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India's No.1 local search engine

SPEAKERS: MR. V. S. S. MANI – FOUNDER AND CEO;
MR. ABHISHEK BANSAL – CHIEF FINANCIAL OFFICER

Moderator: Good evening, ladies and gentlemen. I am Irshad, your moderator for this session. Thank you for standing by and welcome to the Just Dial Post Results Conference Call. For the duration of presentation, all participants' lines will be in the listen-only mode. We will have a Q&A session after the presentation. I would like to now hand over the conference to Mr. Ashwin Mehta. Thank you and over to you, sir.

Ashwin Mehta: Thanks, Irshad. Good evening, everyone. On behalf of Nomura, I would like to welcome you all to the 3Q FY18 earnings call of Just Dial. We have with us the founder and CEO of Just Dial, Mr. V. S. S. Mani, and also their CFO, Mr. Abhishek Bansal. So without any further ado, let me hand it over to the management.

Abhishek Bansal: Hi, everyone. Welcome to Just Dial's earning call for third quarter of fiscal 2018. I can quickly run you through financial and operational highlights for the quarter. Total operating revenue for the quarter stood at 196.8 crores witnessing 9.2% year-on-year growth, operating EBITDA stood at a healthy 46.5 crores witnessing strong 81% year-on-year growth and 17.5% sequential growth, adjusted operating EBITDA margin excluding ESOP expenses stood at 25.8% which was up 375 basis points sequentially.

Net profit for the quarter stood at 28.6 crores which was up about 4.2% year-on-year. Growth rate, in fact, was subdued primarily because we had lower other income during the quarter. Other income stood at 2.6 crores versus 20 crores in previous quarter and same quarter last year. However, a point to note is that drop was nearly due to increase in bond yields in December quarter resulting in mark-to-market losses in certain long maturity investments such as tax-free bond slightly holding in our investment portfolio. Overall business continues to generate strong free cash flows. Cash and investment stood at 1085 crores as on 31st December.

Coming to operational highlights, traffic continues to be strong at about 108 million unique users for the quarter. We continued healthy trend of new listings addition and we now have about 20.7 million active listings in our database which witnessed 20% year-on-year growth. Close to 50% of the database is now geo-coded and 41 million images are present in our database which was up about 48% year-on-year.

In terms of paid campaigns, they stood at about 441,000 as on last quarter. Realizations continue to see sequential uptake. Compared to lowest levels of 4Q 2017, realizations are up about 7%. Overall, I think it was a decent quarter for us. Revenue growth was highest in last 5 quarters. Efforts are on to build further on current growth rate. Our efforts over last few quarters on optimizing cost, improving productivity are already visible. Bottom line growth was subdued but that's fine. Since other income can have quarterly fluctuations, there have been quarters in the past where we have significantly benefitted from falling yields, so this quarter saw some reversal of those gains. As a business, focus continues on growing usage of our products and chasing profitable growth. We shall now open the floor for questions.

Moderator: Thank you very much, sir. Ladies and gentlemen, to ask a question you need to press "0" and "1". I repeat, to ask a question please press "0" and "1".

Ashwin Mehta: Sir, this is Ashwin from Nomura. In terms of margin we've had a pretty decent performance this quarter, but one risk that we wanted your feedback on was, do you think the expense rationalization can risk longer term revenues for you, what are you trying to do to ensure that that's not necessarily the case because for almost two quarters running now the advertising expenses seem to have come off?

Abhishek Bansal: Ashwin, on margins as far as cost that have been ridded out we have ridded out only bad cost, so to say. Whatever inefficiencies that had crept into the business over last several years we have tried to ensure that efficiencies are brought back. Considering on your point on advertising and selling expenses, see, advertising spend we are clear as a business that this business definitely needs certain amount of sustained advertising. In the digital era we need to be present in user's minds. So we would definitely allocate, say, 8-9% of our top line on a sustained basis to advertising. However, on a quarterly basis there could be fluctuations like last particular quarter we wanted to experiment that if we reduce our mass media spends, spend more on digital, how does the traffic pan out, whether the traffic growth that we are getting is sticky or not, whether the traffic is of high quality or not, so all those experiments obviously need to be done to ensure that if a business is spending 70-80 crores on advertising, the return on investment actually takes place.

And in terms of other expenses whatever we have curtailed, those are primarily on account of efficiencies that we could bring in. In terms of employee cost, again rationalization is primarily in those departments where automation has helped us get same or more output with lesser manpower. So I don't see any particular reason why this particular cost rationalization should hamper revenue growth in coming quarters.

