, we are in next December. And JdMart seem to be the biggest initiative, a game changing one and I know that the app has been launched. It was launched there was a lot of things done during the IPL first phase, and then it has continued. And what I see in your investor deck and in your commentary is one or two bullet points of how many listings you've had, but as an investor who was playing long and you know really wants to understand what's going on, there is nothing but shared. So it would be great if you can elaborate where we are on JdMart. Maybe it's quite a while before, JD starts competing with, let's say Indiamart. But still, I'm sure all the investors especially me would like to know a lot lot more about what is doing right now and its abilities. Number two, it was a little worrying to hear that on the search side of it, we have to move to a monthly subscription

model. So is it really a sign of changing times that search as a business, the advertisement bit of a business is becoming tougher with the grills of the world and a lot of things coming up on the internet. And it's almost survival mode is that something as an investor, I would like to understand why should not be concerned about. So these are the two questions.

Abhishek Bansal: Okay, Ankur on the first question on JdMart. See, one thing we have to remember is JdMart primarily is catered towards, b2b categories. In b2b categories, we used to monetize about 20-22% of our revenue, which even today is around 20 to 23%. So, as a SME, SME does not really bother about whether they are getting inquiries, traffic visibility on JD or JdMart. Ultimately, it is about JDs platform, we visibility on JD or JdMart. Now, over last three, four quarters, what has also happened is that, like first quarter of this particular fiscal year, we were very severely impacted by second wave of COVID. Now that particular impact was not just restricted to this 20 to 23% of the business. So we have to ensure that the rest of the 77% of the business also stays on its particular growth path. Those are some of the reasons that this particular JdMart related, active update, so to say you might find it to be missing. On your second question, why have we shifted on a monthly cash basis? First of all, during our IPO days, when we were growing top line at about 25 to 30%. Each year, at that point of time, we were about 45% of our customers used to pay us on a monthly basis. And a couple of years were as high as north of 50-55% as well. So it's not that at this point of time, because customers are not willing to pay upfront that is why we are shifting to monthly plan basis. The way ecosystem is evolving in most cases people are actually wanting to pay in small tickets, they might be okay subscribing, taking subscription on a monthly basis. That is why we said that okay, if you can remove any sort of friction from our sales process that will help. So there might be a customer who might be thinking twice that okay, whether I should spend 20,000-22,000 rupees in one shot, whereas they might start with 2000 rupees a month subscription. Later, they might even be willing to go for annual plan thinking that they will get some 10-12% upfront cash discount etc. So, the shift to a monthly plan is mainly to say that okay, we are okay not locking in customers for a longer tenure, we want customers to sort of come in at their particular way. So that is the only thought process and which is what we are seeing that we are able to sign up more customers and estimated revenue from these particular signups is also seeing a growth path. So ultimately, we have to see that total revenue sort of should get maximized. All your digital products, for example, whether you do advertising on Google, Facebook, or any other such global platform, you can sort of recharge your wallet for X rupees, you can run campaigns for five days for that for two days. And that is how the ecosystem is.

Ankur: How does payment come on the platform because for example, these RBI bending guidelines about you know, creating issues, auto renewal makes it tougher for subscription services like yours and if I may compare with the

Netflixes of the world, difficult to really use a different process becomes even more challenging.

Abhishek Bansal: So, on that front, we haven't faced much of a challenge. These particular first of all these monthly subscriptions, the new RBI guidelines primarily affect whatever subscriptions are set on your credit card or a debit card. In our case, a majority of these particular monthly payments are set directly on the bank account. And even in cases where they are set on our credit card or a debit card, those stricter rules apply for transactions over 5000 rupees a month, whereas our ticket size at this point of time is much lower. So we are not really worried on that front. In fact, these days, it is much easier to set up ECS or a monthly standing instruction on your bank account. Most of the banks these days provide that particular ENACH facility which allows monthly payments to be directly deducted from your bank account.

Ankur: We (audio unclear) sharing the mix of the subscriptions that you have because I still see a decent number of deferred revenue sitting in the balance sheet. So maybe you started this plan recently, but maybe from the next quarter onwards, would you be willing to share the mix. So that we get much clarity.

VSS Mani: Maybe we can look at sharing realizable value as a trend, you know which is indicative basis past track record. That may give, because when there's not much of deferred revenue rather than deferred revenue reducing there could be panic among investors. So, if we share the Realizable Value report, I don't know, Abhishek you're thinking.

