



**“Just Dial Post Results Conference Call”
October 27th, 2016**



**SPEAKERS: MR. V. S. S. MANI – FOUNDER AND MD;
MR. RAMKUMAR – CHIEF FINANCIAL OFFICER**

Rishit Parikh:

On behalf of Nomura, I would like to welcome you all to Just Dial's Q2 2017 conference call. We have with us the senior management of Just Dial including Mr. V.S.S Mani, the Founder and the Managing Director, as well as Mr. Ram Kumar who is the Chief Financial Officer. Now, without taking too much time I would now like to hand over the call to the management. Over to you, Sir.

Ram Kumar:

Yeah. Good evening, friends and welcome everybody to this conference call for the Q2 results. Let me start with the highlights for the quarter ended September 30th 2016. Our operating revenue increased for the quarter by 10%, to 180 crores, this includes 5 crores of Omni revenue. Our Search revenue increased by 7% year-on-year; that's an improvement from the Q1 growth of 2% that we witnessed. Our operating EBITDA was at 22 crores, adjusted operating EBITDA was at 25 crores and net profit was at 30 crores. Now, as far as net operating margin is concerned, there was a dip in the margin to about 14% and this is primarily we had extraordinary expense of about 8 crores during the quarter; I will share more details about it, as we move forward. And the net profit margin was also at 14%.

As of 30th September, we are conducting about 408,800 campaigns and net increase of about 19500 during Q2. And the number of employees are flat during the quarter. Normally Q2 we see, you know, slowdown in the campus hiring and also we added about 1000 odd employees during Q1 and normally we do the rationalization once we do such hiring, which is what happens in Q2. Yeah, we continue to have the 30 odd Search Plus services. So, as far as this quarter is concerned, I think, as we reiterated in Q1, we have witnessed trend reversal as far as the revenue growth is concerned and it's very encouraging from our standpoint, especially with the initiatives that we have taken. We believe that we can continue this momentum and get back into our growth trajectory that we you know, used to witness in the earlier years. So with that, we are opening ourselves to any of the questions that you might have. Yeah.

Moderator:

We have the first question from Mr. Ankit Kedia from Centrum Broking. Your line is unmuted. You may please go ahead and ask your question.

Ankit Kedia:

Sir, just wanted to know where are we getting this growth in the core Search business given that the pricing even in this quarter is pretty disappointing, so is

it fair to assume that the tier 2, tier 3 cities continue to continue bulk of the revenues for us even now?

Ram Kumar: Go ahead, Mani.

V.S.S Mani: Basically there is a 5% growth in the number of paying campaigns in this quarter, so obviously the larger number of campaigns, you know, tendency is to get the lower value, you know, and so you would see a small dip in the average ticket size but overall the number of campaigns is encouraging. We have close to about 400,000 campaigns running right now.

Ram Kumar: Correct. And primarily the growth is driven by tier 2, tier 3 cities, Ankit. That's what it is.

Ankit Kedia: And, Mani, again in this quarter like last quarter you had guided that the ad campaign would come in and it's still not in, so just wanted to know are we giving any guidance again for the Q3 or we are not?

V. S. S. Mani: Well, the campaign was ready; we didn't go ahead deliberately because this festive season has lot of clutter you know, any media that you select, you know, it will be lost in the noise. So, if at all we do it, we do it in the current quarter, but we haven't yet made up our mind but the content is ready. But, yes, you may see some ads but not a big bang campaign for sure.

Ankit Kedia: Sure. And just on JD Omni we have stopped taking new subscriptions JD Omni currently, so what is the current status on Omni, what was the paying customers for Omni and what's the way forward?

V. S. S. Mani: So Omni looks very promising. So this is the deliberate decision we took early this quarter that, you know, we should not pursue Omni installation till we get certain crucial features live. And those features are live now, so now we are all set to take Omni in a very aggressive path, in fact, most likely we are going to allow customers to actually experience Omni, have a 30-day or 60-day trial period and then they sign up. Basically they sign up with a credit card or ECS or a debit card, but they get to enjoy the product for 60 days for free and then the money gets deducted on their monthly basis from their bank account. And this we feel is the smartest and wisest strategy because it's a friction-free kind of sales model for us and we will have far more installations and the product by itself can wow the prospective customers. So definitely we are definitely

confident about the product delivering, hence you would see, you know, more kind of participations on Omni in the coming quarters.

