



“Discussion addressed by Mr. Deepinder Goyal, Co-founder and CEO of Zomato Media Private Limited  
Conference Call”

January 21, 2015



**MANAGEMENT: MR. DEEPINDER GOYAL – CO-FOUNDER AND CEO  
- ZOMATO MEDIA PRIVATE LIMITED**



*Discussion with Deepinder Goyal  
January 21, 2015*

**Moderator:** Ladies and gentlemen good day and welcome to the Conference Call being addressed by Mr. Deepinder Goyal, Co-founder and CEO of Zomato Media Private Limited. As a reminder all participant lines will be in the listen-only mode. There will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call please signal an operator by pressing “\*” then “0” on your touchtone telephone. Please note that this conference is being recorded. I now hand the conference over to Mr. Deepinder Goyal. Thank you and over to you!

**Deepinder Goyal:** Thank you. Hi everyone I am Deepinder. I started the company six and a half years ago and right now the company is doing very well. We guys are in about 22 countries right now. Last month we acquired Urbanspoon which gave us entry into US, Australia and Canada and that is why I think the interest has increased and that is why all of us are here on the call.

I would actually directly want to jump into questions because I know lots of you guys have lot of questions.

**Moderator:** Thank you. Ladies and gentlemen we will now begin the question-and-answer session. Our first question is from the line of Omkar Hadkar from Edelweiss.

**Sandeep:** Sandeep here from Edelweiss. Thanks for the opportunity. Deepinder, I have two three questions. First question is on the user interface. I wanted to know you, if you see Urbanspoon does not have menu right now. So how will you going forward do the integration whether it will look more like Zomato or whether it will look more like Urbanspoon or you will take best features of both and you will try to align that first question? Second what will be the your near-term priority when I mean near-term means maybe for next two years whether it will be to increase the coverage in terms of visit, reviews and listings or will it be also to monetization of the hotel? Again third question following that on monetization whether it will be through Google ads, which it is currently whether that is the near-term strategy or you will move onto some kind of paid listing or something of that sort? So first question is on the alignment of the user interface whether it will look more like Zomato or Urbanspoon or you will take best switches of both and align? Second on the near-term priorities which I mean next two years whether your focus will be to ad reviews, restaurants and coverage or it will be also towards monetization and



*Discussion with Deepinder Goyal  
January 21, 2015*

third if monetization what will be your strategy whether it will be through Google ads for the time being or you will also move towards paid kind of thing or even table bookings like that?

**Deepinder Goyal:** On Urbanspoon, we have to actually look at Urbanspoon market-by-market. So we actually acquired Urbanspoon mainly for Australia and Canada where it is a clear market leader in the period and it is actually the number one player in both these markets. US it is not the number one player and so we have to look at all these markets differently. Now when it comes to the product I think we will actually be looking at the best of Urbanspoon and the best of Zomato. We will be looking at what the new products might look like, well essentially we will rethink everything and we will come up with the new product maybe by the end of March and when it comes to menu cards for example we will definitely have menu cards for all the markets that we are already in and in the US we will have to prioritize some cities in like Australia and Canada will definitely have menu card so I think we will have to do it geography wise strategy here so there is no one right answer which I can give you for that one.

So your second question monetization versus like traffic. Now when it comes to Australia and Canada, I think we will focus on monetization first and US once more if US is not why they really bought the asset but of course we are going to pay some kind of attention to the US as well and that in the short-term will definitely be traffic.

In terms of monetization, our monetization, which is like our direct sales in which gets ad from restaurants and all our current markets it monetize like really be much better than Google ads and right now for the short-term because of the size of Urbanspoon traffic we might monetize through Google ads but that will just be a short-term measure, over the longer-term we will be setting up direct sales team across all these markets and will be replicating our organic business model everywhere.

**Sandeep:** If I can add one more on that basically will it be fair to put it this way that US you will go you the traffic strategy and you will not rush towards monetizing in next two years but in Australia and Canada you will probably moved from Google ad kind of monetization to your own ad listings.