Ashwin Mehta: Okay. Sir, as a follow up, in terms of paid listing growth what is your outlook and if the paid listing growth starts to improve going forward as you expand into tier2, tier3, do you think the realizations can still be stable?

Abhishek Bansal: See, on paid listing the thought process that we have is first of all what matters to us is overall revenue growth for the company. Revenue growth, obviously there are two levers, one is paid campaigns, other is the realization. Ideally, business would want both the levers to fight together, but there could be quarters where like this particular quarter or last 2-3 quarters are taking advantage of price increase. So when we launched our advertising campaigns, at that point of time we took price hike on certain entry level products which has continued to help us.

Going forward, as I mentioned, that we would want to optimize on revenue for sales employee, revenue for SME and hopefully we would continue to build on current growth rate levels. Yes, there could be a scenario wherein there might be certain low profitability campaigns which we might even sacrifice. At the end of the day we want to ensure whatever incremental campaigns we acquire they should come at healthy margins. There could have been a scenario that I might chase 15% campaign growth and I might sacrifice 10-12% in realization, net-net business would grow 2-3%. But we are clear that we don't want such a scenario to pan out. Top line should grow and operating profit both should grow.

Ashwin Mehta: Okay. Fair enough. Thank you.

Moderator: Thank you very much, sir. Ladies and gentlemen, next we have Mr. Gaurav from City Group. Please go ahead. Your line has been unmuted.

Gaurav: Yeah. Hi. Thank you for the opportunity. Just had couple of questions, one is if you can just give us how much was the absolute spend on ad campaign during this quarter and that's my first question. The second is just a follow up on the campaign growth, you know, when should we see the uptake in campaign growth start to happen, as we get more into the tier2, tier3 cities. I can see that, the listing number has gone up quite substantially over the past, say, 3-4 quarters, so when would the benefit of the monetization of these listings start to take place? Thank you.

Abhishek Bansal: Hi, Gaurav. Ad spend for last quarter was approximately about 15 crores. Coming to your second question on campaigns, see, it's not that we cannot grow campaigns right away. There are multiple ways to slowly grow campaigns. You can reduce cycles, you can certainly hire 500 people and grow campaigns, but all those particular campaign additions come at a cost. We want to ensure that whatever campaign additions that happen, they should happen at decent realizations such that our operating profitability does not suffer.

In terms of venturing more into tier2, tier3 cities, yes, we want to increase our feet on street because that is the team that is growing at a very healthy rate for us primarily because products now are more of a show-and-tell products. Earlier, SMEs were coming into the paid ecosystem solely from the perspective of getting these from the very next day. Today, I need to explain to that SME that Just Dial has created a dedicated page for you on its platforms. There are photos, videos, ratings and reviews matter. So considering all of that, feet on street is what we want to grow.

As we mentioned earlier as well, we are ensuring that whatever optimization that we have done over last 2-3 quarters in pursuit of those particular expansion plans, those gains should not get reversed.

Gaurav: Okay. Just a follow up, you know, in terms of your cost rationalization making things more efficient, how much more do you think is left either when it comes to employees or other bad cost, how much more is left in the system to be sort of taken out and so how much, let me put this way, how much more is sort of the low-hanging fruits left to help your margin expansion?

Abhishek Bansal: See, let us break our employee cost in 2, 3 or 4 buckets. The first key expense that we have is the employee benefit expense. Again, employee benefit expense can be split into sales and non-sales. Sales, obviously, it will grow primarily in line with whatever increments that happen and headcount additions. Non-sales, as far as the current trend flow, we think that particular component should ideally grow in line with whatever increments that we would be giving.

On the other expenses, again, that has two components, one is the advertising spend, the other is the spend that we have on our offices, rental, power, fuel, telecom spends, et cetera. Again, those expenses I don't see them to be increasing materially. So overall this particular year we have been extremely, extremely frugal in terms of managing our employee cost. So on a full-year basis last full-year employee cost was 440 crores. Ideally, that should have grown by 8-9% to 480-485 crores, but seeing current run rate we should be able to manage it at even much lower than 440 crores of last year. However, to be able to sustain the trend year-on-year, obviously it is difficult. There will be certain amount of increments, etc that will come in, but as a percentage of revenue which means EBITDA margin I think the trend that we saw in first three quarters 22-23% that should be sustainable at even current levels of revenue growth. If revenue growth accelerates, which is what we are focusing on, then ideally operating leverage should help in expansion of margins as well.

Gaurav: Okay. Thank you.