- Ankit Kedia:** And, Ram, what was the customer number for Omni?
- Ram Kumar:** So total customers we signed so far is about 9000 plus; during the quarter was about 1500.
- V. S. S. Mani:** 1775 to be precise. In the previous quarter added 5400. We deliberately went slow on this because we wanted the product to shape up in a particular manner and now we are there and that's why you would see a step up of this activity starting November first or second week you would see that.
- Ankit Kedia:** Sure. I will come back for more questions. Thank you all.
- Moderator:** Thank you very much. We have the next question from Mr. Shalin Kumar from UBS. Your line is unmuted. You may please go ahead and ask your question.
- Shalin Kumar:** Hi. Good evening, everyone, and thanks for the opportunity. Sir, just wanted to understand, you know, I was reading and Mr. R. V. Raman has left, Just Dial, so he has been with us for almost a year or so, maybe, so will that impact our JD Omni product and Search Plus and also, yeah, primarily this one?
- V. S. S. Mani:** Yeah. So we have like 4 CTOs in our company; there is a CTO in charge for Omni called Jaimin Shah – he is based out of Mumbai, the entire team's based out of Mumbai and there is a person for Social, and there's a person for entire Just Dial product and R&D. Raman was majorly handling more administrative functions of, you know, all those requirements and he comes from a different background; he has come from a health technology background and he somehow found himself out of place here and we let him go because he hardly spent about few months with us 11 months or 12 months.
- Shalin Kumar:** Sir, what's the plan like do we still haven't kind of launched anything on the Search Plus, you know, we were thinking of launching a media campaign kind of thing and though I could see some Google ad words from Just Dial...

- V. S. S. Mani:** Google ad words are always there. Anyway, ad campaign you would see it, the ads have been shot and edited, everything done you would see the campaign. But don't expect a high decibel campaign because we want to move cautiously, as you can see, you know, we want to really get our acts right and we are quite satisfied with the way the, you know, ads have shaped up.
- Shalin Kumar:** Right. And any kind of guidance on next level of hiring and what kind of A&P should we expect for next of the year?
- V. S. S. Mani:** We don't want to really get into any kind of guidance. Ram, you can go ahead.
- Ram Kumar:** I was just saying, you know, we had said that we would add 2000 on the sales front and the total employee count would increase by about 2000 by 2017. We should be adding those numbers by 2017. Go ahead.
- Shalin Kumar:** Yeah. Ram, so just wanted to understand again on the A&P spend where should we see it like basically, you know, what kind – is the current margin sustainable?
- Ram Kumar:** See, the margins will certain dip once we start advertising, so there is no doubt about it because, see, even in this quarter you've seen that we had the extraordinary expense of 8 crores, 3 crores on account of ad shoot that we did and another 5 crores that we spent on a certain user engagement initiative. So, you know, you would see whenever you have this spending especially in terms of ad or any publicity expenses that we do for this Search Plus and other communication. You would see the margin coming down, but we believe that that is necessary for us to make that spend. We should not be worried about short-term margin contraction for something which we believe that we will have a medium to long-term value.
- Shalin Kumar:** Correct. Right. Great. Thanks so much. This is from my side.
- Moderator:** Thank you very much. We've the next question from Mr. Arya Sen from Jeffrey's. Your line is unmuted. You may please go ahead and ask your question.
- Arya Sen:** Yeah. Hi. Good evening, Mani and Ram. Firstly, so on the ad campaign so are we looking at the figure less

than, you know, what we had guided earlier of 100 crores?

V. S. S. Mani: In any case that 100 crores was not to be spent in a quarter. Yeah, we don't want to comment on that till we launch something and see; we want to measure the response and then take it forward.

V. S. S. Mani: Yeah. We will rather move cautiously.

Arya Sen: Understood. Sir, even if it is the same number it may be, you know, about a longer period of time or, you know, it may be lower, you know, that's the sense you are giving, right?