*Discussion with Deepinder Goyal  
January 21, 2015*

- Deepinder Goyal:** That is true, to a large extent.
- Sandeep:** Thanks and best of luck for the acquisition thanks.
- Moderator:** Thank you. Our next question is from the line of Pinku Pappan from Nomura. Please go ahead.
- Pinku Pappan:** I want to know what are the new features you are looking to launch in your product that is one and secondly the payment feature that you have introduced in Dubai how is the takeoff of that and which markets are you looking to introduce this going forward.
- Deepinder Goyal:** A lot of new features we are launching in the products are going to essentially get us more traffic in lot of these markets and apart from just like social traffic features we are also getting into transaction based business models which are essentially delivery, online delivery and we are also getting into payment. We are still contemplating whether we will get into the table reservations business or not, so those are the three key product areas which would be of interest to everybody in this group. Having said that all of these three products are like pilot stage right now, so we will not really sure when the product will rollout and when we will actually see tangible revenue coming from this segment. On the payment side of the story the product has not been launched in Dubai yet, its actually launching on the February 1, 2015 we have done with our pilot the pilots have gone really well, so we are really bullish on the payments product but we really have no idea on how our users will start using and how much volume we will get from that. I think the next quarter or maybe the next six months will tell us what is going to happen to the payments product.
- Pinku Pappan:** When you talk about online delivery are you looking to implement as yourself or are you looking to partner somebody who is already in the space?
- Deepinder Goyal:** I think we will have to do both these things. We cannot rule out partners because partners have significant volume and to compete the user experience we will have to bring in all partners as well and but we also cannot even deny the fact that Zomato can actually do this very well on its own as well. So I think we will do the both things at the sometime so that the user actually wins, who makes money



*Discussion with Deepinder Goyal  
January 21, 2015*

somebody will make money but the market we just want to go with the market at this point.

**Pinku Pappan:** When you are say you are still debating on table reservation what is the biggest challenge here now when there are established players in US and UK you have done it what is really leading you to think twice about entering the space?

**Deepinder Goyal:** First of all we do not think about our market as just US and UK right that is a very small segment of our overall bigger picture India, UAE, New Zealand, South Africa, Philippines having this we have, we are the leader in a lot of markets and I think these are the markets which we kept which we will really push on when it comes to any new product and there is nobody in these markets. I think the biggest constraint is essentially like having enough bandwidth in our team, in our product team, in our ops team to actually execute all these things at the same time. If we are able to build out a team which is able to do this quickly we will do it.

**Pinku Pappan:** My last question is what percentage of your traffic is acquired and what percentage of traffic is organic?

**Deepinder Goyal:** We spent very, very little on marketing so you can say that less than 2% of our traffic is acquired everything has resolved organic.

**Pinku Pappan:** Thank you so much.

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

**Arya Sen:** Questions firstly what proportion of your traffic is now on mobile and say, how much was it a year back?

**Deepinder Goyal:** Is that it or any others?

**Arya Sen:** Yes, I have quite a few actually, so one is what proportion is mobile and how much was it a year back and specifically?

**Deepinder Goyal:** Right now almost 45% of our traffic is through mobile apps and the rest is desktop web and mobile web. If you look at our overall traffic almost 70% of our traffic is mobile if you combine the app and the mobile web traffic.



*Discussion with Deepinder Goyal  
January 21, 2015*

- Arya Sen:** How much a year back?
- Deepinder Goyal:** I do not know exactly but I think it should be at about 50% or somewhere around that range.
- Arya Sen:** On the mobile specifically how are you monetizing the mobile interface because I do not see too many ads on mobile so is the monetization less in mobile, how does it work?
- Deepinder Goyal:** Monetization is actually the same we do not sell mobile and desktop separately we sell the same SKU across all the platforms that we are in. So on our apps we have the same as, as that you see on the desktop. So we have the same ads and we have pretty much getting the same amount of click through and mail it from both mobile and desktop properties.
- Arya Sen:** In the mobile when I just switch on the app I see all these various categories which I can sort of look up so in that whatever comes this in search results there is still no preferential search result, there is nothing on that?
- Deepinder Goyal:** Not really so we do not do preferential search what we within a search result you will see ads which are clearly marked differently and organic search results and those are more of an image based tags, all the organic listings are sort of text. On the category we have see on the home screen of the app all the restaurants are actually not paid only like the first three restaurants at most that you see within a category are paid and those are clearly marked as featured or sponsored in those.
- Arya Sen:** Secondly on your revenue split if I look at FY14 numbers about 70% was India and about 30% most of it from Dubai how has it changed so far this year and going forward is there some sort of a split that you have in mind say three years down the line how would it look?
- Deepinder Goyal:** Last year was last year, this year I think we will end up with India and UAE combine at about 75% to 80% so I think for the foreseeable future India and UAE will always command like the lion's share of overall revenue because they just had the advantage of the time behind them they are the largest markets and they are also growing as fast as all the other markets. So even if all the other markets are growing well in terms of numbers in percentages we are still have a lot to do in



*Discussion with Deepinder Goyal  
January 21, 2015*

terms of catching up, and three years from now I think this number could come down to 50% but I think it will still be significant enough in our figure picture.

**Arya Sen:** Right and which would be the next two or three cities after Dubai?

**Deepinder Goyal:** There are four markets where we are doing very well already in terms of sales Indonesia, Philippines, South Africa and New Zealand. So these four countries we are actually hoping to breakeven in the countries like in the next three to six months we will be profitable in these markets in the next three to six months.

**Arya Sen:** Within India how many cities are you monetizing because I remember that you launched the product but you send in the sales team only a bit later and so how many cities now are you, do you have a sales team and are you looking to monetize?

