



“JustDial Q1 FY15 Earnings Conference Call”

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MANAGEMENT: **MR. V.S.S. MANI – FOUNDER & CEO, JUSTDIAL**
MR. RAMKUMAR KRISHNAMACHARI – CFO, JUSTDIAL
MR. SANDIPAN CHATTOPADHYAY – CTO, JUSTDIAL

MODERATORS: **MR. HITESH DAS – ANALYST, BARCLAYS CAPITAL**

Moderator: Ladies and gentlemen good day and welcome to the Just Dial Q1 FY15 Earnings Conference Call hosted by Barclays Securities. As a reminder, all participant lines will be in the listen-only mode. There will be an opportunity for you to ask questions at the end of today's presentation. 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. Hitesh Das of Barclays Securities. Thank you and over to you sir.

Hitesh Das Thank you. Good evening everyone. Welcome to Just Dial's June quarter results conference call. We are pleased to host the management of Just Dial on this call. We have with us Mr. Mani – Founder & CEO, Mr. Ram Kumar – CFO and Mr. Sandipan Chattopadhyay – CTO. I will hand over the call to the management for initial remarks after which we will have a Q&A. Over to the management, thank you.

Ramkumar K Good evening friends in India and good afternoon and good morning to elsewhere. So let me begin with the financial highlights for the quarter.

The operating revenue for Just Dial increased 29% to Rs. 135 crores. The net profit marginally increased to Rs. 28.11 crores and the EBITDA dipped in this quarter. I will tell you the reasons as we move forward and with the margin at 25% as compared to 35% in the previous year.

Now coming to some of the key financial highlights of this quarter – I would like to highlight two important aspects. One is there were two key expense line items where there were extraordinary spend. One is on the advertising side where we incurred about Rs. 6.2 crores additional during the quarter. This is mainly on account of sponsorship of some of the IPL teams we sponsored about five teams and we got tremendous amount of brand visibility through that. So that increased the advertising spend by Rs. 6.2 crores and also there was additional spend on the data and the content of acquisition. So if you noticed the overall data listings increased by about 2.3 million during the quarter. Last year we added for the entire year 2.5 million. So this is one of those quarters where we had tremendous push and initiative to augment the overall listing which increased the data and content acquisition by about Rs. 3.8 crores. So a combination of this two additional spend has caused the overall expense to go up by about almost Rs. 10 crores which was extraordinary for the quarter and that actually caused the margin to sort of dip. If we were to normalize for these expenses the margin would have been stable at about 30%. And during the quarter you have to remember that we added about 1500 plus employees during the quarter predominantly in the sales and marketing.

Coming to some of the other highlights during the quarter – As of June we were conducting about 2,77,950 campaign, a growth of 26%. During the quarter we added about 15,750 odd campaign. Database listings were at 14.1 million, an addition as I mentioned of about 2.3 million. We had total employee strength of about 9975 employees as of June. We had about 20

search plus services which are currently live on our platform. And there is one more transaction that happened during the quarter where one of our company that was handling the US and Canadian market JD Global has communicated to us in writing that they are unable to run the operations of US and Canada and hence they would like to review the licensing agreement that we had with them. So in light of that the licensing agreement is likely to get terminated. The JD India Company will have the complete rights of global operations as we move forward and this whole transaction that will happen, the cancellation of license etc. will be at zero cost, rather negligible cost of the JD shareholders. So the upside of any international expansion will reside with the JD India shareholders with no cost. So with that the company has also planned its strategy on global expansion. We will be more than happy to share with you during the course of the call.

So with that I would now like to hand over back to Barclays for further questions. We will be more than happy to answer. Thank you.

Moderator: Thank you very much sir. Participants we will now begin with the question and answer session. We will take the first question from the line of Mr. Hitesh Das. Sir you may go ahead.

Hitesh Das I have a couple of questions. One, behind the geographical expansion strategy what is the thought process and can you give some color on the timeline and how would you go about it?

VSS Mani When you say geographical expansion you are referring to international or domestic?

Hitesh Das International.

VSS Mani Because domestic is already in progress as you can see a lot of this content enrichment was focused on Tier-II, Tier-III cities in India just to keep our leadership intact. On international expansion we are only focusing on creating content for various other countries. As you know that with this cancellation of licensing agreement with JD Global, JD India will now own JD US and JD Canada which are full-fledged sites and they have their own applications and the mobile version of the site, you can check those out and our effort would be to – our goal is to get JD as a global destination for local search. So you will soon see other countries like UK and Middle East and may be Singapore, Malaysia, and Hong Kong, all these countries going live in the next months to come. And as far as monetization or any such feet-on-street exercise is concerned we are moving cautiously. We will do it at the right time when we feel the product has really shaped up well and that is when we will start some action in these respective countries. We would also focus a lot of our energy in emerging markets. We also consider countries like Indonesia, Philippines and others are also immensely potential for our kind of business.