V. S. S. Mani: Absolutely.

Arya Sen: Understood. Secondly, on Omni you talked about 9000 plus signed, but how many contributed to revenues, you know, in the second quarter what was the total, you know, sort of paying customers of Omni?

Ram Kumar: Totally we have recognized approximately for about 7000 odd contracts.

Arya Sen: Okay. And so this 9K plus signed is because the others are on trial or that was after end of September?

Ram Kumar: Those are, see, as and when we sign up, there's an execution time or implementation time that happens based on the feature depending on the category for which we have signed up. So that's the lead time for, so if the product is not ready for a particular category or it needs customization based on the customer requirement, we work on that. So that's what it is.

Arya Sen: Right. And what was the 7000 number at the end of 1Q, how has that moved?

Ram Kumar: It was around 5000.

Arya Sen: And, I think, you had guided for about 25,000, you know, by the end of the year is that still the guidance for Omni?

Ram Kumar: Given the way, it is right now I don't believe that the 25,000 we will be doing by FY17 as far as Omni is concerned. As we mentioned, the product has definitely undergone massive improvements based on the feedback from the businesses and we are re-launching it

anytime in this quarter, so definitely it's going to be less than 20,000.

Arya Sen: Understood. And is there any change in pricing from what you had guided previously?

V. S. S. Mani: The Omni strategy we were taking a deposit initially at 20,000 - actually an activation fee and then a monthly fee. We want to really go aggressive now. We want to actually give a no-deposit trial period for 60 days and even after 60 days if people sign up, they start paying us on a monthly. We don't want any upfront payment.

Arya Sen: Okay. Understood. And you talked about growth driven by tier 2, tier 3 cities what proportion of your revenue is currently coming from outside of, you know, I think historically you mentioned in top 11 cities or outside of that what is it now?

V. S. S. Mani: It is about I would say 15% is coming from outside of the top 11 cities.

Arya Sen: Right. And how is the churn rate, you know, been, is it still about 40%?

Ram Kumar: That is historically it's at the level of 42-43%. That's what it is. We have not seen much change in that. You know, the good part is while all the big ticket renewals are happening and that continues to, you know, there's no concern on that. Obviously we mentioned in Q1 also that the rate at which the customers were renewing, earlier they used to renew at more than 30% increment to the earlier year, there is some kind of a pressure in that and that continues to be there in this quarter as well.

Arya Sen: Understood. That's all from my side. Thank you so much.

Moderator: Thank you very much. We have the next question from Mr. Pranab from Edelweiss. Your line is unmuted. You may please go ahead and ask your question.

Pranab: Hi. Thanks for the opportunity. My question is regarding the revenue growth. Your confidence of returning to high growth pace is coming from, you know, the strong addition in the paid listing, more realization or more growth from JD Omni?

V.S.S Mani: It's the combination of all. One, of course, we have taken certain initiatives that is going to result into

higher usage and revenue growth in the coming quarters. And, of course, in addition to that revenue gets supplemented by Omni if everything goes well fingers crossed and that would probably also be a major contributor.

Pranab: Okay. Thank you. My other question has been answered. Thank you so much.

Moderator: Thank you very much. We have the next question from Mr. Rajeev from HSBC. Your line is unmuted. You may please go ahead and ask your question.

Rajeev: Yeah. Thanks for the opportunity. I just have few questions, sir, first on this 5-crore spend on the user engagement initiative if you can elaborate what is that, you know. Second is you said that the strategy to grow revenue is higher usage and revenue growth, so some clarity there and, you know, Mani, from a 12 to 18 months' perspective what's the, you know, game plan, so you've been on, you know, talking about competition being irrational and not going ahead with the commercial launch, so what's the big picture, what's the strategy now going forward? Thank you.