Abhishek Bansal: Sure we can take a look at that. As I mentioned during my opening remarks, in last quarter, our monthly payment plans were at about on an average 55% with November - December at about 65% and the previous quarter was at about 8%. In fact, in deferred revenue, the one reason why that has sequentially declined is because of this adoption of our monthly plan strategy. So in monthly plans, as I mentioned that while upfront collections will be lower, but over the period of next say 12 months, those particular collections should more than offset the upfront impact.

VSS Mani: The monthly plan should be read more like how does EMI plans to buy goods and services. So basically, if you have equated monthly instalment then there are more number of people being able to afford it. Some in our case, it's like you know earn and pay because you're paying on a monthly basis. And they're able to spend and commit more large sums of money, you know, since it is an equated monthly instalment.

Ankur: So often there is challenge of renewal process.

VSS Mani: It is auto renewal. All these really perpetual contracts till the customer stops his payment. It's auto debited to his account.

- Ankur: So I think that's a good. Good sign.
- VSS Mani: Yes, yes.
- Ankur: Most will be maintained and that will be very important to track.
- Abhishek Bansal: So, just to give some flavour on that pre pandemic we used to get about 23-24 crores a month of collections from these particular monthly deductions directly from bank account. That 23-24 crores went down to about 13 crores in September month. And those 13 Crores has already bounced back to about 18 crores in December. The current month run rate is already about 20-21 crores. So, this particular monthly plan strategy wise we have adopted it just for last two months, it is actually giving us this particular growth. And overall if we are able to maintain this particular momentum, we should be definitely back on track in terms of overall collections and overall P&L revenue as well.
- Ankur: I think that's very encouraging Abhishek and Mani. So thanks so much for that update and I should really look forward to more traction on JdMar and updates as well in that segment, so look forward to that and all the best to yourself and myself who is an investor.
- Operator: We have question from a Mr. Vivekanand. Please unmute yourself and introduce yourself and ask your question. Please go ahead.
- Vivekanand: Thank you. Thank you for the opportunity . I am Vivekanand Subaraman from Ambit capital. My two questions. The first one is on the KPIs by the geographic split. So what would be the split of our campaigns in the top 11 markets and revenues from the top 11 markets?
- Abhishek Bansal: So, outside top 11 contributes about 57% to campaigns and about 35% to revenue. So, top 11 say 43% to campaigns and about 65% to revenue contribution.
- Vivekanand: Okay, the recovery appears to be better in the markets outside top level is that is that correct? Is that assessment?
- Abhishek Bansal: That is partly correct. See that is also the cause that whenever these COVID waves have impacted the top metros are the ones that see the first set of restrictions. For example, in this particular current wave of COVID, as well, geographies such as Delhi went into night curfews, weekend lock downs, etc. So that is why those particular geographies tend to get affected a bit more. And recovery in tier two tier three cities is faster versus tier one.
- Vivekanand: Okay. Got it. And my second question is on the manpower intensity point. So we are ramping up headcount, again, in anticipation of growth. Should we look at the gross margins of the business differently now versus earlier? Because now you're focused on getting closer to the transaction and also the

intensity, sales intensity might be higher for monthly renewals versus say, current plans? And we'll build over two years. All right. So how should we take about the gross margins in this scenario?

Abhishek Bansal: See, once we get into transactions, those were those will have to be evaluated separately in my view, in fact, in case of transactions, most likely, we will be charging, say, a certain percentage on the value of the transaction. And once a particular vendor is on boarded, there is not really much of an effort in terms of renewal, etc. So that set of business will have its a, it will have its own margin profile, it might have lesser sort of gross margin, but volumes would more than take care of it. And as far as support business is concerned, there gross margin, I mean, historically, we have been a sort of 60% gross margin business. And hopefully, we would be able to sort of even improve on that in the coming quarters. For example, last year, while our top line was affected about 28% Stay, we were able to pull levers to deliver 25% Plus EBITDA margin. So to that extent, I think gross margin is quite healthy. And that should be sort of maintained or be even improved going forward.

Vivekanand: Okay, just pressing on the manpower intensity point. We are ramping up headcount of the feet on street as well as tele callers. So is it largely to do with the legacy business? Or is it hiring related to JdMart? Or on you know, is it is it hiring for the smaller towns where your position seems to be getting stronger? Where it where is the hiring happening? And where where do you think the future hiring will be directed.