Hitesh Das One more question. Post one-off ad expense in 1Q can you give us a bit more color on how ad spends will pan out in this year and what are the new strategies you are implementing to increase brand awareness?

VSS Mani So as we know this particular ad spend was had I known during the earlier earnings call I would have announced it to analysts on the call but this opportunity came just after that, few days after that and this was a great opportunity to go and sponsor IPL teams which gave us great brand-built visibility . As more as others are trying sub-advertising which is especially on the television channels and stuff like that would be only when we feel we are ready to go and talk more about search plus products which we wanted always it to be communicated. As a master app, one single destination for any app. And as and when we are ready we will let you know way in advance.

Moderator We will take next question from the line of Jignesh Kamani from Nirmal Bang. Please go ahead.

Jignesh Kamani Sir just want to know our private company JD Global is a little operational in US and Canada. So once the license gets terminated we will continue business as it is or there will be some lag impact where we will work on you can say and then probably come back after gap of 1-2 months or few months.

VSS Mani We will continue as it is. There is not much of burn in these companies so hopefully absorbing them into this large ocean of India operational is not a problem at all.

Jignesh Kamani And what kind of cash burn on the annual level this companies are making as of now?

VSS Mani Less than half a million dollars.

Jignesh Kamani And it will continue at least for near future?

VSS Mani Yes of course it will continue. It would not just spike up that dramatically.

Jignesh Kamani And second thing you added close to 2.3 million data in data listing in the first quarter. So if you go with our past run-rate we will be able to monetize it very soon and which will give healthy growth in the paid campaign also?

VSS Mani Well there is a correlation but you cannot predict like that because a lot of this data enrichment is done on as I said in Tier-II, Tier-III markets. Yes, one day it will get monetized for sure. I do not want to tell that in the next few quarters you will see the difference.

Moderator We have the next question from the line of Rajiv Sharma from HSBC. Please go ahead.

Rajiv Sharma I have a couple of questions. First is this Ask Me has suddenly started to do a lot of TV ads and they are also positioning themselves with a popular Bollywood star which means that they are not only doing a lot of TV ads but spending a lot on the ads and they are positioning themselves as a master app, something which JD would have positioned for search plus. Now we were all aware that in local search there was hardly any competition which Just Dial was facing. How do you read this Ask Me trying to revamp? Is there any color you can provide on

how do you read their incremental plans, have they got funding and something on those lines. And second is what kind of EBITDA drag you see with this international expansion and if as you said that you will be very slow and gradual with the hiring process then what will the model you will get the content and then if you can just explain that a little bit that how will you manage without hiring people there? Because this is a very employee intensive business.

VSS Mani

Right, so in the content if you look at our content in US and Canada like you get time spent on go to us.justdial.com or ca.justdial.com, it is also available on your cell phone and very soon probably by the next week or fortnight I am sure Sandipan is going to give you that one single international app which can access several countries. If you see it is quite comprehensive, it is quite comparable or even better in many cases than other available such verticals in sub-USA and Canada. So our expertise is actually we are masters in local search content and we know how to go about doing that. There is lot of work which is a combination of technical as well as you need some people to do it and so you can do quite a bit without going because you can have strategic tie-ups with companies and get real one content so that should not be an issue. And when we do that we will let you know well in advance but it will not be a big burn on the company. Honestly speaking, we as a company for several years we have been here in this space we do not get distracted by competition. We particularly do not get distracted by noise and we focus a lot on our products and our users. And we do our marketing only when we feel, if there is dire need for it and which will really add sense to the overall goals of Just Dial. And I wish them all the best. And it takes quite a bit of an effort then just advertising to build a great product. I am not sure how many of you actually know that particular brand that you name has changed several hands in several years and in fact it was revived by TV18 when they acquired the name from general person who actually owned when the old brand was defuncted for 10 years and then they bought a domain name from somewhere else and then that also changed hands. I think there is another company called GetIt, InfoMedia who own the product now. So I wish them all the best, there is enough room and scope for many players in this space. I think Just Dial at the least does not have to react to such things right now.

Rajiv Sharma

One last follow-up question which is on the paid campaigns, it is just 2% of your 14 million database in India. Just trying to understand is it about efficiencies or it is about something to do with growth that when India is so low penetrated getting in US markets, so how should we read this? And then there will be bandwidth issues also. So if you can just help us understand this?