V. S. S. Mani: I'll talk about the strategy first and then tell about the user engagement bit. See, we believe that, you know, we have about 16 million listings that are listed on Just Dial database and we are figuring out a way by which we can actually have these businesses engage with us on a day-to-day basis and that which results into further user engagement because of that and finally it's a win-win for everything, you know. So we figured out that, you know, a good contest which is called Rate and Win Contest which we have launched recently where we are giving away high end bikes like Harley Davidson and the cars and bikes, you know, mobile phones and all that and there is a daily prize given to people; basically all those people who are listed in Just Dial can encourage their customers to go online and rate them on Just Dial basically using the Just Dial app they will send an invite to their customers that here is the link you can click on this link and rate our services - genuine ratings of our services and you get a chance to win these prizes that we just launched about 10 days back the response has been very encouraging. And this contest is open to any business or any kind of businesses or services and that kind of gave us this opportunity of having these businesses engage themselves on a daily basis with Just Dial and we are expecting that to also result in high user

generated contents like reviews and ratings from these users. Now, this contest will take shape also into promoting the so-called businesses, I mean, encouraging the prospects for him to get new business. There's a lot of details into it; I don't want to get into those details, lot of stuffs into it. So that's the very big strategy and that's going to pay off and it can be a killer idea.

Now, apart from that in terms of content, of course, we did a certain multiplex deals, you know, for movie ticketing whereas you know this market is a bit spoiled, you know, you have to go to pay them a minimum amount of money to have that ticketing rights and stuff like that. We felt that, you know, with our campaign ready to go we must have those features and associations in place, so that's one of those expenses. But we will revisit these deals going by the pure merit of it.

Rajeev:

Yeah. This is very useful, Mani. So this contest seems to be a short-term plan, but what's your 12 to 18-month plan, you know? Sir, you still prefer to wait on the side for competition to get rationalised, you got cash on balance sheet you don't want to use it for, you know, inorganic stuff, so how do you see, you know, how do we see that, you know, what's your strategy other than this, you know, promotional thing which is in place?

V. S. S. Mani:

So inorganic stuff we have been meeting companies. It's just not like up to our appeal, so we don't see an opportunity yet on the inorganic space. But overall if you see that what is critical for Just Dial is to get the user and the business engagement with us on a day-to-day basis, you know, which is what is the most important thing for us in mind. And this strategy is not a very short-term strategy; it's a kind of a long-term strategy. This is going to be there because this coincides with the JD social launch and that's going to be a big thing as well. So this is going to be throughout the year, may be the prizes may change or minor tweaks may be there, but we definitely want the businesses that are listed with us to engage with us on a daily basis and that is our critical approach. And because of their engagement we get their users' or customers' ratings and reviews which further makes Just Dial go to destination because it has all, you know, millions of reviews and ratings. So that's the step one.

Then we get into some inorganic stuff like advertising we would do, some visible advertising you would see that, you know, a campaign on television and other audio-visual medium, maybe, on YouTube also and those will also get users aware about the multiple features that we have on Just Dial and overall this is how it's going to be.

Ram Kumar: To add to this will definitely be the continued expansion of the salesforce that will continue to happen. So it's not that we plan to stop at 2017 and, you know, pace of expansion will continue to be there.

Rajeev: So you plan to add 2500 employees this year?

Ram Kumar: I said around we should total add 2000 by 2017 and we will continue doing that same pace for 2018 as well.

Rajeev: Okay. And your marketing spend we can assume 50 crores or lesser than that because 100 crores was the plan to be deferred for four quarters, so what's the new, you know, plan now on marketing?

V. S. S. Mani: You know, in a way when you look at all these, you know, this kind of a contest itself, that's a huge marketing spend, indirectly the marketing spend. You know, there are like 2 million posters being distributed throughout the country in different outlets you would see these posters and there will be prizes given and so it's a huge user engagement and end of the day the marketing campaign is to have user engagement, so this is also going to be one of those marketing spends only.

Rajeev: Okay. This is very useful. Thanks a lot.

Moderator: Thank you very much. We have the next question from Mr. Niket Shah from Motilal Oswal. Your line is unmuted. You may please go ahead and ask your question.

Niket Shah: Yeah. Thanks for the opportunity. Just wanted to know if we plan to have 2000 employees every year which is an addition of 20% to the denominator of the previous year and obviously there is more salary hikes which is given to the existing guys, so safe to assume that at least the 25% increase in employee cost as a line item for the next 2 to 3 years?