Moderator: Thank you very much, sir. We take the next question from Mr. Prarag Gupta from Morgan Stanley. The line has been unmuted.

Prarag Gupta: Hi. Good evening, everyone. So just a couple of questions out here. You guys talked about some macro issues in the previous quarter especially on the back of GST, you also talked about how the entire business is changing in terms of educating merchants, etc. So, the first question is, are you seeing the macro recovering or do you still see some macro headwinds which are kind of impacting growth either on paid campaigns or pricing? So any colour on that would be appreciated.

The second is, you are talking about any potential acceleration in revenue growth going forward. Now, I just wanted to understand how much of this would be driven by incrementally more hiring and how much of this could still be driven by better productivity and if it's based on hiring, then could you just give us a sense on what are your hiring plans for the next couple of quarters?

Abhishek Bansal: See, Prarag, on the macro headwinds that we talked about, the structural changes that have happened in the economy such as GST roll out, my sense is that now everyone knows that there is no going back on that particular GST front. These particular changes are sort of long-term changes. It wouldn't happen that just in one quarter, two quarters everyone will be back to normal. One key indicator that I used to measure impact is how is my internal team coping up with GST. So even though about two quarters have passed on, my particular team feedback is also this, that it needs to be stabilized. They are still struggling with, say, refiling or re-returns for, say, first or second quarter. So to that extent I think probably it will be a gradual recovery that will happen in terms of GST impact on SMEs.

The second component that you talked about, say, educating SMEs to the new Internet era. Again, as we mentioned, we have around 441,000 campaigns, so on one hand such kind of huge base is advantageous that no single vertical contributes significantly to our revenues; on the other hand, whenever education needs to happen for structural changes, it takes some time to percolate in the entire ecosystem.

Coming to your second question on revenue growth and hiring plans, so as I mentioned that definitely we want to expand on our feet on street. We have been mentioning earlier as well, but for me to say this particular 2300 feet on street will go to 3000 in three quarters, two quarters; in reality it doesn't really work that way. The way we are going about is in branches where productivity is already high, those branches are already in, say, hiring mode or expansion mode; branches where productivity levels are low, those branches are being encouraged to first of all achieve a certain threshold of productivity. So, as I mentioned earlier, for us what matters is that revenue per sales employee and revenue per customer both should ideally be maximized.

Prarag Gupta: All right. And, you know, just a few more, if I can add. One is in your presentation you've shown a lot of the new services that are probably now up and running and live and, you know, also the new chat feature that you've now integrated, so could you give us a sense of what kind of traction you've seen, I don't know if it's still very early days, but, you know, how are you monitoring this, what has been the feedback so far if you can just share anything in terms of user engagement, anything in terms of feedback that will be useful?

Abhishek Bansal: So what you've seen in the presentation, those initiatives are in the pipeline. So in about 4 to 6 weeks from now we are expecting release of the revised version of our app; the look would be much cleaner. It would have a real time chat system integrated with it, it would have a lot more curated content. Primarily, the objective is that if we can increase user engagement, if we can increase the time that user spends on our platform, in longer term it would actually help us. So some of those initiatives including complete revamping of our mobile sites to make it extremely fast, all those are in pipeline and should get rolled out in about next one or two months.

Prarag Gupta: Got it. And finally could you help us with some matrix on top 11 and outside of top 11 in terms of growth and, you know, how is it broken up into volumes and pricing?

Abhishek Bansal: See, in terms of a revenue, tier2, tier3 cities outside top 11, they contribute about 20% to revenues. In terms of campaigns they contribute about 42-43% to campaigns. So that would give some idea on what is the split between the top 11 versus tier2, tier3.

Prarag Gupta: Okay. Got it. Right. Thank you.

Abhishek Bansal: Thank you.

Moderator: Thank you very much, sir. Ladies and gentlemen, before we move on to the next question, may I request the participants to please press "0", "1" to ask a question? That will be "0" and "1". We take the next question from Mr. Arya Sen from Jeffrey's. Over to you, sir.

Arya Sen: Yeah. Hi. Good evening, everyone. Actually thanks for the detailed disclosure in the presentation, Abhishek. I had a question on your comment on advertising spend. You said that you expect to spend about 8 to 9% of revenue going forward. Now, if I look at your first 9 months of this year versus last year, the incremental ad spend appears to have been around in the ballpark of 40 to 45 crores and if I look at your incremental revenue, that also appears to be in the ballpark of 45 crores, so, I mean, from that perspective how effective has advertising really been or is that even the right way to look at it?