Abhishek Bansal: So two years back, say around eight quarters back at our peak when we had about 12,500-13,000 overall employees, we had about 10,000 employees in sales. In September quarter, that number dropped to about 6,800 employees. So about whatever, 30-32% Drop, primarily because we were seeing that on the ground COVID had impacted SME so much. For us, the focus was primarily on consolidating our Salesforce getting better productivity from existing resources. But now that we realize that we would be in a position to sort of grow back on particular core revenues, we have got this 6,800 back to about 8,100. So this particular hiring is happening across geographies, across feet on street, telemarketing, etc. So the idea is that in a couple of quarters, we would want to go back to that particular 10,000 mark as well, at the same time, not compromise on productivity as well as gross margins.

Vivekanand: And Abhishek in your comments you also mentioned that you are learning a lot from Reliance in running a manpower intensive business. Could you elaborate that and explain to us how that is benefiting Justdial.

VSS Mani: It is more exchange of ideas. They have a large retail and even interesting reseller model, more like a freelance model. And we are learning about that because that will help us because that will not have any cost till you get the

revenues. So, we are working on some of those ideas. It's just that we are just telling you that what all kinds of exchange of ideas and synergies that we're working on between the two companies.

Vivekanand: Okay, understood. Thank you very much.

Abhishek Bansal: Thank you

Ashish: Hello.

Operator: Yes, please go ahead.

Ashish: Very good evening. See I have two questions for you. The first thing is as a small investor we need to know when you plan to put the 3,700 crores odd that you have cash in your books. And the second thing is that why in this quarter the Treasury income from other sources was very little as compared to last quarter when you had 3,700 crores in your books.

Abhishek Bansal: Okay, Ashish to your first question regarding deployment of 3,700 crores-see, the thought process is that yes, we are very well capitalized and this particular money would be put to good use as and when required. Fortunately, our core business also generates very healthy free cash flows. So, this particular 3,700 crores we'll see at what stage and which products require this particular financial support. Coming to your second question, yes, you are right that sequentially treasury has grown from 1,500 to 3,700 crores. However, in the last quarter on a sequential basis, there was about 30 basis point increase in bond yields on a say, India 10 year bond yields. In fact for a three year paper, which is what forms bulk of our portfolio, the increase is about 45-50 basis points. Since we deploy in debt mutual funds, which get marked to market every quarter, that is why this particular quarter saw about 28-29 crores of other income. Overall the way to look at it would be that the embedded yield to maturity of the entire treasury would be about 5-5.25% or so. So on 3,700 Crore Treasury about whatever, 5- 5.25% is what we should be earning at current interest rates over the long term. Say, over four to six quarters that is how it should be, though there could be quarterly fluctuations.

Operator: Okay, hi, we have next question from Mr. Kamat. Please unmute you and introduce yourself to ask your question. Please go ahead. Mr. Kamat.

Kamat: Hi, am I Audible

Operator: Yes you are.

Kamat: Yeah. Good evening, everyone. Mr. Mani, I have a question for you. This is maybe a repetition of the past few questions but it is intriguing to know, that you know, that we have such large cash sitting on balance sheet. In the last quarter we also mentioned that we will not be really interested in

distributing the cash back to the shareholder in terms of buybacks or dividends or whatever like we used to do in the past. Instead, we want to use cash for the business. While I understand that, you know, the manpower increase, and some products may demand cash, but still 3,700 crores is a huge chunk of cash, especially when you have existing business generating free cash flows. So, what also, you know, amazes me is that we spoke about e-commerce portal like Amazon, Flipkart. It's such a big opportunity in India, that, you know, our portal is designed to list SME businesses but can't it be scaled up to, you know, to counter these kinds of businesses? Because you already have a basic portal in place? You have cash on books, so why can't he look at, you know, investing in those lines are your views on that, sir?

