

"Justdial Q3 FY15 Earnings Conference Call"

January 29, 2015







MODERATOR: Mr. ANIRUDDHA BHOSLE – ANALYST, DEUTSCHE

EQUITIES LIMITED.

MANAGEMENT: MR. V.S.S. MANI – FOUNDER & CEO, JUSTDIAL.

MR. RAMKUMAR K. - CFO, JUSTDIAL.



Moderator:

Ladies and gentlemen good day and welcome to the Justdial Q3 FY15 Earnings Conference Call hosted by Deutsche Equities Limited. As a reminder, all participant lines will be in the listen-only mode. 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. Aniruddha Bhosle from Deutsche Equities. Thank you and over to you.

Aniruddha Bhosle:

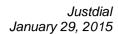
Thank you Zaid. Good evening everyone. Welcome to Justdial's 3rd Quarter FY15 Results Conference Call. We are happy to host the management on the call today. We have with us Mr. VSS Mani – Founder & CEO, Mr. Ramkumar – CFO and other members of the senior management of Justdial. With that I would now like to handover the call to the management for their prepared remarks up to which we will open the floor for Q&A. Over to you gentlemen.

Ramkumar K.:

Thank you Aniruddha. Good evening friends and good morning friends from the US. So let me dwell into the highlights of Q3 starting with our revenue grew to 154.42 year-on-year growth of, registering a year-on-year growth of 29%. Our adjusted EBITDA margin was 36%, EBITDA grew to by about 67% to about 55.63 crores from 33.35 crores. And we had a net profit of about 32 crores registering a growth of 8%. And the other operational highlights during the quarter. Our paid campaign grew to about 313,000 campaigns as of December 31 and increase of about 25%. The total number of listings was about 14.7 million listing overall yearly growth of 35%. As of that December 31st we had a total employee of about 9,220 employees a growth of about 300 odd employees over the quarter. We have about 23 Search Plus service live on our platform.

Now let me give some color on revenue expenses and profit during the quarter. On the revenue front, we had good traction in our strategy of expanding our footprint into Tier-II, Tier-III cities. We continue to add our sales force feet-on-street on these cities that Tier-II, Tier-II contribution today stands at about 10.5%. During the quarter we had five less working days this was as you know Q3 is cyclically we have holidays but this time we had lot of bunching of holidays in single months, so we had five less working days during the quarters. That impacted sort of sales during the quarter. It is cyclical I would put it this way.

On the expense side, the granted further 240,000 shares out of this 700,000 shares already had granted earlier so within that we had granted 315 Q2 further 240 out of the 700 we granted in Q3 that increased the overall ESOP expenses to 5.6 crores. As you know we had an initiative in the Q1 for content management, data collection initiative that we did on a big scale in Q1, most of the expenses on the content acquisition happened in Q1 and Q2, but in Q3 it was sort of steady state. So as a result we have been able to manage our SG&A expenses in Q3. And other point I would like to highlight which is contributed to the 36% margin has been that the





EBITDA margin has been last year we had an advertising spend of about 7 crores during the quarter but this year we don't have that. So hopefully we should start spending on the Search Plus ad campaign later part of this quarter or most likely Q1. On the other income showed net profit I would like to highlight here that we had deferred recognition of investment income during the quarter. As you know with the change in the government policy in July we had sought of moved our investment the recognition of income on our investment so as an when the investments hit maturity of three years. So it is essentially postponing our deferment of income rather than anything. So with that, one more lastly I would like to say that we have a cash of about 740 crores, during Q3 we had paid about 30 crores for the acquisition of land in Bangalore so if you add that plus you would have ended up with about 770 from 740 in Q2. So with that I would now like to open ourselves for questions.

Moderator:

Thank you very much. Ladies and gentlemen we will now begin the question and answer session. Our first question is from the line of Jignesh Kamani from Nirmal Bang. Please go ahead.

Jignesh Kamani:

Just want to know about, how is the ramp up happening at our venture in the UK because we are trying foraying into the content creation and also in to some highlight of the Singapore and Malaysian operation.

V.S.S. Mani:

The content creation is in progress, we are probably going to launch the Middle East version some time end of this quarter. And UK is somewhat live. We are still going in enriching the content and both these countries there is no special effort to monetize it right now. We just want to see what traffic that we can attract organically and that would take the necessary steps.

Jignesh Kamani:

And what kind of quantum of cash?

V.S.S. Mani:

We bundle to this single application that Justdial mobile application that we are building, we want single app for multiple countries. It is that you are using the app in India the similar experience you would get in using it in any of the other countries.

Jignesh Kamani:

Will there be any cash burn that you can say for data collection or you can say increase in the usage of application in this country?

V.S.S. Mani:

Whatever is cash burn it is already reflected in our numbers already.

Jignesh Kamani:

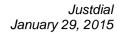
Okay.

Ramkumar K.:

It is very minimal, non-material at all.

Jignesh Kamani:

Sure. And how is the ramp up in US and Canada?





V.S.S. Mani: We don't think much we just have the content, we just maintain the site and the app and that is

it.