VSS Mani

I think I want to categorically make it very clear to all the listeners is if you go by the history of this company like they always say there are various ways to raise capitals, you can issue shares, you can do all kinds of things but we believe in earning it and we then plough back our money for our business growth. So we do not compromise on our earnings and that is the culture of this company. So do not get very worried about it. And then also there is a particular way that we go about these things and you will be mighty surprised that you would have probably a similar experience or even perhaps better experience of Just Dial elsewhere in the world in the country where we launched and you would learn that we have not spent much of

money in that. And these are only going to be opportunities for the growth of the company. Coming back to answer your India question, see the vast numbers has always been India's legacy, the number of businesses, the population and all those things as far as when it comes to monetization there has always been a lag. And we have been taking much more time than countries like China, even Brazil and others. But if you look at other trends I am very excited about the SmartPhone penetration, it is close to 130 odd million right now, going at an annual 50% plus and that is still just covering about 10% of Indians and there is so much more to go. And when these usages grow by leaps and bounds then that is when the Indian businesses would realize that it is extremely important to be thought of a Just Dial search engine. And another strategic change that we have made recently in the search algorithms, that will also actually in many ways motivate and compel these businesses who have been enjoying the free listings to actually come up and pay because that kind of free ride has been curbed.

Rajiv Sharma

And just one last question, if you can provide a quick update on your Search Plus services?

VSS Mani

My version of Search Plus has been always telling that it is very user focused; it is all about the future. It is all about how people like all of you listeners who prefer to do things in the future. Let me take you back a decade and think about the way you bought travel tickets, you actually bought from a regular travel agent, not an online travel company. But today you buy most of it from an online travel company. What we believe is the world is moving and rapidly changing so much that in the next year or two people are going to do their day to day stuff actually online and search destination like Just Dial. It will not just remain a search destination but it has been a Search Plus transaction destination. This decision of ours is so very critical for our survival actually to be honest and then obviously it is also opportunity for us. What additionally we provide with Just Dial is, with Just Dial comes trust, Just Dial comes with a single click seamless experience of whether dealing with various micro small businesses or buying products and stuff like that because you trust Just Dial, you pay through Just Dial, all those things that come with it is what the big plus. And some of you I would request you to in the next quarter call at least by then use some of our Search Plus products and share your experiences so that will actually encourage even more. And as far as monetization of this is concerned there is no hurry. We have told there could be some signs of monetization in next financial year. If there is a need we may even postpone it by one more year because we are more importantly interested in having people use our services for several things. Just this morning we had this meeting about JD Cash which is like allowing micro payments. There are lot of cases where people want to take micro payments or even otherwise like pay, so you can order food from the restaurant, you want to actually pay online. Restaurant delivery boy probably cannot come with a swipe card but you can pay JD online and this particular restaurant gets an instant JD cash credit to his account and which means he knows that his cash is safe and it will be hitting his bank account at any moment in the right banking hours. So there are a lot of innovative stuffs that we are doing. You will slowly see that users like you would love to do things on JD because it makes life easy for you and you can choose the very same vendors, new vendors, recommended by JD, guaranteed by JD or things like that, go by rating and overall you are going to see a big change.

- Moderator** 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 international expansion, I was looking it from both perspectives. Firstly from the developed market and also from the emerging market. In the developed market yes you can buy the content from an existing player but then there are well established guys who are already doing that service, so how much market share can we grab from them. That is one. And on the second hand, on the emerging market side there would not cost of acquiring this content by much more because that content is actually not available to be bought from some existing players. So any thoughts on that?
- VSS Mani** Some of these emerging markets and I am talking more of far better organized than India to be honest, something like a market like Philippines has had a very well established phone book, Yellow Pages and then online versions are even better. So you would be surprised when we do it, you will learn more about it. And even if we engage Feet on Street there to collect information and data it will not be a big dent on our bottom line that is what I want to ensure you. We have done our homework on this.
- Gaurav Malhotra** Do you have any sense on when you would like, how much time if you enter a market you would like to see some sort of an EBITDA breakeven? Any thoughts on that?
- VSS Mani** That has never been the focus area. The focus area has been to generate a great product and then look at monetization. And definitely as I also said it will go hand in hand with monetization but not so serious that we really go all out. But yes going by Just Dial's trend usually in less than 18 months it will be actually more than breakeven.
- Gaurav Malhotra** On Search Plus can you give us any data on how many transactions are happening on a daily basis, monthly basis, any particular segments where you are seeing, top 2-3 segments from the perspective of transactions?
- VSS Mani** We would like to give all this data in the time to come. Meanwhile I request all of you to use some of the products that are live and share your experiences with that.
- Moderator** Our next question is from the line of Jaisingh Suchak from JM Financials. Please go ahead.
- Jaisingh Suchak** Just a couple of questions. One the Tier-II contribution how is that panning out this quarter as compared to last year and previous quarter?
- Ramkumar K** It has jumped quite significantly so the Tier-II, Tier-III cities in terms of number of number of sign ups definitely last year if they were contributing say 20% this year it has jumped to 28% and in terms of revenue it has grown about 1% in an overall, it went up from 9% to about 10% contribution overall to the revenue.