VSS Mani:

Absolutely. So, our main focus is going to be what we call as 3P marketplace, which is third party marketplace, purely allowing all kinds of businesses to sell their products through our platform. And the focus is, from a customer experience point of view, the differentiator will be like instant delivery, there will be obviously, a competitive pricing, and an after sales service available also on dialing the number 10 times 8, just in case. So, we have a product that's getting launched, which is a very large scale, when it comes to any kind of product, whether it's b2b or b2c can be sold online through our platform. The pilot run for the consumer b2c version will be somewhere in February, which we're going to just start signing up businesses, which is all the neighborhood stores, all kinds of businesses that you see in any city, which have brick and mortar presence. So we will be their online platform which will fetch them business which they can execute, instantly. On the services front, as Abhishek said, we launching something called JdXperts, which is something like equivalent to our good company, or any of those where you can actually book it online with Justdial without bothering about who the vendor is and you can expect a high standard of user experience you know, in terms of the service, as well as the tariff, and other things. All these things take time. See, unfortunately, we've been affected by COVID waves. If we see the first because quite big experience for us, we spent a huge amount of money in IPL to launch JdMart an entire 45 days was a washout because of second COVID wave. So we've been a bit unlucky too, in that sense in the past. Now that we have a huge solid partner, it's like kind of a feeling that denotes you're invincible, as such, with this kind of a partner. If we focus on execution, and keep our heads on our shoulder and look at day to day, week to week, month to month and quarter to quarter, I think this company will be worth a lot lot more than what it is today. We don't want to give your promises right now because in the past we have spoken very bullish about products and somewhere we have lacked in execution, or we didn't have the courage to go and spend a lot of money to make it happen. The example was Omni. So now that we have a trade partner and there is a bit of de-risking your story has also done, so there is no reason that we should apply any break. We should just go all out aggressively pursue things.

How quickly we can do that, all the timing issues you cannot comment. But all I can say is the steps that we have taken in the last couple of months have been fantastic and they've been building great results, and we continue to take similar steps and keep looking for a better future.

Operator: Hi, we have next question coming from Mr. Pranav Kshatriya. Please unmute and introduce yourself to ask question.

Pranav Kshatriya: Yeah, thanks for the opportunity. I'm Pranav Kshatriya from Edelweiss. My first question is, you know, this quarter there was quarter and quarter revenue dip although you know, last quarter we had a fairly decent jump into unearned revenue. And considering this tends to be a festive quarter I was expecting a bit of, you know, bump up in revenue but it did not pan out. Can you highlight, you know, any of the reasons for, you know, not only the deceleration in the revenue, but also deceleration in the traffic on a quarter on quarter basis? That's my first question. And secondly, can you point out you know, what exactly is the advertisement spend in this quarter? And what percentage of traffic is paid traffic for the quarter? Thank you.

Abhishek Bansal: So, Pranav on equation basis, traffic had a slight impact, which typically happens during festive months. So that particular week, 10 days closer to Diwali-Dussehra, those are the days when traffic tends to sort of get affected. On a sequential basis revenue has marginally grown, there has not been de-growth. But obviously, it has not grown to the extent we would have ideally wanted it to be. As far as ad spends are concerned, they were about 3.5 crores for the quarter, and out of the total traffic of about 143 million quarterly users about 6 to 7% came from aided initiatives rest all was organic.

Operator: Hi, we have next question coming from audio dial-in. Please unmute and introduce yourself to ask question. Kindly use star six to unmute yourself please.

Participant: Hi. I am (audio inaudible) from Kotak Investment Advisors. And this question is directed to Mr. Mani. Historically, you know, you're always focused on capital degrowth, free cash flow. You know, what is the strategy, you know when we have (audio inaudible). You know, will the strategy really change, where you will be more aggressive, you know, like you said, you focus more on growth even if it is lean in the short term, compensating on defacto (audio inaudible) that we have in the past, that's number one and number two, if you look at 3,700 crores of corpus that you, if can give us the Top three areas that you are going to spend and over what timeframe will you spend.

VSS Mani: So, to answer your first question, this whole transaction with Reliance Retail was done only to keep that in mind that you want to grow aggressively, and not look at being a nice, cute profitable company. So this partnership will

help us actually ramp up on our growth. And we have identified the right kind of verticals which one is going to be JdMart, the other is JdShopping, JdXperts and there is an initiative on real estate. Our hands up full with lots of things in hand, Jd is critically one go to place where you can get many things. There'll be cross promotion, cross incentivizing users, there'll be a lot of interesting things happening. So as quarters, next few quarters go, you will learn a lot more. You would see us, you know aggressively pursuing growth for sure. And at the same time, if there's no harm in having decent cash flow, why not?