Jignesh Kamani: And second thing, if you take earlier in the Justdial platform we used to have a rating system,

off site I visit that there is also a review available on the various you can say category. So have we changed our strategy and how is our response you can say post change from rating to

review?

V.S.S. Mani: We have always had reviews, we have always had ratings and it is less than 5% of the users

actually post a review and 95% prefer to give ratings. And that is our experience and as you know that Justdial is slightly different from any other reviews and rating sites, we have more than 50 million reviews and ratings so obviously the numbers being large may be you would not have noticed their number of reviews in the past may be it came to your notice now but it

has been always there.

Jignesh Kamani: And my last question, if you take about just now in Search Plus we increased from 20 services

to right now on 23 service. So which are 3 services which added in this quarter?

Ramkumar K: We have the deal section which went live off late. And then the online recharge which was

there, bill payments which we have.

V.S.S. Mani: Some parts of augmentation

Ramkumar K: Movie ticketing, we got live events.

Moderator Our next question is from Niket Shah from Motilal Oswal Securities. Please go ahead.

Niket Shah: Had a question on your base business, last year we had taken a price increase which completed

got reflected this year, any plans for a further price increase for next year?

V.S.S. Mani: The search engine to a great extent takes care of the price increase. We don't have to really go

tweak time. It is kind of happening almost like on a daily basis increase or decrease actually.

Ramkumar K: Price changing is all about optimizing the price. It is on the traffic it goes increases and

decreases.

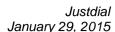
Niket Shah: But no manual price increase that we last year that will not repeat this year?

V.S.S. Mani: Last year there was a technical correction which we did specifically to the super premium

categories and that really paid off very well. We may do it again if we see an opportunity.

Niket Shah: Sure. And the second question was on the ad spent part of it. Any particular number that you

kind of frozen up for Justdial Search Plus and also the second question was on the any





opportunity that you think on the B2B space, today Justdial is more of B2C any opportunity that you think on the B2B space where you might be exploring over the longer term perspective?

Ramkumar K.:

Yes. So first question is about the ad spent we have not firmed yet on the budget or not yet arrived at the right date of launch and all that. Not able to give that answer right now, the B2B we are actually pushing a lot more and we have built our own kind of technology Cloud solution for businesses where they can manage their inventory billing and publishing their content and sell their products through our platform. That should probably go live next quarter. This would be initially for free for businesses to sign in and start their shop, it is like a plug in and play. And the later date it would be like we will be monetizing for that.

Moderator

Thank you very much. Our next question is from the line of Tejas Sheth from Emkay Global. Please go ahead.

Tejas Sheth:

Just wanted to know which platform is on the Search Plus side is seeing strong traction of transactions taking place at that point in time.

V.S.S. Mani::

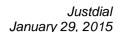
Search Plus we have not yet advertised and all we are doing is as you know that we all are working towards what we call a masters app which is almost on the verge of completion. Hopefully by 31st March which should be fully functional. This would include a bouquet of products and services that you can use it on a day to day basis. Also frequent in frequent and in all could be buying products, buying services. So in that process as we have rolled out we are only monitoring the quality and the performance on these have not yet made it fully aware for our users. We are seeing good traction including the new launches like hotel reservation, hotel booking we are seeing good traction on that. We are seeing good traction even on movie tickets which we have recently launched, we are also seeing some great traction in shopping online actually you would be surprise that lot of people are actually buying searching for specific brands and products like mobile phones and cameras and bicycles and stuff like that and people are buying it online through us.

Tejas Sheth:

Okay.

V.S.S. Mani::

So there is huge potential bus ticketing is another place where we have immensely benefited, recently we launched flight ticketing there also we are seeing lot of traction. The key here is see, we would not way positioning Justdial as competing with any of those online travel company or online shopping company or ticketing services and things like that. We would (foresee-13.40) Justdial as a unique app, one single app that will do wonderful purpose for you, serve multiple purpose and that we feel there is a huge opportunity there because the market is actually flooded with too many apps, too many options and people that is a kind of fatigue which we can kind of solve through our product and the good thing about our product is once you transact with us your information like your credit card details, your delivery





addresses and all that is saved for eternity which means you can every other transaction you have whether within the same category or a different category you would see a very seamless experience that probably is just done in few clicks. And going to launch a mobile app with a voice search recently, you could use that on the Android platform if you have an Android phone you try using it, it really works, you can search for products like you can say I want to buy IPhone 6, 64 GB space grey or you can say I am looking for Oberoi Hotel Nariman Point and actually you would land on the page and in the next click you can book the hotel rooms. One click of one voice command of particular camera, particular model of camera, particular model of television or mobile phones, you can just get the results and next click you can actually buy it. And you would also see that the prices offered by a vendor are as competitive as any other e-commerce site, that to touch upon online shopping thing.

Tejas Sheth:

Okay. But would you like to put any number towards the percentage growth on quarter-onquarter basis towards transaction side?