Abhishek Bansal: See, let us come to advertising this year. This year advertising kick started at the back of, for last 2 to 3 years we had been guiding that we want to advertise, but we were in the process of building our Internet products. So this particular year obviously was a start of our advertising campaign.

Now, when you compare in terms of incremental revenues, as we had mentioned earlier as well that whatever advertising that we do incremental revenues would have some lag effect. So to compare that what is the advertising money spent this particular year versus incremental revenue, that I don't think is the very right way. The way to look at it probably should be, that what are the incremental users that we are able to drive on our platform. Over longer terms incremental users should ideally result into SME realizing there is higher value in investing with Just Dial and that should result into higher revenue going forward. So what we spent today might get us a healthy benefit in future.

Arya Sen: Right. And, secondly, if you could share, you know, how much of your traffic within mobile is coming through the app versus mobile web and also, how much of overall traffic is coming directly versus via, other mobile and other search engines?

Abhishek Bansal: See, as about 68-69% of the overall traffic originates from mobile, as we have mentioned earlier as well that if you see the design and the architecture that we have for our mobile sites and apps is very similar. About 90% plus of the traffic on mobile originates from our mobile site itself. However, considering that we are a local search engine, our prime responsibility is to ensure that information is disseminated to the user at the earliest. So I think that is what reflects in the composition of traffic. In terms of traffic that directly originates on our platforms about 26-27% of the overall traffic originates directly to us.

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

Moderator: Thank you very much. We take the next question from Rajiv from HSBC. Over to you.

Rajiv: Yeah. Hi. Thanks for the opportunity. Just had one small question about your hiring plans, you know, total employees and breakup between be it feet on street and the sales force if you can just provide some colour on that for the next 3-4 quarters?

Abhishek Bansal: In terms of hiring plans, as we mentioned that even today we do hire feet on street and other particular employees on a monthly basis in order to ensure that we are able to arrest whatever attrition that takes place. Going forward as a strategy within the sales department, feet on street, cold calling team or the JDA team is what we ideally want to expand. We do have internal targets that this 2300 we want to scale it up to, say, even 3000 levels or even higher, but again that depends on which geography we want to expand, which geography we already have proper management, team leads, etc in place to do that particular expansion.

For me, to put specific numbers in terms of whether we will be able to add the 200 new feet on street every quarter or 100 new feet on street every quarter that in reality would be difficult to ascertain at this point of time.

Arya Sen: That's helpful. And lastly on your ad spends you've done 45 crores, so what's the plan for the next quarter and the next year if you can provide some colour there?

Abhishek Bansal: See, first three quarters I think overall we have spent about 55-56 crores on advertising. So last particular quarter was on the lower side, as I mentioned that we did some experimentation. So probably this particular quarter we will have to see how it pans out. But for next full-year we are thinking that probably 20 crores a quarter is what we would ideally want to do. But again having said that, if we see that there is a good amount of traction that we can get based on our advertising campaigns, we might want to tweak it upwards or downwards basis that.

Arya Sen: So if I am just repeating what you said that you will be looking at a 20-crore number for the next full-year?

Abhishek Bansal: 20 crores a quarter. Sorry.

Arya Sen: 20 crores a quarter? Okay. Yeah. Thanks a lot. That's helpful. Thank you so much.

Moderator: Thank you very much, sir. We take the next question from Charlene from UBI. Please go ahead. Your line has been unmuted.

Charlene: Yeah. Hi. Thanks. Hi, Abhishek. I kind of agree with you, that revenue should follow with your spend on advertisement and all. However, we are seeing that your traction, app downloads, traffic, everything is on upward trajectory, however, your paid listing is on a downward trajectory. Now, intuitively this ad spend should act as a lever for your sales staff to get more paid listings which it appears to be is missing, right, or there is a higher churn rate happening over here, so that we are not able to understand because it's already three quarters here, so if you can please share your views on this?

Abhishek Bansal: See, Charlene, let us try to understand fundamentally what is the challenge that we face is a business, right? 3 years back, 4 years back it was very easy for me to get that 25-30% incremental hike over last year whenever a contract was signed because one particular user coming to Just Dial via voice platform the lead was shared with 7 clients. Today when everything is shifted to Internet, the same person maybe calls 2 or 3 vendors, negotiates the deals, closes the transaction, though business from that unique visitor still goes to that one SME. However, earlier 7 SMEs were feeling satisfied; today, 3 SMEs feel satisfied. Now, we have spent a lot of time in re-training our sales team that whenever they visit our client, they should explain to the client that returns should be evaluated not just on cost per lead, but overall on cost per visibility, cost per reach basis as well. In this re-training, one key component is for our sales team to be able to justify the kind of price hike that we are asking for this particular year's renewal.