Operator: Hi, we have next question from Mr. Vijit Jain, kindly unmute yourself and ask your question?

Vijit Jain: Thank you. Hi, thank you for the opportunity. This is Vijit Jain from Citi. Just a few questions. First off, last quarter, I think you'd mentioned that the JdMart team would be about 150 odd people dedicated to JdMart. If you could give a comparable number to that figure as of date, that's the first question. And the second question is related to your partnership with Jio, now obviously Jio and Reliance put together have a wonderful constellation of services in various categories of e-commerce. So, is there any conversation around reference from your website given that you do have a decent level of traffic to their properties? Any discussions around those lines? With Jio is I guess my second question. Thank you.

Abhishek Bansal: So Vijit on the first question, the b2b team strength which basically focuses on primarily b2b categories is about 180 to 200 employees, which includes a combination of both tele-callers as well as feet on street team. On your second question, regarding referrals from our platform, etc. So as I mentioned, both set of our teams actively engaged to see what best can be done in terms of either referrals from our platforms to theirs, or leveraging their platforms. For example, Jio business users are a huge consumer base at the same time JD's 30 million businesses can be tapped into for some of their particular products and services as well. So those are some of the, I think ongoing initiatives or ongoing synergies which will get explored over the next few months and quarters.

Vijit Jain: Got it. One final question from my side? If I can. So when you mentioned to everybody I think you mentioned that, JdXperts, will start off with pest control and then add more categories. I'm just curious as to the thought process here. Is it that pest control is what you see at the established use case category in India because maybe some competitors doing it and you can get an attractive way to get into or do you see a fair bit of pest control you know, queries coming into your website steam in major cities in Bombay and Delhi for example, and that's why you think that there's significant opportunity that still remains to be tapped. I'm just trying to understand what your category selection processes are like.

- VSS Mani: You will see all categories launched very soon. It's just a pilot is being practiced. Pest control you not have shared this information also. It's just that it will be no different from any other such platform. You know, because across the board, we have vendors who cater to all kinds of services and we have to cherry pick these vendors who are the top rated ones to give that WOW experience in JdXperts that we're talking about. So this pilot is being done just to see that its all well-oiled and smooth and then expanded to multiple geographies and multiple categories.
- Vijit Jain: And Mani this initiative on real estate that you spoke about a little bit, can you elaborate on that a little bit more.
- VSS Mani: So we have taken a pie from our revenue. We have taken this look at the pie and look at what are the contributions from each vertical segment. And we realize that merely giving information about a builder or information about estate agents is not sufficient enough although those categories contributed significant amount of revenue for us. If you really want to grow the revenue 10 to 15x to 20x then we have to go whole hog like any other international real estate site which is like finding compartments, millers, power plants, factories, able to see them view photographs, view videos and allowing agents to post their listings, allowing builders to sell their properties through a portal post there, you know all that. So you will see a complete robust real estate experience within Justdial as well as a dedicated site for real estate within Justdial.
- Vijit Jain: I have a few more questions, but I guess I'll just jump back into the queue.
- VSS Mani: Great carry on with them since you are online.
- Vijit Jain: Okay. Sure. Great. So my last question actually is that can you give me a sense of what your gross campaign addition was in this quarter. So, the net was obviously 6,600, what the gross figure was?
- Abhishek Bansal: So Vijay we do not specifically track gross versus net. So the way this particular number is evaluated is that, at a quarter end how many customers were active on the platform. As I said, there might be a customer after one year, they might be up for renewal, they did not renew for a month, but they renewed one month later. So there is no way to be able to exactly say that it is a fresh customer, renewal customer etc. So we track active campaigns.
- Vijit Jain: Okay. Got it. And finally, on are you seeing any kind of impact since the onset of Omicron this quarter?
- Abhishek Bansal: So on third wave, there has been minor impact fortunately, overall, at this point of time, impact seems muted and impact seems restricted primarily to tier one cities. Considering cases have started going down in metros, I think next week, 10 days will be critical. But compared to the impact that we had during the second wave, etc. third wave impact seems to be much muted.