V.S.S. Mani:

No, we don't want to do that because for us for the next 12 months we are not looking at, we want the people of this country to be aware of this one destination where they can do several things and we our goal is to obviously have them enable themselves with us for as many things as possible. And obviously the goal is to get people like to you deeply involve with us, at the same time I have a wider audience attract more people for many different things. The beauty of this is that we are taking a different route as compared to other players in the market. We are not going to do things like, we would rather spend on Evangelist program which we are starting full-fledged this month where there are people who would actually kind of help people understand how to use this app because we have seen that in this country people although they have smartphones the smartphone usage at least in the 30 plus segment is very minimal. Justdial as an app can make a huge difference there.

Tejas Sheth:

Okay. And if you can highlight what are the critical hurdles you are facing towards fulfillment of this transactions?

V.S.S. Mani:

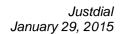
None so far actually. We wouldn't not that, that it is such a big hurdle that we are not able to overcome. And we have put lot of automation, lot of processes in place. So even placing orders like from your own neighborhood grocery store which you can do it through JustDial you can try it today, share his experience with us whether it is small-small things I am talking about this small vendors who are catering to smaller neighborhoods. The experience has been very good.

Tejas Sheth:

Okay, just last one.

V.S.S. Mani:

You have to understand, in India there is large entrepreneurial community which is very keen to grown, which is earnest to serve, people, the logistic for them is never a challenge because they have the chotu's running and fulfilling the needs, delivering staff and things like that. So





they did not have the technology, they did not have an online platform which is what we are giving them today.

Tejas Sheth: Okay. Just last.

Moderator: Mr. Sheth may we request you to return to the queue.

Tejas Sheth: Just one small book keeping question. Ram what would be the CAPEX for FY16?

Ramkumar K: We maintain that it should be in the range of 5 to 7%.

Tejas Sheth: Okay, fine. Thank you very much.

Moderator Thank you. Our next question is from the line of Gaurav Malhotra from Citi Group. Please go

ahead.

Gaurav Malhotra: Just had two quick questions, firstly on the marketing spend for Search Plus I know Mani said

that it is getting firmed up. But any thoughts on offline versus online marketing where you

believe which one would be more beneficial for you that is the first question.

V.S.S. Mani: So creating the awareness of course we have to use the media, the mass media we have to use

digital as well. But when it comes to really getting people to use a product I think we have to put a lot more thrust on Evangelist who would actually help users understand the true potential

of a great product like Justdial this master app. So it will be a combination of both.

Gaurav Malhotra: Okay. Could you just give us some details on the Evangelist program in the sense these will be

people who will sort of go and educate consumers?

V.S.S. Mani: That is most likely to be a guy who is less than 20 years of age, or around 20 years of age and

actually help to download the app. They would also set up your favorites, they will help you fill up your profile which will make you like one click check out for most of the services. And they will teach you how to discover price for the products before you buy it, how to book

they are more kind of savvy with cellphones and they know how to operate it and they would

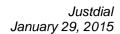
movie tickets through us, how to book table reservation in the restaurant, how to even buy the same old grocery that you do, stuff that you do that you can do it by saving time here and

money.

Gaurav Malhotra: Okay. The next question was on the existing Search Plus services, now I know it is still, it is

not being mass marketed, but based on the self-discovery of what the users are doing, any sense on what is the kind of fulfillment rate in terms any sense on which segments are more

popular than the others, any sense on that?





V.S.S. Mani: Our only say from a very, the user experience so far has been phenomenal we have been

really-really super happy with what we have been able to deliver, people who have tried to transit through our platform. So that gives us really the confidence to really go and scale this up and really spend money on the communications which is what we have been working on

for so many months.

Gaurav Malhotra: Yes, but any particular segment or segments which are more popular than the others.

V.S.S. Mani: Doctors appointment is immensely popular; we do very well on doctor's appointment.

Ramkumar K: Even the reverse auction.

V.S.S. Mani: Reverse auction for product that is another superb, I do not want to give numbers because we

have not started giving numbers to them.

Gaurav Malhotra: Yes.

V.S.S. Mani: Extremely popular reverse auction for getting product price quotes, and slowly we are also

seeing that other categories like travel segment is getting popular we had also seen movie

ticking where people are discovering they find it so much easy to buy tickets through us.

Ramkumar K: Bill payments and recharge.

V.S.S. Mani: Bill payment also we will take off, because we have just launched this bill payments and

recharge and stuff like that. It is basically anything and everything that you do in a month what you do, you would be able to do it through us, you can pay your telephone bill through us, you can pay your mobile bill through us, your DTH bills through us, you can book movie tickets, you can get reverse auction course for any product that you want buy, you can test ride a car, you can book appointments with doctors. You can book hotels very soon you will get quotes from multiple travel sites, so when you search for hotels like Oberoi Hotel in Justdial you will get actually quote from four different top notch players who are internationally known so rest of them are commensurately popular. We are trying to be on top of all the players and try to

give you one point solution for everything.

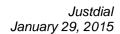
Moderator Thank you. Our next question is from the line of Arya Sen from Jefferies. Please go ahead.

Arya Sen: Couple of question firstly you were planning to launch something on the payment side could

you give a little more color on that what exactly is it that you are launching and what would be

the date of launch?