**Deepinder Goyal:** I think we are only monetizing the bigger cities we are not monetizing the smaller ones and I think about eight cities are being monetizing or like seven or eight I am not really sure but somewhere around that range.

**Arya Sen:** Lastly as you said you are in about 22 countries right now clearly some has been better than some others so what has worked and what has not worked so far what are the sort of see sort of takeaways from your experience in your international expansion so far?

**Deepinder Goyal:** So most of the key takeaways are that we need a local team everywhere if we move people around between countries they are pretty much and not able to understand the local landscape of the market. We need to build local teams to execute in every country and we learnt is about two years ago since then the market has been doing pretty well all our markets have been doing pretty well, of course some market grow faster because there is no competition at all some markets grow slower because of competition but overall I think we are pretty happy with the growth and progress in all of our markets.

**Arya Sen:** That is all from my side. Thanks so much.

**Moderator:** Thank you. Next question is from the line of Parag Gupta from Morgan Stanley. Please go ahead.

**Parag Gupta:** Hi, Deepinder thanks for this call. This is Parag Gupta from Morgan Stanley. Just two questions from my side. So given that you guys have been expanding rapidly could you just give us a sense of how do you look at where you want to go next so what are the some of the key things that you look at to decide which is the next country want to be in, and the second thing is related to that is the understanding was that you would ideally look at inorganic opportunities in markets which are non-English speaking so why was the difference for Urbanspoon given that Australia and Canada should be primarily English speaking so is inorganic going to be the way forward?

**Deepinder Goyal:** In terms of more countries I think for the next six to nine months we are not going to launch in any new markets because after the Urbanspoon deal we are pretty much sort of tripled in terms of traffic and I think there is a lot of work to be done on an organizational level to really make all these markets is work we signed up for a lot of and I think we have to make sure that we get that done first, maybe like one year down the line when we will have more bandwidth we look at more countries but everything is up in the air right now we really need to get some stuff done in US, Australia and Canada. In terms of organic versus inorganic we are pretty much open to both these options in any given market but let's say if we are going into a competitive market let us say like Australia and we are going organic in Australia we really have to like wait out for like three four years in order to just to be in that market. So and three four years is a long time and if we spot out an opportunity where we can really buy the largest player and we are getting a good deal we would definitely do that. So it is a more of ad hoc approach it is not something that we think of as a strategy.

**Parag Gupta:** Maybe just one last question you talked about potentially looking at food delivery at some point in time so how do you see competition even in India or in other countries from players like Food Panda how do you think you could differentiate yourself from them and how do you think your growth can be on that part of the business?

**Deepinder Goyal:** Actually for us we are not really worried about any of the competitors, especially in the markets that we have strong in because see first of all we have the advantage of a large sales team and we have a lot of the clients and we can just get these tie-ups over a phone call so really to save the supply side of the business we can really

go ahead quickly on the demand side of the business we already have a lot of users who use our app in there so even on that front we have it covered so I think in any such business they have always a chicken and egg equation being played out and I think we have both sides sorted. So I think pace at which we can ramp up this business is going to be much, much faster than any of the other players outside of Zomato so we are not worried about the competition.

**Parag Gupta:** Great Deepinder thanks and all the best.

**Moderator:** Thank you. The next question is from the line of Jitendra Tokas from Citi Group. Please go ahead.

**Jitendra Tokas:** I have two questions, firstly could you articulate your long-term vision for your company that you want to be and let us say next five, ten years and do you want to be across all restaurant discovery, food delivery, table booking and payments in all your countries and secondly if you feel comfortable could you share are you looking to raise capital after the Urbanspoon acquisition?

**Deepinder Goyal:** The long-term vision for the company and for us as a product is that as a user if you want to communicate with a restaurant be it like finding out which restaurant you want to go to, calling a restaurant, booking a table, ordering online payments, maybe like even ordering food while you are dining out at the restaurant like you should be using Zomato to do it. So we really want to own the communication channel between the consumer and the businesses here and this is not going to be easy to build I think it will take years to build this figure and you have to do it market-by-market as well. So this has to be long and patient story. Having said that this is going to need a lot of money as well so I think we will need another round of funding having spend almost the entire last round of funding but we have not decided when and how much.

**Jitendra Tokas:** If I may squeeze one more question, do you not think that there may be some conflict if you start doing all these different pieces for instance you may want to show restaurants which you got more business or higher commission, food delivery and higher search results and if you can give it may start to distress Zomato reviews for instance like I can take one example of trip advisor where the hotel booking fees is completely kept separate they only give the views and if you want to book hotels that takes to different website?

**Deepinder Goyal:** You can put all these things on a different website but fact of the matter is it is owned by the same company, but I think it is just about picking the right thing to do and so far even in our current business it is always ad revenue coming in from a business which also get reviews on the website we have been able to maintain a high level of sanctity on the product as well as on our sales side and there is no reason to believe that we will fail to do that in the future.