- Vijit Jain: Thanks. When you say, the plan now on partnership with Jio, sorry Reliance and with the cash flow position you have and with the free cash flow leading business, you have the plan to grow more aggressively and I think you mentioned earlier intention to go back to 10,000 sales people. So I guess looking at the core business specifically, do you keep going forward, the focus will be to you know more aggressively push for new campaigns in tier one cities and get some of them back and that's how you will grow the core business or when you look at growth aggressively, you're looking at the entirety of all the things you're doing and especially focusing on the newer focus areas like JdXperts, B2B and the real estate venture those kinds of things. So, I am just trying to understand where the growth, whether aggression is going to be more focused on the newer areas or the you know, both the things.
- Abhishek Bansal: Both things at this point of time are being pursued simultaneously. In the core business which is well-oiled machinery, we realize that we need to ensure that our pricing is optimal; we need to ensure that we hire and scale up at the right time. And there as I mentioned in the past, we are not obsessed with growth coming from campaign additions or it is coming from ticket size. Overall revenue, revenue per sales employee that is what should be optimized, which is what will ensure that my top line grows at reasonably healthy margins. And as far as new initiatives are concerned, they are from the perspective that okay, what will be just as growth drivers 5 years - 10 years down the line. So some of those particular products are in pipeline and as in when they start showing traction firstly in terms of users followed by in terms of for revenue, profitably, etc. We will sort of evaluate them at that point of time.
- Operator: We have next question coming from Mr. Harshil Parekh. Please unmute and introduce yourself and ask question. Mr. Parekh.
- Amar: Hi Abhishek. This is Amar here this side. So I have a question on b2b business. If you can give us some understanding, like b2b business, which was around 200 Crore business, I think in FY22. What would be the b2b size in 2022 and basically now is that b2b whole business is consolidated into JdMart or we are still doing the b2b business separately and JdMart separately, how it is?
- Abhishek Bansal: So b2b currently is about 20 to 23% of our revenues. So whatever vendors that gets signed up on Justdial, vendors are visible and their products and digital catalogues are visible on JD as well as JdMart. So, JD since it is a well-established search engine, we already draw a lot of traffic for B2B related categories. So, customer doesn't have to take two separate sorts of subscriptions, whenever they do take a subscription that is for all Justdial platforms put together so in this case, visibility on Just Dial as well as JdMart.
- Amar: Okay, now currently, how many subscribers let's say in the b2b business.

- Abhishek Bansal: So b2b business, I think there should be around 80,000 odd subscribers about 20% of 437,000 that is should be the b2b categories.
- Amar: And average realization will be around 20,000.
- Abhishek Bansal: Ya around 20,000.
- Amar: In this, like you know, so, what would be the fixed cost in this?
- Abhishek Bansal: So, in our case, fixed costs, I mean, one in terms of, you have the sales cost that is there, you have the sales team and then you have the corporate overheads in terms of whatever support functions, etc. that we have. So, I mean, fixed costs is primarily the salaries that we have to pay for either the sales team or other technology, content and support teams.
- Amar: So, basically, in percentage terms, let's say 30%-33% will be your fixed cost.
- Abhishek Bansal: So, we look at it more as a gross margin basis. So, for example, on overall Just Dial pre COVID, we used to have about 60% gross margin and against that business used to make overall about 25 to 30% EBITDA margin, which essentially means that another about 30-35% used to go in other support functions related to product content, technology, advertising, etc. So, we do not directly look at that, okay, this much percentage is fixed cost versus non-fixed. For example, while we were at 25-28% margin business in FY20, in FY21, our top line dropped by about 20% due to COVID impact, but still we were able to optimize our cost structure such that business still delivered about 28% EBITDA margin. So, that is how it is.
- Amar: Okay, okay.
- Operator: I personally find the key is a long queue of personnel. Hi, so, requesting you all to please restrict yourself to only two questions and we have the next question coming from an audio dial in, please unmute yourself and ask question by hitting star six. Yes, please go ahead.
- Pratik: Hello, good evening this is Pratik from Antique Stock Broking. My question is regarding, I have two questions. Firstly, when you say withdrawn all the discounts and (audio inaudible), this is something also which can impact your paid campaign and secondly, how do you see business or market share changes in b2c category from new and old competition in general.
- Abhishek Bansal: So Pratik on the first question when we say withdrawn discounts, so when this particular COVID First day hit us at that point of time, in order to assist SMEs, we rolled out certain discounted plans. We rolled out certain schemes such as late activation, you pay today, but your campaign can get activated about say a month later or two months later, whenever you want. So, all those flexibilities etc we have sort of withdrawn. So the idea is to say that okay, there is a same pricing, which will be sort of implemented and that

since it coincides with withdrawal of sort of COVID second wave. So, and has I mentioned that third wave impact seems to be muted at this point of time. So this is sort of working out well for us at this point of time. On your question around market share, so there aren't any formal sort of stats around market share infact in local search, where we operate there aren't any sort of direct competitors, so to say, though, there are obviously a lot of indirect competitors and going forward as we mentioned that the way things are evolving that people want to do more and more stuff online, we would be wanting to evolve into that particular transaction cum search engine.