V.S.S. Mani: JD cash Sandipan can you give us the date of launch.





Sandipan Chattopadhyay: No, we are foreseeing yet on that part but hopefully we should be able to get some by this

quarter end and hopefully next quarter we should be able to launch, next quarter. So what are

the objects and all in that you can get.

V.S.S. Mani: So by April hopefully we should be able to launch JD cash quite a bit of work is done in the

front and as you know it is all about money moving from one place to the other it has to be 100% tested and full proof. So basically you know the purpose of JD cash basically it allows our users to use any instrument like credit card or debit card or net banking or even they can pop some money with our JD cash and they can use it. So just in case if you want to buy from something from a store which is does not except online payment or you are buying it through Justdial we can collect the payment from you by any of those banking transactions and then we can credit the vendor the digital cash which gives in the confidence to deliver the product

at your door step.

Arya Sen: Right. And would the recent RBI regulations and payment banks have any implications for

this?

V.S.S. Mani: Not really, actually we are thinking we need to have a wallet.

V.S.S. Mani: License for wallet. With which we can in the interim period we can manage with some of the

existing people who have third parties, who have that license.

Arya Sen: Right.

Ramkumar K.: There will not be much impact from a payment bank perspectives, but the existing regulation

itself will allow us to operate the JD cash.

Arya Sen: Right. You said that you have launched online recharge and bill payment so how is that

happening currently, isn't that using some sort of application like this already?

V.S.S. Mani: Actually most of the online recharge the way it works is you don't have to load a wallet, you

can just select whatever your consumer number or whatever and go ahead and pay the bill and

use your bank, net banking account or your credit card or debit card.

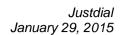
Arya Sen: Okay. And secondly just wanted to understand if I look at your FY14 proportion of search

about 23% was coming from mobiles. How much would that be now?

Ramkumar K: Much more actually our number of users on a daily basis on mobile has crossed the web and

PPC usage. So today I have data, are we giving the data or no?

V.S.S. Mani: More than 35% we can say is coming from mobile platform.





Moderator Thank you. Our next question is from the line of Niket Shah from Motilal Oswal Securities.

Please go ahead.

Niket Shah: Just had one follow up question on number of days of working for 2015 are there lesser

number of days as compared to 2014?

Ramkumar K.: Yes. If you look at Q3 we had four less working days than Q3 same period last year. So to that

extent that we have less number of working days, more or less.

Niket Shah: But if you look at for the full year of 2015 there are too many holidays so in that sense should

get adjusted in revenues.

Ramkumar K.: See the point is, while long weekends are happy for many people we are not happy with long

weekends so. It is kind of all these holidays that happen on weekday it does impact our business. Yes, 2015 will see lesser number of working days than 2014 primarily because of

these weekday holiday public holidays.

Niket Shah: Sure. And final question on margins, since next year you get into an advertisement mode is it

safe to assume that if you take advertisement impact margins on a Y-o-Y basis will be broadly

flattish or will you see an expansion even after that ad spent?

V.S.S. Mani: Ad spent you have to understand into one that we would do for a big bang launch which is

considered as a one off spent. How one as to account for that? Although our accountant says you have accounted in a very same day. On other side yes, in regular ad spent now the margin should expand with just regular ad spent but if it is a big bang launch and one-off spent the

margins should shrink.

Moderator Thank you. Our next question is from the line of Nandish Dalal from IIFL. Please go ahead.

Nandish Dalal: I had a couple of data points to be asked, could you just help me with the number of app

downloads overall.

V.S.S. Mani: Overall it should be about we have not given numbers but overall will be more than 5 million.

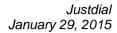
Nandish Dalal: More than 5 million and could you just, because last year the same time you had suggested

was around 4.2 million so how are the daily downloads happenings, what will be the rough

range of our daily downloads?

V.S.S. Mani: Download a day did we say 4.25 million last year?

Nandish Dalal: Yes, during 4Q 14 that is the March quarter there was 4.2 across all platforms.





V.S.S. Mani: So currently it should be about 5.25 or something but we have not given those numbers but

most of the numbers are open you can go to the sites and see it but the question is right now we are trying to push our app as you know to download an app inorganically it cost well above Rs.150 to Rs.200 in many cases if you really want the high volume we do not think that is really worth while we would rather spend that on Evangelist activity which would give us far

better returns. But organically we have growth of about 10,000 a day.

Ramkumar K: 12,000.

V.S.S. Mani: 12,000 a day.

Nandish Dalal: Okay. Thanks a lot.

Moderator Thank you. Our next question is from the line of Shrinivas Seshadri from CIMB. Please go

ahead.

Shrinivas Seshadri: Mani just a clarification on the margins which we just spoke about, so when you are saying

there should be a margin shrinkage are you referring to the quarter in which the promotion will

happen or are you talking about a full year basis next year margin should shrink.

V.S.S. Mani: Definitely that quarter. And there would be some impact if there is a big spent, big spent when

I am saying it is something like \$15-20 million worth of spent. And that would definitely have

an impact, but that we have not made up our mind on that.