**Jitendra Tokas:** Thank you so much.

**Moderator:** Thank you. Next question is from the line of Srinivas Sheshadri from CIMB. Please go ahead.

**Srinivas Sheshadri:** Thanks for hosting the call. I have a few questions. The first one is if you can give some idea especially where the mature markets which may be three to four years old maybe if you can take a example like a Delhi or a Dubai and walk us through like what does the P&L of a typical city like that look in terms of the revenues cost structure margins what does it what at a city level how the economics are for a city where you have been around for three to four years?

**Deepinder Goyal:** I would actually not want to go into lot of detail here because we are actually monetizing way much better than any of our competitors so any kind of details will be sort of confidential.

**Srinivas Sheshadri:** So I mean without even naming a city maybe some kind of a common size kind of how the cost and revenue looks like in this year?

**Deepinder Goyal:** No, I would say that any major city is more than which have been under operation for more than two years is profitable for us and the economics are working very well anytime we have scaled and we have been scaling well in terms of revenue in all the cities over the last few months and they are profitable. So we are not really worried about the long-term financial health of the business. Every city I think should be able to get to a profitable state in two to four years time given the level of competition in that particular market. So broadly I think we are not worried about the financial health of the business.

**Srinivas Sheshadri:** Any numbers you can throw in terms of, if you were to take a bracket of cities which are three to four years old on an aggregate level like what would be the

margins of such kind of an operation and do you look at it that way and if you can give some light on that?

**Deepinder Goyal:** I think we are still into like in investment mode into these markets so any number that I give you to like right now would not even make sense three months from now. So I think we will need to give all these markets another couple of years before we can narrow down on saying that this is how the margins would look like.

**Srinivas Sheshadri:** From a cost perspective what would be the biggest cost item for a kind of a mature operation?

**Deepinder Goyal:** It is always people I think between people and real estate cost we have like 90% of our cost covered.

**Srinivas Sheshadri:** Secondly coming to the kind of thought process, which has change from being a purely food discovery to a transaction that kind of a business model earlier you had some reservations in terms of and the fulfillment issues et cetera on how you would get dependent on the restaurants so what has changed in terms of the thought process when you are getting into it, is it because of the way these kind of services are intermeshed with each other from a user perspective or you getting some more comfort in terms of or the thoughts are more clearly there in terms of how we are going to do, go about doing these things, if you can throw some light on why you kind of getting into the transaction kind of services now?

**Deepinder Goyal:** I think the merchant community that we are dealing with has gotten more professional overtime and three years ago when we said that this is not the business we want to do we were dealing with a very, very unorganized sector and that changed drastically over the last few years. So we are dealing with a much more professional community of restaurant owners who will not risk a brand for any short-term margin. So that is one thing that we have seen change overtime, the other thing that is that a brand value of Zomato and the traffic that Zomato drives to all these businesses has also gone up. So we are at the heavier end of bargaining scale so now merchants cannot really afford to not service our customers well. So I think that is also what has changed.



*Discussion with Deepinder Goyal  
January 21, 2015*

**Srinivas Sheshadri:** Going that kind of the addressable market which were not drawing up as much larger can you give some sense of like what is the monetization potential gone up by for any city when you are moving from say an advertising to a kind of end-to-end services kind of food business?

**Deepinder Goyal:** We actually do not know the numbers that much because but we know that the size of the market that we are trying bite into is very large, because we see all these traffic come to Zomato and then we look at these numbers we just think that if we are just able to convert 10% of the size to transaction, Zomato could be a much larger business, but we do not really know how this will convert there is no market study out there we absolutely have no idea, but over the next three to six months we would have a much more concrete view on how this is going to look like.

**Srinivas Sheshadri:** Another question in terms of the kind of buildup of operations required from here. You did state that you are going to go aggressively into Australia and Canada especially to kind of build out into a more of a Zomato style operation so does that entail any numbers or in terms of how many people or what kind of investment would be required to do that plus maybe get into these services kind of things which you talked about to over one or two years any sense in terms of how much funding would be required to kind of do all these?

**Deepinder Goyal:** We have a scale in our mind. I think Australia could take anywhere between like \$2 and \$10 million. Now \$2 million if our sales execution really kicks off right upfront and \$10 million if we do not do as in sales upfront. So it can be anything but we are going to really like pilot it out for the next three months figure out how the maths looks like for us and then we will get into the finer details of how much we will spend in these markets.

**Srinivas Sheshadri:** Would Canada be of a similar scale?

**Deepinder Goyal:** Canada and Australia are almost identical in size.

**Srinivas Sheshadri:** Just a final question is on the kind of organization having scaled up so fast in the last couple of years what are the thoughts around management bandwidth and how are you kind of evolving the overall management structure to kind of service this kind of a higher scale of operations can you throw some light on how the

organization structure has kind of evolved though the last one or two years and what is your plan on that going forward?