- Jaisingh Suchak** And also in terms of the listing which we have added, like it has been a very good addition in terms of listing this quarter. So is it been more in the existing markets or is it more of the case of expansion to more Tier-II, Tier-III cities?
- VSS Mani** It is combination of both. May be it is slightly skewed towards Tier-II, Tier-III cities.
- Moderator** We will take the next question from Arya Sen from Jeffries. Please go ahead.
- Arya Sen** My first question is on the ad expense. I believe in a TV interview today you had mentioned a figure of 25-45 crores as the one-off expense for this year. Could you just elaborate on that a bit?
- VSS Mani** What Ram was trying to say is going by last year we would probably spend so much by the end of the year and that clarity about when and what is not yet there. So when it is there we will let you know in advance. Right now it does not look like that.
- Arya Sen** And what was your ad expense in FY14?
- Ramkumar K** We spent about Rs. 20 crores last year.
- Arya Sen** So it was down against the FY13 number because FY13 if I look at advertising and promotion cost it was around Rs. 25 crores?
- Ramkumar K** Yes you can say that.
- Arya Sen** And secondly do you have any revenues currently from JD USA and Canada, any revenues at all?
- VSS Mani** Very insignificant, so really not some \$500 a day or something like that.
- Arya Sen** And the other income seems to have dropped quite a bit this quarter. Any particular reason?
- VSS Mani** That is a treasury thing. Is there any reason Ram?
- Ramkumar K** Yes it is more to do with the timing of when we book it. So the FMPs as and when they mature we book it and now with the new regulation that come in place we have the additional complication of whether or not to book the profit and pay tax versus rolling it over to more than 3 years. So it has nothing to do with anything on the return or anything, it is just more to do with the timing of the way the investments mature.
- Arya Sen** Lastly on the cost side the 3.8 crores that you mentioned on data acquisition, is that going to continue? I mean do we expect a higher level of data acquisition cost going forward or why is it one off in nature? Was there some one time spend that you did on may be third party or something like that?

- VSS Mani** No, these are kind of pushes you give from time to time and so we had decided last quarter that we give full out attempt to get data from a lot of Tier-II, Tier-III cities where we thought like we did not have enough and also trying to do in the existing cities. But this will not be a quarterly affair. If you see that next quarter of course there will be some spend but significantly low.
- Ramkumar K** Just want to clarify that the ad spends last year was around Rs. 15 crores, FY14.
- Moderator** Our next question is from the line of Mitesh Gulatia from HDFC Mutual Fund. Please go ahead.
- Mitesh Gulatia** On the data acquisition spend of 3.8 crores, could you be slightly more specific on was it some exercise that we had commissioned at third party and got more listings or was it a database that was available to us exclusively and hence we paid for it and picked it up? Could you sort of share something more?
- VSS Mani** We engage Feet on Street on a pay for performance basis and they actually go door to door and in different cities of India and they collect such data and put it on the system. They will get rewarded for the contribution which includes geo-coded pictures into business, so we can club them on our maps. It would be regular photographs of the products, services of the business and business establishment. So these are several people, thousands of people probably doing this work across India on a pay for performance basis. That we pushed it up last to last quarter.
- Mitesh Gulatia** This is over and above people on the payroll we accelerated that data acquisition movement? Is that what you are saying?
- VSS Mani** People on the payroll do not actually go and collect the data, they are doing a different work altogether. They do more of data validation. This is like going to businesses that are tested with this and there is pay for performance, they are not on our payroll.
- Mitesh Gulatia** If I could add one more here, do you have a timeline in mind when you could be launching your first country other than India in a meaningful way?
- VSS Mani** In terms of content you would see them probably UK should go live anytime soon, may be next month and then you will see by September you will see UAE going live and then you would probably see countries like Singapore, Malaysia by the end of this year.
- Moderator** We will take the next question from the line of Tejal Seth from Emkay Global. Please go ahead.