Now, there are two teams that actually get us revenue. The one team that focuses on new customer acquisition, they try to get clients at whatever entry level or slightly higher prices. There is another team that picks up from there and does better value building. So the team that picks up and does better value building, in recent quarters we are seeing they are able to do a better job. The other team working on paid campaigns, I don't give them target that in a month you need to do so many ad campaigns. I give them a target that in a month you need to get me X amount of revenue. Now, whether that person gets it through five campaigns or one campaign till the time absolute revenue is maximized i am fine.

In our particular case the way you are trying to correlate that advertising should result into higher sign ups, agreed, but there is an indirect effect in our particular case. Advertising results in more users coming to Just Dial platform, more users should result into better value being delivered to our paid clients which should result in more people signing up and existing people willing to pay more to Just Dial. Since this is an indirect sort of relation, there will be a lag effect in terms of advertising spend and metrics such as user growth, listing growth, etc and incremental paid campaigns, paid listings etc.

Charlene: Yeah. Abhishek, I completely agree with you whatever you have said over here and I completely agree that, there is a lag effect and both are two different things to look together. The only worry over here is, the declining trajectory of paid listing campaigns. And though we are seeing a healthy growth in app, so that's the only missing link we are trying to figure out like how much is the lag over here. That is the only point.

Abhishek Bansal: See, Charlene. When we commenced our advertising campaign, we took a conscious call that for last few years we had not taken price hikes; our realizations had been on a decline. Since Just Dial is now visible right, left and centre, it would be the best time to effect those price hike in the ecosystems. So there could have been a scenario I would not have taken any particular price hike, there could have been structural decline to prices, realization might have declined 5%, campaigns would have grown 10% and we would have attributed that, okay, 10% campaign growth is attributable to advertising campaigns. But even in that scenario, probably, we would not have been able to generate the kind of incremental revenues that we are able to generate now.

Charlene: Yeah.

V. S. S. Mani: Back to the point. This is Mani here. See, our goal is to increase the revenues and from time to time the management takes a decision to get on to the right mix what is best for the company for those quarters. Now, we are having a 7000-member sales team, you need to get them focused in a particular direction. So we figure out that there are certain levers which we can use right now to get the growth and our goal is to get to double-digit growth as early as possible and improve the profitability at the same time and continue to keep an eye on traffic growth, so we want to see all feet. So we will not obsess with any particular mix. What is best is decided, in fact, to a great extent. The branches are empowered to come up with their own mix and so I have branches which have got growth in the number of campaigns and thereby leading to growth in revenue, there are branches which haven't seen that kind of a growth in campaigns, but they have seen much better growth in revenue. So the company needs to focus what is best to increase the top line. There is no such obsession with the number of campaigns or ticket size as such. But, yes, we do not want to compromise on the traffic. We definitely want more and more Indians to use Just Dial, not just that we want them to spend more time with Just Dial, engage for more things than they've done in the past. So that there's no compromise on the number of people using it and obviously average usage per person in the period of time.

Charlene: Got it. That's really helpful, sir. And my best wishes for future quarters over here. Thanks.

V. S. S. Mani: Thank you.

Moderator: Thank you very much, sir. Next in line we have Mr. Akson from Fidelity. Please go ahead.

Akson: Hi, guys. Congratulations on a great show on the cost side and also just trying to get the realization up. I had a slightly medium-term question that if we look at the opportunity converse for you guys in terms of the number of SMEs out there in the market and you have only 1.5-2% of even, you know, companies which are there listed on you who are paying you and to that extent, I guess, the previous question was that there is a slowdown in campaigns and that's what we are thinking about and you guys seemed to have thought through various cost elements on a granular basis on where it will be in a quarterly and yearly basis, but just when we are looking at the business in terms of paid campaign growths, you know, company used to grow at 40-50% and then 20% and then 10% and this year could be flattish, right? And I understand what all you have done to fix the problems in terms of either communication, the product, ad campaign, but just looking forward over the next 3 to 4 years how should we be thinking about paid campaigns that was question one.

V. S. S. Mani: Abhishek, you want to take?

Abhishek Bansal: See, as we mentioned in terms of paid campaigns, you rightly mentioned that against 20 million SMEs we only have about, say, 1.5-2% of the population paying us. Over long-term when we do our particular planning, we definitely think that why should 5% of the SMEs not be paying us. There is a significant amount of value that we are delivering to our free listings as well. So, yes, in recent quarters there could be a different mix that could drive revenues. Over long-term, yes, paid campaigns would also need to grow. Realizations, obviously, they can grow revenues to a certain extent. Either to grow realizations we will have to come up with additional offerings such that we are able to justify that particular higher value per customer.