V. S. S. Mani: Ram, you want to take that?

Ram Kumar:

See, definitely this is going to be there, you know, 15 to 17% increase in the number of employees, 15% at least; 5 to 10% increment that we give normally there should be a 25% jump in cost, no doubt about it. I think we believe that these are going to be necessary for securing growth for the future for the next three years. And we have to make this necessary investments because if we don't, we believe unless we come to the point of non-linear revenue which will kick in but we believe that the market potential is so huge that, you know, we will have this necessary feet on streets and that is what is going to give us in the short to medium-term the growth acceleration that we talked about.

Niket Shah:

Sure. The other question was, you know, we've now taken away the upfront payment for Omni which is 20,000 bucks, what was the reason for that, I mean, I presume if the product is so good, you know, there should have been a little bit of more pull factor rather than now giving at a, you know, like what you said, like a 60-day free trial plus now monthly with subscription model, so this eventually makes the margin profile a little more less lucrative, right, initially, you know, which used to be, I mean, the anticipation was this would be like 60-70% kind of EBITDA margin business, but now it's going to be a little more tougher and little more less scalable because the revenue itself would become much lower now from this category?

V. S. S. Mani:

See, what is key is, you know, you have to look at how it would pan out long-term. And there are going to be lot of players who are going to try the same space, so hence we thought like, you know, it would make sense for us to really go and land grab, give the experience to the consumers and then, you know, we can always have a better yield per month, you know, we can start with a small amount maybe 2000 rupees a month, then increase it to 3 and then 4, but make the product so addictive that the businesses can't do without it. In any case, you take money upfront, you are going to account it over 12 months' period; you can't account it pretty much, you know, as per the accounting norms and all that. So you have to really make some practical sense, you know, in doing so. Eventually, we will have to see what's the sweet spot we need to figure out. Right now with all the efforts that we have put in we feel that we need to really land grab and make the prospective customer experience it and there is a huge difference. Time will tell whether we are right or not.

Niket Shah: Sure. And one final question, just wanted to understand, you know, we have multiple CTOs leaving, right, Sandipan and we have the recent one?

V. S. S. Mani: That's not true; that's completely not true multiple CTOs leaving. First of all, Sandipan left the company after 8 years of association. So Sandipan left the company for his own personal reason because he just wanted to venture out and do things; he didn't go and join some other company. He is a serial entrepreneur and now he is doing several start-ups. So that's the incorrect statement to say that, you know, he left the company ...

Niket Shah: No. I am saying that they have been...

V. S. S. Mani: I am coming to that. You know, when somebody leaves the company after 8 years, you don't highlight that fact and now it's not so common to have 8 years and 10 years and 15 years, you know. Most of our senior management is about 10 to 15 years, but by the way and secondly this gentleman had joined as a Deputy CTO it was an experiment; he was from a different space all together, he was not from the Internet space. He had very limited exposure to this what we were doing and he was finding himself not really comfortable here. So we allowed him to go. Everything happens for the best of the company, you know. As far as this gentleman's responsibility was concerned, it was not even a fraction of what Sandipan had; not even a fraction. Okay?

Niket Shah: Sure. No. My question actually was, you know, you had Search Plus, now you have Omni and obviously, you know, you were doing the right things for that to execute, but are you yourself facing an issue where, you know, there is an issue of bandwidth from your end where the middle level management you think is, I mean, do you think that you need to strengthen the middle level management a little more so that your bandwidth actually frees on?

V. S. S. Mani: No, not really on technology. Technology we are pretty decent, deep, you know, a very strong pool on technology. But on the middle level management in sales and other functions, yes, there is a ample scope for that and we are like hiring a lot of people on that front, you know, you would see that. One thing I want to highlight here, Just Dial is one company which has been immensely successful in retaining talent for years together. We are the only company which really made

real money for their employees, you know, so many of our employees became dollar millionaires and stuff like that. So we are a very caring. Even employees who left us joined back within a year, you know, so there is something that, you know, so I really don't want this people quitting thing to be highlighted. It was unfortunate that we lost two good people like Sandipan for his personal reasons and Srinivas. Those are two good people. We would like to welcome them on to our company any time they want to join back also because they have been fantastic contributors. But any other small little exit really doesn't concern at all.