- Tejal Seth** Just wanted to understand the investment which we will be doing towards this emerging market entrance other than the \$0.5 million which we will be sending towards the US acquisition what would be the other cash burning for emerging market entries?
- VSS Mani** This is not going to be very significant, perhaps we will be in much better position to tell you next quarter when we have the call and you have to wait till then.
- Tejal Seth** Sir another follow up question on this askme.com, I am sure your traffic would not get affected much but does your pricing get affected on the paid listing sites? Does the vendor bargaining considering the askme.com, also would be visiting them at a lower cost?
- VSS Mani** I am not saying because I am on the Board of Just Dial but it is extremely difficult to compete with Just Dial. We have created so many deterrents that we allow our customers to pay on a weekly installment which a new entrant in the market can never even dream of doing it because he would not get paid beyond a week. And there are various other things. And this market of monetizing some SMBs is one of the toughest in this country. That perhaps speaks a lot about we not having a single competitor as such. Those competitions that existed were Erstwhile, Print, Yellow Pages and they have all perished now. If they had to really do it they could have done it long time back. So it is not that easy to compete with JD, one and it is also extremely difficult to build a business in this space.
- Tejal Seth** Just lastly I think new services were added to Search Plus platform, if you can just tell me which were the services that were added in this quarter?
- Ramkumar K** Yes, we launched hotels, movies and one more which is I think water purifiers.
- VSS Mani** Movies and hotels are in partnership, so we have tied up with MakeMyTrip. They are the best in hotels and soon we will be starting domestic and international air ticketing. We also have tie up with bookings.com for international hotels and that is live in our US and Canada site. And we would have similar tie-ups with the leading players in different space and you would see some more action on other movie theaters in this country.
- Tejal Seth** None of these offerings are contributing anything to your revenue right now?
- VSS Mani** That is never the intention either. They are not going to be contributing to the revenue.
- Moderator** Our next question is from the line of Srinivas Sheshadri from CIMB. Please go ahead.
- Srinivas Seshadri** The first question is on the hiring which has been very front ended for the year, sir just wanted some commentary on whether this is in response to any kind of a visibility in terms of a better environment shaping up or is this just a matter of timing between the quarters and you might kind of slow down. That is point #1. And related to that if you could kind of quantify how has the trend been in terms of the deferred sales or the cash collections on a year-on-year basis and

how it looks relative to the revenues that will be great? The second question is just a follow-up on your earlier commentary where you said that there is some kind of algorithm change in the work and it will kind of have some meaningful impact on the way people would look at paid versus non-paid listings. Can you kind of elaborate on what exactly the changes are there from our user perspective?

VSS Mani

Algorithm change I cannot articulate too much. I do not want competition to learn a lot from us. But as far as the user experience is concerned it is not compromise, in fact we have made it even better for the user. In fact we have done some wonderful things like if you download a JD application you would actually be able to rate businesses and as you rate businesses your friends who are there who are also having a Just Dial app would actually get to know that you have rated the business. They can actually go and comment very soon on your rating. Lot of social interaction that we are bringing in soon. We are going to bring a feature called Ask Your Friends, so you can use a Just Dial platform to ask your friends and they can help you through using Just Dial. So a lot of interesting new products would be coming soon. First, number of headcount is concerned, I think we have been telling for the last couple of quarters that we will be adding a lot more sales people because there is a dire need for that and this last quarter was a special effort to increase the numbers and then we again we will be stable for about a quarter or two and then we relook at it if required.

Ramkumar K

On deferred revenue your part the number of days increased from last quarter, Q4 it was about 127 days, it has increased to about 131 days.

Srinivas Seshadri

And how does that compare with the Q1 of last year in terms of similar number of days?

Ramkumar K

I think Q1 last year if I remember right it was around 135 or so because last year Q1 was a bit special because that is when we launched the zero down payment and all. And that sort of impacted, that actually reduced the number of days because of the total number of outstanding deferred revenue component that got impacted due to that. But last year it was about 135 the same period. But then post that the proportion of monthly or the weekly down payment has gone up. Today we are averaging about 58% to 60% and despite that the overall deferred revenue component has gone up.

VSS Mani

Just to clarify Ram's point we do not defer our monthly, weekly payment contracts. We do not even consider them as in till we bank them. So when Ram says about deferred revenue it is more to do with advanced collections from our customers. Am I right Ram?

Ramkumar K

Yes, you are right.

Srinivas Seshadri

Sure, I appreciate that. I mean since there has been a bit of change in the way you are collecting especially moving to more frequent collections, just wanted to get a better sense on whether do you see this kind of a cash collection trends kind of running ahead of the curve relative to the revenue growth you have reported because it is a bit difficult to figure out

otherwise in terms of the kind of the business growth perspective going forward, near term business growth.

Ramkumar K See we do not see significant change to whatever we are seeing in the trend in this quarter. We believe that 131 to 134 days is perhaps something which you can look forward from a deferred revenue component.

Moderator We have the next question from the line of Amman from Standard Pacific Capital. Please go ahead.

Amman My first question is are you seeing any change in end-user acquisition or if you could give us some specific on app downloads or anything else that you are seeing in terms of end user? And the second one is just since you launched maps are you less reliant on Google or are there any changes on how much traffic it can divert from Google to Just Dial?

VSS Mani I will answer the map question first. We have been working on it in Just Dial for the last few quarters and then finally we got it out. We felt that the product is good enough to rely on our own indigenous development rather than go for a third party solution like Google. And I thank Google for all the support that they gave us for all these years and we now feel very confident that JD Maps will do wonders. And it has all those functions used there for satellite view like directions and various other things. I can move as you move in the car and stuff like that. So basically all that is there so we are very proud of that product. I want to thank my team in Bangalore which developed it at a very short notice. As far as the app downloads are concerned we never had this aggressive policy of pumping a lot of money into getting downloads and on an average to get a decent download you have to spend close to Rs. 50-60 to a download, which we have been debating. And we have a superior way of increasing the downloads and we would see that happening in this coming month. And suddenly you will see a big spike in the number of app downloads. I do not want to reveal the strategy now. As we implement it you will learn about it probably we will have more to talk about it in the next quarter. Still we have a very healthy I think 7500 to 8000 downloads a day with zero advertising. So this figure can substantially go up with this new activity that we are going to launch.