**Deepinder Goyal:** On that I think we have a great team I think we have great local teams everywhere as well and all these teams know what they are doing. We were not constrained until now on management bandwidth but over the next few months we will figure out what we had not really signed up for in terms of Australia, Canada anyway.

**Srinivas Sheshadri:** Fair enough so I will come back if I have more questions thanks again for hosting the call.

**Moderator:** Thank you. The next question is from the line of Gaurav Malhotra from Citigroup. Please go ahead.

**Gaurav Malhotra:** Just a couple of questions. Given the fact that Canada and Australia you said that Urbanspoon is the largest player there and it offers decent size in US as well any particular reason in terms of why the acquisition value was since so small any light which you can throw on that front please?

**Deepinder Goyal:** I would actually start with saying that I think we should have paid less for the deal but see I think companies are valued a lot on their growth in terms of what kind of team they have and what kind of product they have what is the kind of complicated scenario in these markets and with Urbanspoon the founders had left a couple of years ago, it was a management run company and I think for the last one year IAC was trying to really like take the company to stage to where they could sell the company and this was a competitive process there were quite a few people who looked at this deal and put in a bit for this deal and I think we have got the deal finally.

**Gaurav Malhotra:** Just second bit on the newer part, newer services which we are getting into now see something like table reservation or payment site is more of an internet model but getting into delivery it only thing so that is something going little bit more complex more capital intensive where technology is important but not the only driver, any thoughts on that?

**Deepinder Goyal:** In terms of the businesses most of the capital need comes from customer acquisition cost if you look at any of the online delivery payers like large part of

their cost this is marketing expense, we will not need to do that because we have a large part of the population which visits Zomato everyday so customer acquisition cost will be fairly like close to zero so I do not think that this business will be capital intensive product for us I know it is capital intensive for everybody else but I do not think it will be capital intensive for us.

**Gaurav Malhotra:** In terms of scalability, complexity and the fact that it is you are getting into more of an offline kind of a segment any thoughts on that?

**Deepinder Goyal:** It is a new product. It will come with its own set of challenges I think we are well prepared to handle them.

**Gaurav Malhotra:** Thank you.

**Moderator:** Thank you. The next question is from the line of Ashwin Mehta from Nomura Securities. Please go ahead.

**Ashwin Mehta:** I just wanted to understand that you have done quite a few acquisitions I wanted to understand the process and the integrations better. Whether you retain the individual entity of these acquisitions or you use Zomato how do you kind of essentially ensure the traffic which is accruing to the acquired property shifts to you and there is no loss intermediately and finally what aspects of work, when these acquisitions happen, happens locally versus what has done remotely?

**Deepinder Goyal:** We have already migrated all five of the acquisitions that we made before Urbanspoon. We pretty much have not seen much loss of capex which is like sometime for short-term loss of 10% traffic and but then quickly we used to get back to normal levels again then we will use to start going off that base. So I think the product that we have compared to all these companies that we acquired is like really good and we just like sort of force the users to migrate to the new product and like mostly people like so and so far it has been working. I have said that, that does not guarantee that it will work in the future as well. So when it comes to local versus remote like a lot of we were in 19 countries before the Urbanspoon acquisition and we have local teams everywhere and we have some part of that work being done remotely in Delhi as well. So we just like that we get the same model everywhere we have and acquisition or an organic launch nothing is different from that point of view for us.



*Discussion with Deepinder Goyal  
January 21, 2015*

**Ashwin Mehta:** A follow up is in terms of what advantages that you see you have versus the local incumbents in overseas markets from a cost structure and the technology perspective which helps you in terms of a faster scale up or a traffic leadership and some of the markets where you have been successful?

**Deepinder Goyal:** So we do not really have any advantage when it comes to the cost structure I would say except for the fact that the product and engineering team is shared across all markets and that also lends for the fact that our product is actually much more superior because we have been doing this for long period of time and we have access to capital which a lot of these local players do not have. So I think it just comes down to things like the maturity of the product and access to capital. So we can really spend on marketing in these countries if it comes down to spending on marketing but so far we did not need to do that.

**Ashwin Mehta:** Lastly in terms of the UK market where there seems to be some uphill climb and there the big table booking market is there and a big home delivery market is there how are you try into tackle that challenge and scaling up in UK?

**Deepinder Goyal:** Let's just look at the history of India as well, so when we started in 2008 we had two large players in India already so it took us about three and a half to four years to really emerge as the number one player. Now our strength in India does not give us any leverage in UK or like any part of the world. So we have to really rebuild every market from here. We have gone into competitive markets, we have gone into noncompetitive markets, and competitive markets will take more time to build out.