Akson: Okay. Fair enough. Second question was directed to Mani that, you know, we had couple of thoughts on where we could predict this business model to whether in terms of Omni or Search Plus and maybe correctly so with hind sight you focused on the core business in the last 3 to 4 quarters results were showing, but again as an entrepreneur, as a promoter of the company when you are looking at this, is this the only business…

V. S. S. Mani: Your voice was breaking. Can you repeat it, please?

Akson: Sorry. Am I audible?

V. S. S. Mani: Yeah. You may repeat the whole thing again.

Akson: Okay. I will repeat the whole thing. So I was saying we had couple of thought process in the past around JD Omni, Search Plus on what we want to do from there and how that could possibly be a monetization engine for the company; this year the focus has been on the core business. But if you are looking at the business 3 to 4 years out, will we still continue to be getting revenues from the online classifieds or you see yourself trying to do another sort of Search Plus or an Omni type of a business model out of this business?

V. S. S. Mani: So there has been a lot of learning for us in the last several quarters and we figured out that there are things that we should do one thing at a time, one; and, two, wherever there are certain type of, say, verticals or Search Plus wherever they have really gone they had in terms of attracting users, incentivizing them to use their products and all that we should look at more such partnerships with such verticals and such other players rather than trying to be, do something like and also run in that space. So you will see that as a user you would have superior experience as you move forward using Just Dial app. You would see that, you know, you are actually able to transact and some of these transactions are powered by certain other vertical players. So that's what we could do with Search Plus.

As far as Omni is concerned, we need that big kind of a launch which we are thinking that we should probably do with like, you know, gathering some few hundred business owners in one kind of a, you know, place and then kind of present it to them and take them through the power of Omni, what it can do for their business and, C, what's the response from that and we want to do this in some of the cities and see if the response is good, then the entire sales process for this will be very different from what we have on JD because we also realized that having a regular sales person selling ads on Just Dial, campaigns on Just Dial, is extremely difficult for him to actually go and demo an exhaustive product like Omni which has probably 100 other features to talk about than what he is actually selling and so that's somehow, both selling together will not work for us. So this will be purely basis a large gazing and doing a demo and then see how it goes. But then I want to highlight that our goal is right now to quickly get to a decent revenue growth path and continue to have the margins in profitability and then take one thing at a time rather than trying to do too many things, you know, in one go.

Just to highlight, see, this quarter EBITDA on a year-on-year basis it's gone up by 81%. That's a remarkable achievement for any company, although revenues only grown by 9% which means that there was ample room to run the business much more efficiently. And we still see there is room for more scope for improving things and efficiently. So that is where I want to kind of put your attention to.

Akson: Sure.

V. S. S. Mani: And regarding this earlier question of campaign growth, these are only mixers, you know, campaign growth and revenue growth and all those things. For example, the number of campaigns in the Q4 FY16 if we refer to the whole numbers, it was 368,000 and that in the Q4 FY17 went up by 18% to 435,000, whereas, during the same period the revenue went up by only 6%; actually 5.9%. So what is important for the company, it is revenue growth or just campaigns? I think the overall revenue growth is far more important than being obsessed with campaign growth. And on the same time if you look at the profitability, that has also grown up; the EBITDA has grown by 81%, despite advertising increase of over 125% in advertising cost. So all this is lot of things to pay attention to, rather than getting obsessed with one kind of a number of campaigns and stuff like that. We might surprise you also, with sudden growth in the number of campaigns that's only when we are really comfortable. This is now time to pursue for an aggressive, more campaigns and not compromising too much on the average ticket size.

Akson: All right. One last question, Mani, if I may? So you are delivering certain ID to your customers and by asking for them to pay more you are trying to extract that value, a part of that. Historically, from what I recollect you had a problem with churn, right, where customers don't renew, etc, is there a risk that you've got customer into the bucket in year one and then they don't renew next year? So basically what I am asking, I guess, is have you seen any increase or decrease in the churn rates of your existing client base in the last 6 months? Thank you. That's my last question.