Moderator Our next question is from the line of Pulkit Singhal from Treelite Investments. Please go ahead.

Pulkit Singhal I am just kind of a bit surprised with the international strategy suddenly coming ahead. I mean till last quarter we were talking a lot about Search Plus and now it suddenly seems to me we are going to focus a lot on international strategy. Now what has changed in the last three months for you to come up with this? Secondly, how much have you paid for the acquisition of US and Canada? I believe it is an acquisition, right?

VSS Mani It will be a Re. 1 transaction.

- Pulkit Singhal** Re. 1 per share?
- VSS Mani** No, just Re. 1 transaction.
- Pulkit Singhal** Okay. And what is the kind of investment you are going to make for your international strategy in terms of, if you can tell how many of these 10,000 employees are kind of recruited for that? How could you differentiate your product versus the other products that are out there?
- VSS Mani** I would say do not read too much into the international strategy. Search Plus is our core focus. India is our core market and all the growth that we have been talking about in this year or the subsequent years is going to be India. But if you really use Just Dial as a product you would see that there is a lot more opportunity for this product in other urban markets. I would not say in all countries and in cities but in specially certain strong urban cities you would see that there is huge potential for something like Just Dial with a distinct unique search engine. It is quite different from all those that you have seen in rest of the world and with this new productization of Just Dial with its own maps and with its own Search Plus transaction and other cool features like having your friends' ratings which no other search engine today provides you on search results, we are the only ones we provide you your friends' ratings on search results and being able to notify your friends as you rate businesses. There are a lot of nice, new things about business that we feel that there is an opportunity at some point in time to take it global. I mean do global with a zero voice but it will be only the app, we will be focusing more on the app and the mobile product and of course there is web version of it. And we look at more about partnerships with leading players. For example, just to give you a flavor in the US we have tied up with Fantango for movie tickets. We have tie ups with Open Table for restaurant reservation. We have tie up with Events we will be getting Grub Hub for food ordering. So the experience of the user when he uses the product is like one destination to do several things. And he is not compromising on the quality of the service because it is going to be same great names that are named as now, they are going to be providers. So when we do this in international market, see this has incidentally happened this quarter because inability of JD Global writing to us to not able to continue on this we just happened to just to get the license back and it is like come for free. So it is more a good news as in negative news or a distraction for us. There is already a small team which works on it and that team would continue.
- Pulkit Singhal** How do we look at the investments you are going to make just from an annual basis?
- VSS Mani** Nothing substantial that you can see in your quarterly numbers. I do not want to reveal too many trade secrets here on this call. So I would appreciate if our investors ask this question when they see this amount of money spent on international activity.

- Pulkit Singhal** And in terms of listings I mean suddenly we found that you are spending 3.8 crores for getting new listings, are we reaching a stage where it is getting increasingly tough to get more incremental listings and therefore you would need to spend more on some of the acquisitions.
- VSS Mani** On the other hand it is a different thing. When the users have become so wide across the country that there have been demands from smaller cities and places where we never anticipated users saying, I could not find that, I could not find this. So that kind of motivated us to go for this push. For example, there are a lot of users from North East, there are lots of users from more cities of India. So that is quite surprising, so we said okay let us go whole out because we are pretty strong in the large cities and Tier-II, Tier-III needs a bit more Feet on Street activities and that is what we did. Even in Andaman Nicobar you can find data now. So that is how it is.
- Pulkit Singhal** And how do you maintain the quality out of these 14 million things that you have?
- VSS Mani** So we use a lot of technology to monitor quality. For example, when our data providers provide data they need to click pictures and those pictures have to clearly depict the exterior of the business and it should be geo-coded with GPS location and then there is a verification process through which the owner of the business verifies by a text message sent to his mobile and there are lot of things, such things that go about it. So it is difficult to cheat the system.
- Pulkit Singhal** This time you have not revealed the operating metrics like number of search requests, etc. What is the reason for this?
- VSS Mani** There is a special request from the board that we should not reveal too much information that could be useful for competition and we may take into account a lot of other information also. That is precisely the reason I do not want to delve too much into Search Plus either. So it is where we do not want to give something which really does not make much sense for the investors but a lot of sense to prospective competition so we really do not want to do that. And very-very few internet sites provide all this kind of detailed metrics.
- Pulkit Singhal** At one point we say that there is no real competitors for Just Dial then who is this competition that we are talking about?
- VSS Mani** Wannabies are always there and there are also extended since you can see that we are getting into much deeper play into a lot of this search process, so anybody who can perceive as Just Dial as a competitor. Like I said last week we launched movie ticketing. So 150 cinema halls in India you can book movie tickets right now after just going to Just Dial. And may be it would grow down to 350 to 400 soon. So anybody can be a competitor in many sense so we just thought like certain information we do not have to give.
- Moderator** Our next question is from the line of Jai Gandhi from Antique Stock Broking Limited. Please go ahead.