Shrinivas Seshadri: Sure. Because the earlier indication was that it could be more of like less than 10 million kind

of a budget so is there any rethink around what we need to do in terms of.

V.S.S. Mani: It all depends on, it is all done for the betterment of the company and the product of the

company and their uses. So basically if we see there is a phenomenal response to our product then we would not want to leave anything laps so we would rather want to grab the market,

kind of grab the territory. So it all depends on that timing and decision making.

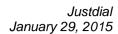
Shrinivas Seshadri: Sure, great. The second question is more from my own user experience on Search Plus. What I

well but when, like one huge category like grocery at least my personal experience was the SKU and etc were not kind of updated at least for my local grocer or couple of grocer I had tried my area. So just firstly want to understand like is the primary responsibility rest with the

found was as you mentioned reverse auction and the appointment based stock works pretty

grocer in terms of updating what SKUs they have and if yes then how do you ensure that they go about doing it and because that would ultimately drive the success or failure of that

particular product.





V.S.S. Mani: We tried it recently I think there is a much better version of it right now online. Please check it

on the website. And is that, you meant that the particular shop did not have an online buying

capability or it had but it did not have all the products?

Shrinivas Seshadri: Yes, I think it had and there were several products listed which were not available in the shops

so that is where I was coming from. So, from that perspective just wanted to understand how the process works in terms of the updation of inventory and so on does the grocer do it or do

we have people assisting them to do it and checking with them on a regular basis?

V.S.S. Mani: We have a full-fledged version which they can use and play but the point is, you have to when

you are dealing with small, medium business you have to be at the level of technology there in, you cannot force them to use your inventory management system, they will graduate to that

one day, but you have to show some traction some business to them. So what we have is from

the user front end we have kind of done it as good as, as best as possible in the space as

compared to other vertical players. And more or less experience here what we have got so far

is like phenomenal l, people place an order and they say within an hour we got the deliver, within 30 minutes we got delivery which is unthinkable even for a vertical online player only

selling groceries. Because you would be able to only schedule it because we being hyper local

we are able to fulfill that in the shortest possible time. And availability of inventory is in case

of grocery is very rarely seen that the particular product is not available because grocery,

unless you are talking about some exotic vegetables or exotic stuffs regular products like

FMCG products are hugely available then not available.

Shrinivas Seshadri: Alright, fair enough. So I will probably share my experience.

V.S.S. Mani: You must share it with us by mail and also please do try the new version and then let us know.

Moderator Thank you. Our next question is from the line of Jay Gandhi from Antique Stock Broking

Limited. Please go ahead.

Jay Gandhi: Firstly I would want to know how many establishments would you be having on Search Plus?

V.S.S. Mani: Total is not right now in my hand but, it should be running into above 1000.

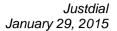
Jay Gandhi: I am sorry.

V.S.S. Mani: I can get you the number later?

Jay Gandhi: Yes, sure that is fine. Also you must read that recently Zomato acquired Urbanspoon which

boost off the second highest traffic in terms of food and that is a pretty big category. So just wanted to understand from you, would you be is it getting tougher to grow organically in the

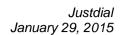
US or are you going to have a combination of both?





V.S.S. Mani:

US is not a priority market, we have in US because we cross about 100,000 users a day, absolutely not spending a penny, inorganically. We are not even monetizing that. But we are constantly improving our product as you go and visit our views website you would see that we would have perhaps in fact richer content than India. Content sourcing in the US part is far superior but we are not in a hurry to do something in the US because we want to play the game very differently as we are playing in India, it will not be the same. Counter in US could be like, we would be sitting on top of all the vertical players which means that we would actually have you search for various categories like you already can search for movies and actually buy movie tickets, and this is kind off a powered by Fandango the leading movie ticketing site in US. Then similarly you can book tables and it powered by Open Table in restaurants and you would soon be able to call a plumber or electrician on the call and it would be powered by a company called Service Magic. And in fact you would be able to search for hotels and you would get quotes from Xperia you will get quotes from bookings.com, you will get codes from several of those things. So we do not want to compete with the players but if you would want to try to enable them and actually send them some traffic but we focus on our user. The user wants to save time and money. Save time by not going to four different sites and discovering the price, in one site you come and you say okay this is great man I come to Justdial, I get to see the price for the same hotel from four different providers. And of course I will save money because I will chose the one which is most sensible for me, probably cheapest. So this is the way we want to play the game interval of markets. But I want to tell you something, if you really know US market or any developed market use Justdial and compare with any other any other product there, you would not see anybody coming close to it. Right from the order suggest, the way we are structured, our hyper local search no one else in the world has done it yet. But then we are a company, as you know that our DNA is different. We would not be one of those companies accruing others to say that there is an inorganic growth opportunity so we will not do that. So we would do it in the manner that we understand the business so we think that internet play particularly in India so very long term game. There are two ways to play this game - one way to play the game is like buy products for Rs.100 and sell it for Rs.90 okay some people will come to you for sure, because if the cost price is 100 and selling it at Rs.90 then definitely there will be a traffic. If a taxi ride takes Rs.200 but the driver gets Rs.500 for that of course you will go for those cab companies but can businesses be run like this forever? If I am used to somebody giving me deep discount, if the same provider starts charging me a normal price will I go to him, I will be a grudging consumer. So we don't want to play that game. We want to play the game differently, we say build a great product, product by itself should save time and money and the overall user experience should be phenomenal let's focus on that. And even if we grow a 30% years-on-year we are happy people. We don't want to really rush it to 50 or 60. If you have a great product one day you would definitely grow at 50% also. Because as you know the most successful internet products in the world are being great products and very few of them have given doles like this. Have you ever heard of Facebook giving you money to use their product, have you ever heard of the Whatsapp paying you money to use their product like nobody doles out money like this. So in India we are