V. S. S. Mani: Actually speaking there is no true churn as such; that is not substantial. You must understand, in SME there is a mortality of business also. 18 to 20% of SMEs worldwide wouldn't exist next year same time, but at the same time there is another new 18 to 20% cropping up. So that's where maturity, let's be don't panic saying that, oh, there is mortality [inaudible]. Secondly, take our own example, we ran a TV campaign for first two quarters across the routine and third quarter we reduced it, you know, and naturally at the fourth quarter we kind of did little bit of campaign. That does not mean we have quit television. So these SMEs have this tendency to come in and, you know, get out. There are certain sometimes seasonal behaviours. So we have never been really worried about this kind of a churn. And also there is a bit of a rationality when the way small businesses work and they don't really get into the task of really analyzing how much of a data you give it to them; it's just the perception game they play. So it's better to have them realized in a longer period that Just Dial was the most value-for-money advertising medium for them and the RoI from JD is far, far superior to any other ordinate medium. That is that's why you can see that our kind of campaigns have grown also substantially, you know, so that company should take note of.

Akson: Okay. Thank you.

Moderator: Thank you very much, sir. Ladies and gentlemen, before moving on to the next question, may I request the participants to please press "0", "1" to ask a question. Next in line we have Mr. Ashwin. Please go ahead.

Ashwin Mehta: Yeah. Mani and Abhishek, you talked about that realizations have gone up partly also because of the bundling of products. So how successful have you been in terms of bundling of products out of your 440 odd thousand campaigns and is there a material scope in terms of going on increasing this bundling so that the realizations can go up from where they are?

Abhishek Bansal: Yeah. Ashwin, bundling of products essentially depends on what are the incremental products that are coming in.

So last quarter 3-4 months back when we launched this website for SMEs, we said that, okay, let us allow SMEs to get this website on a standalone basis plus they could also club with the existing packages and premium listing study trends. So there were certain bundled products we launched wherein we said that, okay, if you pay certain rupees upfront, then you get this particular listing plus website plus even banner on Just Dial's website plus ratings and review certificate. So those particular bundled products there could be a SME who would see better value in those, there could be SME who could come just for the sake of website. So all sort of products are available to SMEs to actually come on to Just Dial's platform. Incrementally, to your questions whether we can increase this particular bundling, bundling obviously depends on if we can have further products to send to this particular SME. In that case, yes, there could be a standalone product plus bundling with the existing products as well.

Ashwin Mehta: Okay. Fair enough. And just one question in terms of you've talked about that you are open to strategic tie ups, now what are the areas where you think these strategic tie ups are possible and are there enough candidates out there which can help you in terms of some of these areas?

V. S. S. Mani: See, basically we are open to strategic tie ups, but we can do without any strategic tie up also. But we feel that there can be tremendous value created, if there is a strategic tie up. Of course, there are about, you know, couple of 3-4 of them we can talk to and we are looking at it, but then that inventory will be whether the tie up happens or not, the business is going to continue you are going to see the top line growth and the profitability growth and these things, but we are definitely open to strategic tie ups.

Ashwin Mehta: But any particular areas, any areas where you would think a strategic tie up can help you in terms of speedening up things?

Abhishek Bansal: See, in terms of area there isn't any specific area per se. As we think that the next lag of growth in India is mainly going to be in SMEs, there is hardly any player who has the kind of data, reach, etc to reach out to these particular SMEs. From that particular perspective in case like government recently put out that India has around 50-51 million SMEs, so in case there is any partnership which quickly has grown from 21 million SMEs to 50 million SMEs which helps us grow our paid campaigns from 441,000 to a million, 2 million, yes, we would be open to evaluating. So that is the only thought process. Obviously, for any such tie up there has to be a win-win for both the parties involved.

Ashwin Mehta: Okay. Thank you.

Moderator: Thank you very much, sir. Next in line we have Mr. Rajesh from Credit Suisse. Please go ahead.

Rajesh: Can you hear me? Hello?

Abhishek Bansal: Yes. Please go ahead.

Rajesh: Okay. Can you give me some colour on the current usage of the JD Pay and the chat feature? And I was also interested in figuring analysis, do you think it is possible for JD tie up with Whatsapp now that Whatsapp is getting into payments and is that something that could possibly help you grow your listings?

V. S. S. Mani: So JD Pay we are doing about 75-80 crores worth of billing in a month, you know, thereabout. We have been pushing it only with our existing customers, not even the old ones, which are new customers we are acquiring. They are still in the pre-EBITDA level and we are just doing lot more testing. Once we are confident about it, then we will take off. By the way, we also have our own payment gateway. We might as well lend payment gateway solutions to any business which has an online play. So as far as the names that you took, I am not able to comment on those, you know.