Pratik: Thank you. Can I ask one more question? Or go back to the queue.

Abhishek Bansal: Ya go ahead.

Operator: I think our caller got dropped. So we have next question coming from Mr. Anuj Sehgal. Please unmute and introduce yourself to ask your question. Please go ahead.

Anuj: Yeah, hello, can you hear me?

Operator: Yes Anuj

Anuj: So, I just wanted to understand, you talked about transaction model, which will obviously have revenue as a percentage of value of transaction, and will have a different margin profile from the core business. So what I want to understand is, what are the categories that you think will be suitable for this transaction driven model? And what kind of business or how will your overall revenue change let's say over the next three to five years with this whole transaction model shift that you are anticipating.

Abhishek Bansal: So Anuj on this, I think may be too early for us to be honestly able to comment (audio inaudible), as we mentioned that the idea is to add a transaction layer in both service and product related categories, we would want to take low hanging categories first, optimize them for user experience, and then gradually scale up to other categories. So at this point of time platform is getting built, when we find a study done, we will work towards growing the user base, at the same time, work on monetization, etc. So I think it will be sometime before we can be in a good position to be able to comment on this.

Anuj: Or maybe if I ask in a different way, can you give us a sense of how you're thinking about this? Like or maybe give some examples of what kind of categories would you be if not targeting but what are the kinds of categories are suitable for such a business model? And how do we think about that? I mean, I know its early days, but it's just want to understand your thought process of how we're going about building this business.

Abhishek Bansal: So, for example, on the services side as part of JdXperts, it will be say home service related categories, for example, your pest control services, your categories, such as any kind of appliances repairs, then it could be extended to say carpenter, plumber, electricians, even could be extended to yoga trainer, fitness trainer, etc. So these would typically be on demand Home Services. On the product side, it could be any sort of consumer durables such as say mobile phones....

VSS Mani: Can I handle this....so let us take Shopping, shopping will be no different from what you see in Amazon or Flipkart. The difference is the partners are located. It's a hyperlocal sourcing mechanism. So ensuring that the person matching the buyer to the seller to the nearest pincode and ensure faster delivery. And we have a larger inventory base in terms of say a million businesses being able being our partners. We are able to cater to products on demand at any time because of such a large inventory base. So soon when you extend this to any other product, which is let's say b2b in nature, or bulk in nature, wholesale in nature there too again, the similar strategy. Basically, all those listings on Justdial are doing nothing but they are buying the part in the economy. They're all playing their role as retailers, wholesalers, distributors, so whatever. We are bringing them to our platform and allowing them to sell exactly the way they sell that includes shopping and JdMart, this will be what we will be doing, this is the platform which will first lay. On the experts side our idea is that now consumers are more into kind of uberized type of experience where they will probably want to book with a brand like Just Dial or platform like Just Dial and would want their execution of that work. It could be any kind of repairs and services at home. It can be any type of services which are rendered at home like cleaning services or beauty salon services and things like that. What do we do here? Do we employ any of these people? No, we, we go to our partners, we locally source them, according to the same pin-code, geocode strategy, and try to create it on time and ensure that there is high standard of service experience and there are certain formats methods that have to be followed by the service providers. Similarly, can go dissect healthcare, doctors, what could happen in doctors, doctors will be online consulting, doctors can be fixing an appointment, finding the type of specialist, you know, speciality hospitals, various things, so can go deep dive in it, off course we can. As I already explained that if we get into real estate, it's going to be much deeper content, allowing every agent that will publish their content for free and sell their inventories. And obviously, there'll be preference to the sponsored listings, we choose, whose products, postings will be showcased right on top. Like, accordingly, like you'd have something to do with groceries, insurance loan. So what we did was we looked at the JD revenue pie, and where is our revenue coming from? Our revenues were coming from, let's say insurance agents, people who are facilitating for loans, people who are retailers, then we looked at, how it is happening in modern days. In modern days it's