Niket Shah: Sure. And, Ram, just one final question. What would have been the advances right now in the balance sheet?

Ram Kumar: You mean advances in terms of the deferred revenue you mean?

Niket Shah: Deferred revenues? Yeah. Deferred revenues.

Ram Kumar: Deferred revenue is 245 crores.

Niket Shah: 245? Perfect. Thank you so much and best of luck.

Moderator: Thank you very much. So we've the next question from Mr. Nandesh Dalal from IFL. The line is unmuted. You may please go ahead and ask your question.

Nandesh Dalal: Hi. Thanks for taking my question. First on the Search business, sir, post when you guys highlighted last year when you had to increase the feet on street and post that we have seen some 40,000 increase in your campaigns and which is a very good growth, however, the revenue growth doesn't seem to be keeping pace with the campaign growth and one of the reasons seems to be pricing, so is it just that higher contribution from tier 2, tier 3 cities leading to this kind of muted revenue growth despite a good traction in campaign or am I missing something over here?

Ram Kumar: There's always a lag between campaign addition and that getting reflected in the overall revenue growth. So the revenue growth that we are witnessing a good portion of it comes from what you've signed a year and year-and-a-half back, so there is a lag that happens. So the campaign immediately the addition shows up, but that's actually a positive trend that you would see the campaign growth, you know, preceding the revenue growth, so which is what it is. Yes, I mean, any time

when you have some large number of new additions happening, it tends to, you know, dip the overall realization because it's a mix effect; there's nothing to do. The minimum package size what you sign up the minimum that doesn't change; that remains the same. It's just that due to the mix you are seeing a dip, but then the volume growth which we are seeing that is the good sign and that is what I think would drive revenue in the future.

Nandesh Dalal:

Understood. Ram, during the last two quarters the 40,000 increase in campaign how much would be the contribution from the tier 2, tier 3 cities on the incremental basis?

Ram Kumar:

I would say a large numbers substantial portion of this increment would come from this tier 2, tier 3 cities. You know, we are in the process of ramping up in the main cities as well, so as we go into subsequent quarters, you should see the increase coming from the main cities as well. But the past two quarters has been mainly through the tier 2, tier 3 cities.

Nandesh Dalal:

So is it fair to assume that when the revenues come from these new campaigns that you added, the pricing pressure will still continue at least till you get traction from tier 1 city?

Ram Kumar:

Yeah, the pricing pressure is more of a mix; it's an outcome. It's not that I've changed my minimum price. It's just that the smaller cities tend to have lower minimum price than tier 1 cities. Tier 1 have my minimum price is about 2000 and in smaller cities it's 1500, so that's what it is.

Nandesh Dalal:

Understood. Second, I am sorry if I missed that in the start, you guys have highlighted that you are going slow on the campaign and the 100 crores figures don't stand as of now, what has been the reason for this change in strategy?

V. S. S. Mani:

We just don't want to go and continue to talk about it rather act upon it and then we will have much more qualified question next quarter when we really discuss this. So this 100 crores is just a notional figure which we have been just talking every now and then just to put an end to that.

- Nandesh Dalal:** But the ad spends as in the 5 crores or the 8 crores you spent this quarter will sort of continue in maybe pockets?
- V. S. S. Mani:** Yeah, of course. This was different and what we are talking about our television commercials those are different and they will definitely happen television commercials also. But whether it would be in that scale or not, we are not sure about that.
- Nandesh Dalal:** Right. On this JD Omni thing you guys said that now you are moving towards the free trial period, wanted to understand the accounting of it, the revenues obviously would be booked later on, but the cost or whatever you guys incurred, you know, this free trial period will it be upfront cost or you will see a deferred cost item also there?
- Ram Kumar:** So, Mani, I can take. There is no concept of the deferred cost in the accounting standards. Whenever you incur the cost, you incur it upfront, unless you have a revenue, I mean, either on some of these costs – the development cost itself we accounted it upfront.
- Nandesh Dalal:** All right. Right. Okay. And last one on book-keeping thing you guys mentioned Search Plus services had 30 plus compared to 32 what you had last quarter, any update as in if you have added some new service and what it would be?
- Ram Kumar:** It's more or less stable, boss. We have not added anything, even though some things are work-in-progress, it's, you know, you will find one or two things there but more or less it's stable at this number of 32.
- Nandesh Dalal:** Okay. Thanks. All the best, guys.
- Moderator:** Thank you very much. We have the next question from Mr. Hemant Patel from Eldora Capital. The line is unmuted. You may please go ahead and ask your question.
- Yash:** Yeah. Hi. This is Yash. Few questions about JD Omni. About 9000 subscribers that you have can you give us some colour on what businesses are they in, which cities are they in, the frequency of usage and if you see any fallouts for JD Omni?
- V. S. S. Mani:** Most of the customers are from metro cities and we haven't started in tier 2, tier 3 cities this activity. And