Jai Gandhi Could you help me with the breakup of the employee with us?

Ramkumar K We have on the sales and marketing side we have 5800 employees. And on the technology we have about 200 odd people, database about 400. So bulk of the entire 9000 odd is on the sales and marketing and that is why the bulk of the addition happened.

Jai Gandhi And also could you just give me a guidance of the CAPEX for FY15 or something if you could provide me that?

Ramkumar K We maintain that the 5.5 to 7 of operating revenue which we mentioned earlier should be the range. It can be anywhere within that. So there is no reason for us to change that.

Jai Gandhi Could you help me with the cash position currently?

Ramkumar K We have around (+700) crores of cash that is at cost basis if you were to look at the investments that we have made on market value basis it should touch around 740-odd crores or so.

Jai Gandhi And sir on the Search Plus front how many establishments are under Search Plus currently?

VSS Mani Around total of about 145,000.

Moderator The next question is from the line of Ashutosh Garud from Reliance Wealth. Please go ahead.

Ashutosh Garud I joined the conference call a bit late, if you can throw some light on the one-time cost which you have incurred if at all there was any comment that I missed?

Ramkumar K So we spent on two areas which were extraordinary in this quarter. One is on advertising where we spent about 6 crores on sponsoring about 5 teams of IPL. This happened during May. And there was data & content acquisition cost that we incurred during the quarter to the extent of about Rs. 3.8 crores which was extraordinary. This has resulted in total net listings going up by about 2.3 million during the quarter. So the spend on these two accounts total about 10 crores which is extraordinary for a quarter like this.

Ashutosh Garud So you are not expecting any of these to be repeated in the coming quarter?

Ramkumar K Yes.

Ashutosh Garud And sir just listening to the conference call I mean just getting a sense on your domestic penetration versus planning of getting into the international markets, when we are discussing on the international markets you mentioned how difficult it is to monetize or further may be penetrate the Indian market and it would be easier to monetize on the international front. On the other hand you are talking about a very low penetration on the domestic side and it continuing to be the focus. So if you can just try and throw some light on what context you are

seeing in the international venture and how low we are on the penetration side on the domestic side because it is a bit conflicting if I listen to it.

VSS Mani

I think you got it wrong. We never said that it is easy to monetize international markets. I think there was a gentleman who asked question about emerging markets not being as organized as developed markets to build data for a company like Just Dial. We said no there are several countries in the emerging markets which have a much better robust system and some of them better than even India. And please do not confuse this international something like Just Dial as I have got another big goal of getting international. This is not the strategy. It is just a product. It is like any other international app that you see slowly it spreads around the world. Our effort is to do that. We are not going to have zillions of people employed for this purpose and spending a lot of money into this. In our smart way we would be able to give you a product. As far as the revenue growth of the company is concerned for the next couple of years it is going to be India only.

Moderator

Our next question is from the line of Ankit Surya from Centrum Broking. Please go ahead.

Ankit Surya

Two things on the international operation. The business model will be now on Search Plus basis, as you said that we have already tied up with Open Table and others for the US market or will it be more lead generation or display advertising?

VSS Mani

We have not yet thought about the monetization side but monetization side would not vary much from what you see in the Indian market. But what I try to say is even to make a high quality search, relevant content and also to have the ability to transact which has become mandatory in today's search, there we see that when we look at these markets wherever there are players in the vertical space we would go and shake hands with them. And yes, that could also happen to be in monetization.

Ankit Surya

Sir my second question was again on international operations. What value add can we do at the existing team had the inability to expand in those markets given that we sold the operations to that company in 2012?

VSS Mani

No, that was on a wrong advise it was done because we were asked to not to pursue international business while going public and we did not put it into a different company which almost mirrored the same shareholding structure. But it makes sense at least for the ownership to reside on Just Dial India whether we do it or not, I think rightfully Just Dial India owns a property and not the promoters of Just Dial owns that property. That is why we wanted to make it very clear that although promoters of Just Dial owned probably 50% of that company and also the private equity shareholders like Sequoia, SAIF, and Tiger and all of them own. They are all giving away that. I am not saying that it should be residing on one company which is rightfully the owner of the brand and the product and the market. So it is a good news that that has come because it opens up opportunities for the future. As far as the product is

concerned the same technology team, there is no separate product that we will build for these markets. It is the same product that we build in India will work in other markets also.

Ankit Surya What was their inability to expand? Was it cash crunch or was it manpower that we will add value?