**Ashwin Mehta:** Just lastly in terms of process of say getting the restaurants listings or the menus in terms of some of these newer markets like say UK for that matter how tech intensive versus resource intensive with this process?

**Deepinder Goyal:** It is mostly resource intensive because there are really no resources out there from where we can get this information, US is a very like drastically different market there are a lot of companies which really do the leg work which we do in all of these other markets and we can source a lot of information from them, but in all the other markets apart from US we will have to deploy the resource intensive model and get all that information for ourselves.



*Discussion with Deepinder Goyal  
January 21, 2015*

**Ashwin Mehta:** So essentially it still remains a backpacker's model?

**Deepinder Goyal:** Absolutely.

**Ashwin Mehta:** Thanks a lot Deepinder and all the best.

**Moderator:** Thank you. The next question is from the line of Ankit Kedia from Centrum. Please go ahead.

**Ankit Kedia:** Just wanted to know over a period of time we will phase-out the Urbanspoon brand or we will be continue with that for some time?

**Deepinder Goyal:** Ankit jury is still out I think. I would want to phase-out the Urbanspoon brand in the longer-term but we have to like really where short-term versus the long-term as well. So I think over the next couple of weeks we will decide what to do, with the jury out, we are not very sure right now.

**Ankit Kedia:** Also we have taken the acquisition route for some of the markets so going forward to increase our market share is it possible to acquire the number two, number three player and strengthen our brand in those markets or we will be happy to be number one and get the others die out over the period of time.

**Deepinder Goyal:** Wherever we are number one we are actually very like distant number one the number two players is maybe like one-third or even less than our size. So there is no point buying the number two player because we do not see those player existing during over a longer period of time because most of the pricing leverage will exist with us and most of the traffic exists with us and this is the network effect business, the largest player grows the smaller one does not grow. Although you can really, the smaller players could really persist for a longer period of time and beat us but and that is what we are trying to do in UK and lot of competitive markets but it is essentially winner takes all markets.

**Ankit Kedia:** My last question is could you just highlight what are the numbers of paid restaurants vis-à-vis the numbers of listings we have in Indian top eight cities if you can and probably some rest of the other markets?



*Discussion with Deepinder Goyal  
January 21, 2015*

**Deepinder Goyal:** India, I think we are close to monetizing about 10% of the listed base if am not wrong, but globally we are just getting started if you look at this number on a global level I think it is going to be very small number.

**Ankit Kedia:** What do you think we can monetize still so everybody would because we are into hyper local kind of advertisement model so till what level can we go so an opportunity perspective?

**Deepinder Goyal:** We guys never thought that we will reach 10%. I think the market is going to surprise us and as long as the traffic is growing I do not think there is a ceiling to this number.

**Ankit Kedia:** Just one thing what is the total employee strength now globally?

**Deepinder Goyal:** About 1100.

**Ankit Kedia:** Congratulations and thank you so much.

**Moderator:** Thank you. Our next question is from the line of Ashish Chopra from Motilal Oswal Securities. Please go ahead.

**Ashish Chopra:** I had a couple of questions. The first one like you just mentioned a while ago that this business is essentially winner takes all market so would you also hold the view in some of the matured countries where you are currently present in, essentially the UK and the US?

**Deepinder Goyal:** Yes, I would hold this view but that does not mean that the number two player cannot win over time and that is what we are trying to do and that is what we did in India as well, so there was a winner and we started it pretty much 1% of their size we started out so I think there are ways to really move the momentum from the number two player and really become the number one player and that is what we are going to do in these matured markets.

**Ashish Chopra:** That said just wanted some more clarity on your plans in the US market so like you said you would be looking to monetize Australia and Canada after that Urbanspoon but on the near-term basis are you also looking at having a field force deployed within Urbanspoon in the US because I understand that there was none really existing earlier?



*Discussion with Deepinder Goyal  
January 21, 2015*

**Deepinder Goyal:** So US I do not think is going to be a big focus area for us over the next few months. There is a lot of work to do in Australia and Canada we will essentially pickup a couple of cities in the US and start learning at the expense of those cities and maybe like six to twelve months down the line when we know what we need to do we will go big on the US. But right now we are just going to pilot out a few things.

**Ashish Chopra:** Thirdly would you think that the monetization model could vary significantly across regions maybe developed markets versus the emerging ones or the English speaking versus non-English speaking would there be any difference significant ones or do you think it is really more or less very homogeneous?

**Deepinder Goyal:** It is really more or less the same, because we are like currently we are monetizing India, UAE lot of like those are the four markets that I mentioned and they are a mix of developing and developed markets and the business model is the same the math works everywhere the margin essentially the same as well I do not think the business model being different in these markets.

**Ashish Chopra:** Lastly just wanted to know in terms of the reviews on the app or the website so is there any handle on that as well maybe for the paid listings because I think a competitor across the globe particularly mentioned about having fairly no management of the reviews per se but then just wanted to understand whether that is also a point in contention from the guys who end up paying Zomato?