people are using it and we would want them to use it more number of times, so that's where the effort is, so those new version upgrade that we will get it you will see that, you know, people are engaging themselves more. So far there is no major dropout in Omni, but we are more keen to make it a very addictive. The only thing in their business, you know, the way it runs the business and that's where we are facing challenges, you know, some are using it for the website and the app but not using for the billing systems, some are using for billing but not for inventory. So those are areas that we are addressing, you know, which could really help us make it more successful.

Yash: And are these like mainly grocers or, I mean, how would you classify the user mix between different kinds of businesses?

V. S. S. Mani: No. I mean, it's all kinds of businesses actually or it could be mobile shops, it could be any kind of good mix of retail and some of it are services also.

Yash: Okay. Second thing is there's, you know, sharp drop off in the number of customers you added this quarter, so could you just throw some colour on that and what's the current run rate of acquiring customers?

Ram Kumar: If you really look at it, it's more or less stable as in Q1. Overall, we added 20,000 odd customers during the quarter similar to last quarter?

Yash: Sorry. I am referring to JD Omni in Q1 June quarter.

Ram Kumar: Omni?

V. S. S. Mani: JD Omni? We kind of paused selling JD Omni, you know, only certain follow-ups we pursued because we wanted to bring all those improvements first and then go all out and change the strategy that's why.

Yash: When did you stop?

V. S. S. Mani: The idea is to get the product so perfect and not like perfect in that sense that all the features that it requires and also make it so easy for a user to, you know, use it. We want to now go all aggressive and implement it.

Yash: All right. Lastly, can you give any guidance, if at all, for JD Omni for this financial year in terms of number of users?

Ram Kumar: We don't want to venture into that at this stage. Earlier one that we get 20-25 it's not going to happen, maybe, less than that. So it will be anybody's guess.

Yash: All right. Thanks. That's all from me.

Moderator: Thank you very much. We have the next question from Mr. Ankit Kedia from Centrum Broking. Your line is unmuted. You may please go ahead and ask your question.

Ankit Kedia: Yeah. Mani, just on the Search Plus it's been a while the ad campaign is not there we are talking about that, the product is still live since last 6 months, while all the services for more than a year actually few of them, so if you can throw some update on the top five Search Plus categories how is the traction been and if the campaign is going to come in next couple of months or three months, what's going to be the focus out there?

V. S. S. Mani: Campaign will be majorly focussed on Search and some other features of the Just Dial app, primarily app related campaign and it will include Search Plus categories as well. I think that Search Plus is more important for Search to survive rather than Search Plus as a revenue item. It's more about user engagement, more about users understanding that there's so much they can do. Most important communication that you would see in this campaign is this single app that can do several things and that the message that we want to communicate to people. There's plethora of apps there and when you can solve your day-to-day needs with one single app and many of those things that you use app what is so infrequent in nature it's pointless having another app for it. So one Just Dial app will solve all these problems and that's what the campaign is going to be. And Search Plus, of course, we will see some kind of improvement in terms of tractions, usage and all that with Search going up with the campaign.

Ankit Kedia: So currently can you throw some numbers in last one year on the 30 categories where we have which are the top 5 categories we are seeing action in and how is the user engagement on their own given obviously we are still running the business and we get lot of queries online?

V. S. S. Mani: So we had said that unless and until the revenues come to a significant level of our total revenue, we wouldn't

even start telling those numbers nor accounting them separately. So...