seeing a different fact of game so we don't want to get into that mad rush, either doling out money or to get into reckless acquisition. We want to play the game the Justdial way.

Jay Gandhi: Would you be having any acquisition insight for next year probably for fiscal '16?

V.S.S. Mani: Talent yes. Acquisition of talent?

Ramkumar K: No acquisition in mind.

Jay Gandhi: Inorganic.

V.S.S. Mani: I don't think so right now we do not have anything in hand so I cannot comment.

Moderator Thank you. Our next question is from the line of Arjun Tandon from Matsya Capital. Please

go ahead.

Arjun Tandon: Can you please provide me with the breakup of premium lifting as a percent of trade

campaigns and total revenues for the last few quarter, is that possible?

Ramkumar K.: Yes, approximately about 20% of the campaigns are premium and not significant change from

the earlier quarter as well. And roughly about 42 to 45% of the revenue would be from the

premium.

Arjun Tandon: Okay, and can you also help me out with the last two quarters also – quarter one and quarter

two. Because I don't think anyone discussed those numbers.

Ramkumar K.: I think this is given in the last call as well that it has been in the stable level there is no

material change in this.

Arjun Tandon: And there is also not like a fix timeline for the acquisition that has been decided internally

right.

V.S.S. Mani: We have not decided any acquisition.

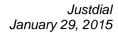
Arjun Tandon: No, because there was the talk of fund raising. You had a press release about fund raising

where you have created the provision to raise funds and it was most probably going to be for an acquisition but it was not decide so just wanted to have an understanding is there a timeline like where you want to do something, where you would want go ahead with the fund raise, and

what is the plan basically?

V.S.S. Mani: Nothing so far, there is nothing to really talk about and that was an enabling resolution and we

had explained it also. We don't have the target right now so that is pretty much that.





Moderator Thank you. Our next question is from the line of Jignesh Kamani from Nirmal Bang. Please go

ahead.

Jignesh Kamani: As you mentioned that it will cost you around Rs.100 to 150 per download or consider to get a

user to download application and the in terms of the traffic level. So earlier you were devising one strategy to increase your application download at low cost nature. So it is only a (unclear-40.40), you are doing only through Evangelist where they will improve the awareness about

the product or where you can say planning to use it (inaudible) to improve our download.

V.S.S. Mani: Most important thing is not just to get the download the person who downloads should also be

using your product. That is very-very important. In our case our app is very unique and different. So here we feel that spending exorbitant amount of money to get downloads inorganically through third party side is not really going to help our progress so what is going to serve a process is actually much-much more deeper way of engaging with the prospective user and actually kind of handholding and teaching him how to use app, then it would spread

virally and that is what we felt. But had the same time the cost per download had been less

than a dollar we would have probably gone and spend that as well.

Jignesh Kamani: Sure. But is there any change in the daily download in last nine month?

V.S.S. Mani: Not really we still get about 10,000 to 12,000 downloads a day. Because all these things we

have been doing in organic downloads only so obviously that will. There has been an

incremental organic dollar downloads.

Moderator Thank you. Our next question is from the line of Ankit Kedia from Centrum Broking. Please

go ahead.

Ankit Kedia: Yes. My question is on the Evangelist program so would this be prominently in the top 10-12

cities and then the Tier-I and Tier-II markets and what is the employee base we are looking to

in the Evangelist program?

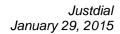
V.V.S. Mani: This Evangelist program will be more free lancers than employees. Would be a bunch of

employees leading it actually but there will be lot of free lances, there will be more college school students who would be doing this. They are going to people, meeting and help them set it up. In fact we would have one before we really kicks on this whole launch of this master app we would have one probably meet somewhere in Bombay we will arrange for all the analyst, investors and others. We will present the product to you and then you would probably more

appreciate the approach that we are taking it on actually.

Ankit Kedia: Sure. But then would there be some amount of onetime expense also for the Evangelist

program along with the A&P expenses?





V.S.S. Mani: Evangelist program will be like a continuous expense actually, because there are so many

Indians out there and potentially our app can be used by anybody who has a smartphone so we

will continue to have that Evangelist program for the next couple of years perhaps.

Ankit Kedia: Sure. My second question is for Ram on other income. Ram would this run rate of other

income be going forward for next few quarters or we could see the lumpiness in the other

income going forward.