**Deepinder Goyal:** Of course that is a point of contention from those guys but our sales guys are not really allowed to talk about reviews with any of our clients. So our content team is not really permitted to talk to the sales team. We are happy to walk out of any sales meeting if it becomes a meeting about reviews and the restaurants reputation on Zomato the restaurants really have to accept any review and feedback and pay us for incremental traffic that is how the business works for us.

**Ashish Chopra:** That is it from my side. Thanks so much and all the best.

**Moderator:** Thank you. The next question is from the line of Deepak Prasad from Unilazer Ventures. Please go ahead.



*Discussion with Deepinder Goyal  
January 21, 2015*

**Deepak Prasad:** I had a couple of questions. First one was if you can throw some light on the user engagement maybe in India and at an overall level. So you mentioned the traffic has doubled after the Urbanspoon acquisition so if you can give us some sense on what kind of active users you have what kind of searches or what kind of reviews you get on a monthly basis?

**Deepinder Goyal:** I think we have publically shared the number that after Urbanspoon like the combined traffic would be more than 80 million visits per month and I right now cannot share the engagement numbers, so I am sorry about that.

**Deepak Prasad:** Any sense on the number of installs that you are getting per month?

**Deepinder Goyal:** Cannot share that as well.

**Deepak Prasad:** No problem, so the other thing was in terms of from a restaurants perspective in order to understand the ROI as a company what do we provide them in terms of how is their traffic improved or what was the chick through rates what exactly do we give them as and for a client?

**Deepinder Goyal:** We give them a lot of things so we give them a dashboard where they can track the number of page views they get on Zomato, they can track the number of calls being made through Zomato, they can check the number of map views they got, the number of menu views they got. They can actually take a lot of metrics. So overall I think we are able to give them a fair estimate of like the ROI that we drive to them.

**Deepak Prasad:** Number of searches as well right as and for each of the restaurants that you yet here got it?

**Deepinder Goyal:** Yet we got a bunch of metrics around how the restaurant is doing on Zomato.

**Deepak Prasad:** Right now will there be a drop off rate for these brands or the let's say if a particular brand is not happy with the click through rate that they are getting or the menu view that they are getting is there are churn rate that we have right now?

**Deepinder Goyal:** There is a churn rate but it is not that much it is a small number and most of the churn really is come from the mortality of the business itself and it has got nothing to do with the performance of Zomato.



*Discussion with Deepinder Goyal  
January 21, 2015*

- Deepak Prasad:** Thank you very much and congratulations.
- Moderator:** Thank you. The next question is from the line of Rushabh Chudgar from Enam Holdings. Please go ahead.
- Nihar Shah:** I just had a few questions. One was just wanted to get a little bit of better understanding on the revenue model in the sense do you charge your customers more on a CPC, CPM what is the revenue model over there is it like a monthly fixed charge? The second question is just wanted to get a breakup of what would be sort of advertising revenues from the local channel versus brand advertisers so do you get large sort of food and beverage brands like Domino's or McDonald's and what is the kind of revenues you might be getting from them? The third question was around competition just wanted to understand which are the sort of your competitors that you have seen both in India and abroad that you hold in high regard and what are the aspects of the business that you think they are executing well and what you can sort of learn from them? These are my first three questions.
- Deepinder Goyal:** Sorry I lost the first question?
- Nihar Shah:** The first question is in terms of your advertising models or the revenue models is it like a fixed fee or is there is some sort of deliverable in terms of click through?
- Deepinder Goyal:** So our revenue model is a fixed fee. We actually charge on a quarterly basis and all the money is actually prepaid for that quarter and in next quarter we will go to that business owner and we need that contract preferably for a higher price than the last quarter that is how the business model works. So we do not have any click through commitments because we guys are in the business of leasing out advertisements, advertising space to people, what they do with that advertising space is entirely their problem so that is how we view our business. Most of our advertisers are local advertisers like mainly like the premium restaurants like business owner who own maybe one, two, three maybe up to ten restaurants we do not have a large amount of brand revenue coming in, brand advertising revenue coming in.
- Nihar Shah:** From an ROI perspective what would the local sort of advertisers monitor or how do they sort of ensure that they getting a good ROI on their sort of advertising on Zomato, you can throw some light on that?



*Discussion with Deepinder Goyal  
January 21, 2015*

**Deepinder Goyal:** The biggest metric that those guys track I think is the number of calls being part of their business through Zomato we track the number of calls being passed through this.

**Nihar Shah:** Is there any some sort of metrics that you sort of promise them or is this generally depends on...?

**Deepinder Goyal:** We just cannot promise. We cannot sell a bad product so we would charge for the quarterly fee and what those business is get as entirely up to them, their banners, there are their creative, it is totally up to them we pretty much cannot dictate what those guys get out of Zomato.