Yeah. The other important thing that we are going to launch in the coming month is a chat feature where you can actually have live chat with the businesses that are listed on JD. So that's quite similar to any other chat app that you've seen. So you can actually not necessarily only call and transact on that, but you can also have live chat. So that is the thing that we are quite excited about and we feel that in the future people will be more keen to have a live chat rather than, you know, do things the old fashioned way. And that chat also allows a user and the vendor to send payment and receive payment, so that's the big feature that we have.

Rajesh: But, Mani, any plans on a strategic tie-up with Whatsapp which has about 200 million users in India, right?

V. S. S. Mani: No. Definitely, we are open to anything strategic in nature. As far as using Whatsapp for, you know, leveraging their infrastructure for, you know, disseminating our context we are more than keen and we would definitely reach out to such companies. I think that in our own ecosystem, the effort is to see that a user wouldn't have to quit JD. Supposing, once you use maps for directions, within Just Dial there is a JD map which gives you turn by turn navigation and similarly within JD there is a chat application. So you don't have to necessarily always call the business owner. You can even have a live chat, which is what I am trying to highlight here. I understand the power of this, you know, platforms which have several million users and we are open to any kind of strategic tie up. That's what I was trying to highlight that our idea about strategic tie up is like it should be like a 1+1 not 2, it should be 1+1=11. So is there a scope to play that? We have short-listed certain names and we will be talking to them, we are talking to some people also, but that's very, very early stage; not much you can comment.

Rajesh: So what I was trying to say was what about the possibility of you, instead of having a JD Pay icon on the application, what if you had like Whatsapp icon which allows people to do payments. Even if you don't do a strategic tie up with Whatsapp, in your app use the payment interface with Whatsapp, even that allows a lot more incremental users, right?

V. S. S. Mani: Yeah. I am not aware of the payment interface in Whatsapp. We will have to look at it, if there's one. That's powered by Whatsapp the payment interface?

Rajesh: Whatsapp has just launched a map in India for Whatsapp of business. I think they are in the process of sort of talking to SMEs and integrating the payment interfaces.

Abhishek Bansal: Sure. We also read in news articles about their business app and the plans to integrate payments. So let's see how it goes.

Rajesh: Thank you.

Moderator: Thank you very much, sir. Ladies and gentlemen, to ask a question please press "0" and "1". I repeat, to ask a question please press "0" and "1". We take the next question from Suresh who is an individual investor. Please go ahead.

Suresh: Yeah. Hello?

Abhishek Bansal: Yes, please. Go ahead.

Suresh: Yeah. Thank you. One question is with regard to which type of business gives you maximum revenue, is it movies or hotels or any particular type of business, what is the share of various types of business also if you could share?

Abhishek Bansal: See, bulk of our revenue comes from service-oriented categories. Within those particular categories, say, movers and packers, pest control services, repairs and services, fast loans, doctors, dentist, car rentals all these categories are key revenue-generating categories for us, real estate agents. So no such category contributes more than 3-4% of the total revenue, but these are some of them

Suresh: Okay. One more thing, in the past there has been news that there is a proposal for merger between Google and Just Dial. So in the past there was a comment by Mr. Mani that he mentioned that there is a time and place for that and you can't comment on such things unless both takes the decision. So just wanted to understand whether such discussions are still on or have they fallen to?

Abhishek Bansal: See, as far as such particular news flow is concerned, this sort of news flow keeps surfacing from time to time. As we mentioned that currently we are focusing on ensuring that we continue to grow our business. Along the way if there are any opportunities, any synergies we see, we would be open to evaluating. So there's nothing like that we had a proposal or we were evaluating, whether we are evaluating or not. So it's more to do with how is it reported in the news market.

Suresh: Okay. Thank you.

Moderator: Thank you very much, sir. Ladies and gentlemen, if you need to ask a question, you may please press "0", "1". Sir, as there are no questions in the queue, I would like to hand over the floor back to you for final remarks.

Abhishek Bansal: Thank you, everyone, for joining us. As I mentioned earlier, we are focused on consolidating our business over past few quarters, efficiencies are being brought back. Focus continues on imports for higher revenue growth. Hopefully, we should be able to build on current growth levels both in our top line as well as bottom line. As far as turnaround in top line is concerned, it might be gradual, but we want to ensure it is sustainable as well as profitable. In case you have any further queries, please do reach out. We would do our best to address. That's it from our side. Thank you.

Moderator: Thank you, speakers. Thank you, participants. That concludes our conference for today. Thank you for participating. You may all disconnect now.