Ramkumar K: We believe that we should be able to book some in Q4 where we believe it would be tax

sufficient to book it. Other than that subsequent quarters you may see this kind of other

income run rate.

Moderator Thank you. Our next question is from the line of Arjun Bhatai from QVT Capital. Please go

ahead.

Arjun Bhatai: I just wanted to know earlier we had a strategy that we will not be getting into fulfillment and

the delivery would mainly be handled by vendors so just want to know is that strategy still in

place or is there any rethink on that part.

V.S.S. Mani: That is very much in place.

Arjun Bhatai: So on the Search Plus monetization you said it is still, we are not going to do that for the

coming 12 months there is no timeline on that?

V.S.S. Mani: No, we did not say that we never said that. There was a question on what is the kind of

revenue and growth we were not able to give a proper response to that. We would definitely

monetize Search Plus but we are not in a tearing hurry to do that.

Arjun Bhatai: Okay, so there is not timeline on the same way?

Ramkumar K.: The monetization should start in '15-16 as they mentioned perhaps in the second half of it, but

then a far as material numbers are concerned it will not be until '16-17.

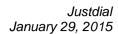
Arjun Bhatai: Okay. Got that, and just one last thing on margins I know this has been answered a lot of time,

apart from the one-off expense since you said you are investing in for inventory management solutions, Evangelist program and everything else, so all this should not really cost a dip in the margins right. Margins should be on a flattish-to-increasing trend going forward apart from

that one-off ad expense.

V.S.S. Mani: That is what we think.

Ramkumar K: That is right.





Moderator Thank you. Our next question is from the line of Ashwin Mehta from Nomura Securities.

Please go ahead.

Ashwin Mehta: How many vendors have you signed up for the JD Guarantee and across how many categories

and any logistic difficulties that you have seen in terms of delivering within the 7 hour time frame that you talk about and in such a scenario is there any tie up with logistics company

happening or how are you trying to ensure that this promise is meet?

V.S.S. Mani: So the number of tiers is very selective when it comes to JD Guarantee, because if we don't

take every vendor we hand pick those vendors and that is sufficient enough to fulfill that promise but yes at times we are seeing the challenge of within 7 hours because the delivery in 7 hours is possible only if you place the order before 2 pm. In some rare cases there have been order which have been placed before 2 pm but the delivery has not been done within the 7 hours but that is getting improved with vendors being far more agile. It is also sometimes the

staff being not readily available but is available the very next morning and stuff like that. But

we are not facing so much as delivery as a problem actually.

Ashwin Mehta: Okay. And in terms of how many categories would you have launched this JD Guarantee.

V.S.S. Mani: 15,000 unique products which means one cell phone particular brand, particular model is one

product. So about 15,000 unique products.

Ashwin Mehta: Okay. And my second question was in terms of reverse auction queries we earlier talked about

between 3,000-5,000 queries happening with a 60% conversion. Are we seeing similar

numbers or we have seen a jump there?

V.S.S. Mani: We are seeing slightly better numbers but we have not started sharing those numbers yet so.

Ramkumar K.: As mentioned earlier that we are seeing good traction in the reverse auction and our research

indicated that it was the 56 to 60% conversion ratio is happening so that continues and with

the trend it is looking upward.

Ashwin Mehta: Okay. And just one last question in terms of what are the services where commercials might

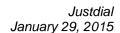
have been tied up like hotel booking, air tickets, movie booking those are areas where possibly commercials might have been tied up, so do we start to see some revenues starting to kick in

going into the next year from some of these service lines?

V.S.S. Mani: Yes, but then if you keep the overall pie in mind the revenue that Justdial makes from search

engine ranking and selling premium listings and all that, these revenues will be negligible. But of course on month on month basis it could be growing 100% also. But we don't want to look at it this way right now. Of course you are right when it comes to like hotel booking we get

commissions and quite descent commissions we get when it comes to other services also we





get descent commission. But the true play in Search Plus is when you create huge volumes and that is our focus area right now.

Moderator Thank you. Our next question is from the line of Vaibhav V from I Wealth Management.

Please go ahead.

Vaibhav V: Sir you were talking about Evangelist program, I just want to need to have a clarity. If you are

talking that you are employing 20 years of age of free lances for aging (+30) year in the uses

of Justdial I am correct?

V.S.S. Mani: Yes, that age group because they understand the smartphones better.

Vaibhav V: And sir I am wondering about strategy what you will be playing in this new services that you

launched that is shopping online, bus ticketing because as you may see when there are other players and so for number one in their respective fields. So what differentiation are you trying

to add or what are you trying to play in strategic terms here?

V.S.S. Mani: First of all this is a single destination we can do several things. Second is, you would not see a

price difference between us and those service providers in fact is it possible that we are

cheaper in many cases. So that could be a big advantage for you. So we know that there are out there, there are lot of users especially on the (+30-35) age worth real money, disposable

income, once they learn about one single destinations you can do several things. There is a

huge market out there to be tapped. And ours is not limited to a cellphone play, it is all well-

integrated you can use it from a PC, from a laptop, from your tablet from any device and you

still get your history, your other profile information everything same. So it is a very unique

and different experience. So it is basically an experience which is worth it, which can save

much more time for you and money for you.