happening differently, so how can we play an important role? Can we provide a platform for that? So you will see will roll out one by one, each of this, as you go to the same Justdial also you will see a much superior richer experience and that's what our goal is, let's see how much we can execute. It may seem like a lot, like we are trying to over achieve instead of going after one or two verticals, but that's not the DNA of Justdial. DNA of Justdial is horizontal. So we cater to all kinds of products and services. So what we did was we started hiring people who were working in certain expert verticals, online verticals, which they were there for years, you know, good knowledge, you know, how it operates so we have taken them as leaders and these leaders are going to execute it, of course, in the differentiated way that we want to do it.

Anuj: Ok now this is very helpful Mani, just one clarification. So on the b2c side, you know, it is very clear, you will go hyperlocal, try to connect the customer with either an expert or shop. But on the b2b side, you know, that is not necessarily a hyperlocal business, right? So how can we think about that part of the business?

Abhishek Bansal: So even in a good b2b, if you look, Alibaba, if you look at them, you know how they go about. So here you allow manufacturers and sellers to publish their products and obviously, sell online, have discussions online, get quotations online, requests for quotation online and all of those. So we provide as a platform, whatever is required, you know that we're also willing to lend our help or rather we call it a JD escrow services through which if you place an order your product is reaching you securely, and we kind of release your payment only after the receipt of the goods, goods according to satisfaction and such type of services that we will package along. You have an option to go offline transact with the same vendor after discovering the vendor online at Justdial's JdMart or Justdial itself.

Anuj: Got it. Got it, this is very clear. And is it fair to say that the current mix is about 77%, b2c and 22% b2b. Is it similarly, how this business will evolve or is it going to be much different?

VSS Mani: Well, we are very interested to know that, you know, honestly speaking, currently, a large portion of the revenues come from services sector. A small small percentage comes from JD b2c products. And 22% odd is already coming from b2b. I think the b2b numbers may grow. That's really, more than, see, it is for both b2b and b2c, it's getting indispensable to internet as such, be part of any such platform. So I'm sure vendors realize that and hence we will have more members subscribed to our services as we give a proper shift to our product, we start advertising and all that, it also possible then all sections are growing at the same time so probably the percentages may remain constant. By my guess is on the JD B2C products, probably the revenue share could increase, because we didn't have any such thing done

over a long period of time. And shopping will obviously be really powerful, and if we can have instant delivery, and a WOW experience and great price discovery and all that, obviously, that also has huge potential to grow.

Anuj: Okay, thank you very much. This is very helpful.

Operator: We have next question from Resham Jain

Resham Jain: Hi, sir. Good evening, sir. Just one question on JdMart. You have built a large catalogue. And I think a lot of vendors are also there in terms of listing. But in terms of indexing them on a search engine like Google, how are we currently progressing over there? Because a large part of traffic comes from Google. So in terms of indexing, how are we progressing?

VSS Mani: So indexing part we're doing better and better day by day. I mean, they probably there could be some early movers who are now visible, very much prominent there. But it's only a matter of time, once you have rich content, Google has bias towards good content. So that you will see that. Then since the period of existence of the site also matters. So what we have done is trying to kind of capitalize on the Justdial's popularity on SEO. So if we could leverage that for traffic to JdMart. So something practically worked on that buy the team, we'll get to know the results in next two, three months how that has helped us.

Resham Jain: Any specific category where you think your indexing is now much more powerful than let's say this to give us an example, you might be strategizing, based on specific sector first. So any example, you can give.

VSS Mani: SEO works on content enrichment, and our continent, enrichment is getting done across all categories, you know, irrespective of whether search engine traffic or not. We need to have that enrichment for a better user experience. Eventually, you know, you got to less depend on SEO and get traffic directly to as the first preference, you know, and that's going to be our ultimate goal. You know, how to get users directly use our app or come to our site directly. And there has to be a compelling reason or proposition for them, and then you achieve it.

Resham Jain: Okay. Got it Sir. Thank you very much. All the best.

Moderator: I think, given the time constraint, that was the last question. I think we can end up the call I'd like to thank all the participants and the management. Any last comments from your side, Abhishek.

Abhishek Bansal: Thanks, everyone for joining us, in case you have any further queries, please reach out we'll do our best to address and that's it from our side. Thank you.