VSS Mani No intent for that company. We have to keep one leg here and one leg there because as I told you that I was a bigger shareholder in that company than this company and the other investors were also in the similar fashion. So it made no sense to run something which can be perceived as potentially competing with Just Dial itself at some point.

Moderator We have the next question from the line of Pinku Pappan from Nomura. Please go ahead.

Pinku Pappan Could you help us understand how we should we look at the depreciation line going forward? Obviously this quarter you had a slight increase because of the new company's act. Just help us understand how we should model this forward.

Ramkumar K Yes we looked at the entire asset life in view of the new company's act vis-à-vis what we have been charging as depreciation as useful life. So based on that we realigned with the new company's act and it has become a lot more I would say conservative from a standpoint of useful life of an asset. So this is likely to continue. The rate at which it has happened in this quarter is what is likely to continue in subsequent quarters. So the breakup of what it is perhaps we will share with you separately on the useful life of various assets that we had assumed.

Pinku Pappan When you say the rate is going to continue you mean as a percentage of revenue?

Ramkumar K Yes, so this 5.7 crore that we have accounted as depreciation expense during the quarter that is likely to continue. As a percentage of revenue it may slightly come down marginally but this 5.71 is likely to be in that range.

Pinku Pappan You were talking about your Search Plus when you would officially launch it and you are saying it is going to take some time because you want to do it slowly and you want to get everything right. But I am just trying to understand just in the same way you had pushed this quarter to increase your listings I am just wondering why you did not want to push the launch of Search Plus sooner than later?

VSS Mani What we are trying to say is every quarter we are adding new Search Plus products. That is testimonial enough to show that Just Dial is moving really fast. Every day users are discovering new ways to do transaction and they are transacting already. So when the question is projected as earnings from Search Plus is when we really do not want to discuss that right now because our focus is to get the users, use the product, give us a feedback, do the improvement, and then go ahead. Just to give you an example, on the buying of products like

cameras and mobile phones and all that, we did it and we learned a lot from it. We learned a lot and now we figured out a superior way to do it. That superior way you will see it in the next few weeks or few months. And this superior way is perhaps the users may perceive as a far more reliable way to buy at JD as compared to some online mega stores. So these kind of things when you do and you do a lot of experimentation, the goal is to give the user the satisfaction and the wow factor is what we are always focused on. Once that is there the users are going to flock in any case and transact for more and more thing then you can make a killing on your monetization.

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

Aniket Shah Just one question, wanted to know if you can give me a brief update about the reverse auction in terms of how many inquiries are you seeing and what is the conversion ratio there?

VSS Mani The reverse auction is very encouraging, overall I think we get about 4700, close to 5000 queries everyday. And the last test when we did we found out like 70% of them and they are buying the product. As you know that we do provide the phone numbers of people. We also provide them on online interface because we want to slowly transition from a Search Plus transaction and even in a Search Plus transaction we want to slowly transition into a stage where we do not give providers the contact numbers of these businesses hence the only way you can do it is to buy them online. That is very encouraging by any standard in a very short period that has been, this is a very big number. But I still do not want everybody to get excited about these numbers and say okay, couple with that into financial terms because we are really focused on giving all of you a great product and I promise to do that. By end of this year you would see JD will be your destination for various things that you would do, various product, services, and search everything.

Niket Shah And are we charging the vendor at this point or it is free of cost for the vendors at this point in time for even participating in the reverse auction?

VSS Mani So we have a large number of these vendors who pay us money. So we definitely get it as complementary to the search subscription that they have. And there are others who got this, like Ram gave a big number of 145,000 because there are people lot of them are on trial basis but you will see that some categories like particularly doctors and restaurants you will see a large number of them will be paying for these services, as a bundle service or for the services whatever we are giving them in the next couple of quarters you will see that and gradually we will look at more participants who are serious about it and then obviously we will make money out of it.

Niket Shah And one final question the content that you have acquired in terms of newer listings is that content acquired with a target to tap them from becoming free to paid as far as Just Dial Search Plus is concerned or your day's business is concerned?

- VSS Mani** Definitely when you get those free listers there is an attempt to convert them to pay. That is always the case. And so obviously the goal is to make it far more comprehensive, make all kinds of information available so when people come in and search for this Tier-II, Tier-III cities they are able to find things there also. And obviously this will also get monetized because the paid results get ranked better vis-à-vis the free listers. And with this new tweak in the algorithm that will motivate many of these free listers to go for a paid listing.
- Moderator** Thank you. Participants that was the last question. I now hand the floor back to Mr. Hitesh Das for closing comments. Thank you and over to you sir.
- Hitesh Das** Thanks a lot. We thank Just Dial management for taking time for the call. This concludes the call. Thank everyone for joining.
- VSS Mani** Thank you.
- Moderator** On behalf of Barclays Capital Limited that concludes the conference. Thank you for joining us and you may now disconnect your lines.