Moderator Thank you. Our next question is from the line of Pulkit Singhal who is an individual investor.

Please go ahead.

Pulkit Singhal: Can you just say what the churn rate is for the quarter?

V.S.S. Mani: Churn rate for the quarter?

Pulkit Singhal: Yes, on paid campaigns.

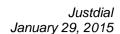
Rajkumar K. There has been no significant change it continues to be in the range that we indicated in the

past and if there is no material change as such.

Pulkit Singhal: Just trying to understand, given with the Search Plus launch the value proposition to an SMB

now becomes that if you place it preferentially with Justdial you are not only getting

preferential search but also a transaction so hasn't that value proposition increased from him at





the same price. So shouldn't (**Inaudible-52.13**) be coming down, or alternatively giving you higher pricing power?

V.S.S. Mani:

Every new addition of feature makes it far more attractive and as I have been telling for a while that the SMBs today realize that they can perish if they do not have an online strategy. Earlier the online strategy was to get incremental sales now it is no more that, it is like your survival is in question now. So hence we are seeing a lot more openness of SMBs to be part of Justdial and they wish to continue. But inflection point area we have not reached. I would say that perhaps by end of this calendar year you would see that lots more SMBs having proactively taking decisions we thought of online platforms like Justdial.

Ramkumar K:

Pulkit. It will be meaningful to analyze this once we do the commercial launch that is when we are doing full-fledged to all these vendors and we have done and launch these services to wider user and consumers and then go and talk to these vendors for signing up, etc., for this Search Plus.

Pulkit Singhal:

Right. Got it and when is the Search Plus launches you mentioned January to last quarter earlier is that changed or?

V.S.S. Mani:

Within this quarter only.

Pulkit Singhal:

And lastly in terms of number of employees is it fair to say that the addition given from a next two to three years is that slowing down in terms of number of employees that you would be needing to add, given that now it is going to be largely mobile and internet and you don't need to have those voice searches it's kind of not growing at a similar rate.

Ramkumar K:

Yes, that is true but then you may want to add a bit more feet on street, so in the overall numbers may not reduce but specific to the people answering calls as you have already seen there is an almost close to 10% reduction as a staff in there compared to last year.

Pulkit Singhal:

So what is the annual rate of addition as we are referring, just a ball park range that we should assume.

Ramkumar K:

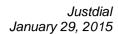
So we believe that this year will add about (+1000) people and next year there will be similar addition of way primarily on the sales and feet on street that Mani mentioned. Perhaps year over, another year or so we may continue adding it before reviewing the man power requirement.

Moderator

Thank you. Our next question is from the line of Hitesh Das from Barclays. Please go ahead.

Hitesh Das:

Have you expand to Tier-II and Tier-III cites so what are the typical businesses that are gaining momentum in terms of signups in smaller towns and cities versus larger cities any thoughts on that?





V.S.S. Mani: As far as the type of business is concerned the top 100 categories, top 8 cities would be

probably the similar kind of strategy, the system that we see in the Tier-II and Tier-III cities but the ticket size could be much smaller, but we don't see any difference in the nature of

businesses actually paying us money as compared to...

Ramkumar K: Mainly this service is side of it.

Hitesh Das: Okay. And one more question for Ram. Ram in terms of tax rate can we think that current

quarters tax rate will continue for the medium term?

Ramkumar K: It should but as they mentioned earlier we may look at may be Q4 if it is tax efficient to book

some profits on other income then it may come down but otherwise it will be in this range

until we start booking the other income investment profit.

Moderator Thank you. Our next question is a follow up from the line of Tejas Sheth from Emkay Global.

Please go ahead.

Tejas Sheth: Just one clarification on the data. The growth in traffic in this quarter is more than the growth

in revenue which we have seen?

V.S.S. Mani: See that would keep happening sometimes the growth in traffic will be higher and sometimes

growth in...

Tejas Sheth: I have seen that in last quarter it was higher since you have stopped giving the traffic detail.

Ramkumar K: I will not say higher, it was in line with it.

Tejas Sheth: Okay, so in this quarter also it is maintained?

Ramkumar K: Yes.

Moderator Thank you. Ladies and gentlemen that was the last question. I now hand the conference over

to team management of Justdial for closing comments. Over to you team.

Ramkumar K.: I think overall it has been good quarter for us and we believe and continue to maintain that we

have to keep executing on the core search which we have done and we will continue to do that. Man power additions during the quarter and our main focus is to introduce Search Plus to the wider consumer audience which we hope to do this latter part of this quarter beginning Q4 as well. So we are quite excited by the way the entire ecosystem is playing us. It is great tailwind for us to grow on the Search Plus business. So overall we are quite excited by what is

happening, keep executing that is the bottom line and hopefully we will continue to deliver

great results.



Justdial January 29, 2015

Moderator

Thank you. Ladies and gentlemen on behalf of Deutsche Equities Limited that concludes this conference call. Thank you for joining us and you may now disconnect your lines.