Ankit Kedia: I am not looking from the revenue perspective; I am looking more from the user engagement perspective..

V. S. S. Mani: That I don't know whether Ram has been giving those data on a regular basis and we need to check that; if we have that, we will start giving it from next quarter.

Ankit Kedia: Sure. Ram, do you want to add some data points here?

Ram Kumar: See, just to give you a perspective, the categories where we have seen good amount of traction or engagement has been the one which are the popular one like the food order, the doctor's appointment, you know, the recharges and the train ticket booking, et cetera and table reservations. So these are some of the four or five where we have seen that the high level of engagement with the users. Now, as far as the numbers are concerned, we have not disclosed it because primarily we have not started advertising and the question will immediately come what is the growth, et cetera because it's not meaningful for comparison at this point of time.

V. S. S. Mani: Also, it would be like pointers to then one would tend to compare with some verticals which does only food order, you know, maybe also doing logistics and delivery and stuff like that, now, those are things that we don't want right now. Our focus or attention is not into looking at some app which does delivery and they are able to do it in certain pockets in this country. We have a different take. We believe that we have been the go to destination for Search and we have had all kinds of categories being a horizontal and it is our responsibility to extend this Search to a next level of experience which is Search Plus Transactions. That's all we are limited to. We are not in a tearing... Yeah. Sorry.

Ankit Kedia: I was coming from the perspective that we have spent 5 crores on the user engagement pyramid.

V. S. S. Mani: No. The 5 crores let me clarify. Let me clarify where the 5 crores. 5 crores has pretty much gone to PVR for the ticketing rights. Okay? And we have not even monetized significantly from that. It's unfortunately the market is created in a manner that, you know, the multiplex owners are able to demand a huge fee which is only in India no other country in the world where, you know, whether it's a PayTM or Book My Show or

Just Dial or X, Y, Z everybody is paying that kind of a huge sum of money to get ticketing rights to these portals, which is unfortunate. We had to play the game, hence the spend, you know. And these kind of expenditure we revisit also whether it's really adding value to our company or not.

- Ankit Kedia:** And this is per year expenditure or it's three-year date?
- V. S. S. Mani:** It is the 6 months' expenditure. If you go by the annual expenditure, you will see almost like to the tune of 12 or 13 crores we are spending on this. And at that point when we took the decision, we felt it's a necessary evil, but we moved forward and we will decide on whether it makes sense or not.
- Ankit Kedia:** Sure. My second question is on the evangelist programme. Couple of quarters back you had mentioned this 2000 manpower would include significant manpower for evangelist, you know, updating people from society to society talking them about...
- V. S. S. Mani:** That's all set, as we speak. And this November onwards we will be rolling out and you will see some traction there. That's going to be a continuous thing.
- Ankit Kedia:** So of the 2000 manpower how much would be in pure sales and how much would be in evangelist programme?
- V. S. S. Mani:** The evangelist programme will be run by a bunch of managers which will be more freelancers engaged it's basically users get other users kind of a model somewhat like an Amway model where you get up to two levels; you can get people on board and you get paid for their contribution and for your contribution to. It's a very interesting model and it's something called Digital Guru we are launching which we are basically making housewives and students being expert, you know, digital experts by, you know, being able to do pretty much anything in their household using the Just Dial app and there's lot of interesting features there and that's why we are pretty confident and it's going to be a big hit.
- Ankit Kedia:** Sure. That's all. Thank you so much.
- V. S. S. Mani:** Thank you.

Moderator: Thank you very much. With this, I would like to hand it over back to the management for any final or closing comments.

Ram Kumar: Thank you, friends, and we believe that we will continue to execute on the sales front and we are quite confident that we will get back to our growth that we were witnessing earlier. And we just have to focus intensely on the execution of this and which is what as a management we are doing and we are hopeful that we will witness the growth acceleration that we have seen in Q2 continue into Q3 and Q4 and that's what we are focussed on getting the top line growth back. So that's it and thanks a ton.

V. S. S. Mani: Thank you.

Moderator: Thank you very much. I would like to thank all the panel members and the participants who joined us today. Hope you all have spent a useful time. With this, we conclude the session. You may all disconnect your lines now. Thank you, everyone.