**Nihar Shah:** My other question was in terms of competition you have seen some of the delivery guys sort of start out in India what do you think of the model that they are following and how do you sort of what are the sort of what is the large sort of competitors that you sort of admire and our takes of the business that you think you need to sort of to get that?

**Deepinder Goyal:** I think all our competitors are doing well in some aspect of the other, so and everybody has their own set of weaknesses as well overall like, but given the scale of where we are at in terms of traffic we are not really worried about them so we know that if we get into those businesses we can really emerge as the largest player pretty good.

**Nihar Shah:** My last question was just a little bit on the market we have seen Yelp in the US create a very good model out of this but my assumption would be that in the US the local businesses or the restaurant would probably be more mature in terms of willing to pay for these kind of advertising a branding sort of services where you are located which is largely a lot of the emerging markets of course Australia, Canada and UK besides the point what is the kind of maturity that you see of the local restaurants there and how is that sort of changed over the last two or three years that you have been present in these areas?

**Deepinder Goyal:** I think our biggest advantage compared to any of our competitors is that we have a field sales force. We actually meet business owners and then sell the ad space so even if somebody is not educated and savvy enough about tech and the internet we are able to educate them about these things. So that changes a lot of things for us,

and in India we are already at a very high penetration get and I think this number improving very drastically over like month-on-month. So that aspect of the factor does not really worry as much.

**Nihar Shah:** Thank you and good luck for the future ahead.

**Moderator:** Thank you. Our next question is from the line of Viju George from JP Morgan. Please go ahead.

**Viju George:** We just wanted to check what proportion of your revenue for traffic comes from Google and what is direct traffic to Zomato?

**Deepinder Goyal:** Overall if you look at like our entire business I think about 35% would come from Google.

**Viju George:** Thanks Deepinder.

**Moderator:** Thank you. The next question is from the line of Miten Lathia from HDFC Mutual Fund. Please go ahead.

**Miten Lathia:** If you were to put a sort of cutoff in terms of the restaurant revenue size for it to become an advertiser on Zomato in India what would that number be a typical restaurant what sort of revenue profile would end up being an advertiser on Zomato?

**Deepinder Goyal:** I would say apart from like all the stalls like and the dhaba's of the world pretty much everybody can advertise on Zomato and we have different SKUs ranging from Rs 2000 a month to like maybe a lakh a month as well. So depends on what your appetite is you can actually buy that product so I do not think there is any kind of sweet spot or addressable market sort of a question for us.

**Miten Lathia:** If I heard you right the investments apart from the other markets that we organically entered into mainly the Urbanspoon markets of Australia and Canada so you looking at a ballpark of another \$25 - \$30 million investment over the next two years to get funded externally is that right sort of number?



*Discussion with Deepinder Goyal  
January 21, 2015*

**Deepinder Goyal:** I cannot comment on that right now. It actually might be in that range it might not in that range I think we still making our up our minds about what we really need to do in these.

**Miten Lathia:** But very clearly cash burn in US will be of a very restricted order?

**Deepinder Goyal:** Cash burn in the US depends on what we do in the US right now we are going to pilot out a few things. That is not going to cost us a lot if those things work well we might need more money but only the next few months will tell us what that amount is going to be.

**Miten Lathia:** Thanks a lot.

**Moderator:** Thank you. Our next question is from the line of Srivathsan Ramachandran from Spark Capital. Please go ahead.

**Srivathsan R:** I just wanted to get your thoughts given we want to completely own the restaurant communication space would you look at something on the couponing or referring which are our real-time coupon and kind of a space within the restaurant and another markets that we operate in?

**Deepinder Goyal:** Yes, and we already have that product although we are not selling it directly as a couponing product. So we have a subscription app for restaurants, lot of restaurants pay us \$50 a month per outlet for that app and through that app they can put up real time deals on Zomato and we have seen a good uptake in terms of volumes in terms of the things.

**Srivathsan R:** This is open even in market like India another markets or is it more on restaurant kind of markets?

**Deepinder Goyal:** Absolutely, the restaurant can just like go online and buy this, buy subscriptions to this app so anywhere across the world that we are present.

**Srivathsan R:** They can manage the page?

**Deepinder Goyal:** They can manage their page, not the reviews but all the other information on their page.



*Discussion with Deepinder Goyal  
January 21, 2015*

**Srivathsan R:** In terms of from an decentralization or centralization point of view just wanted your thought process between given this operation around 22, 23 countries what are the typical aspects that are more centralized out in India and what is more local when it comes with a possibly branding and marketing would be localized without say that in terms of technology it is another thing just wanted your thoughts?

**Deepinder Goyal:** I think a lot of functions are central for us for example like HR, finance, product even branding and marketing like the thought process and the design aspect of it is central but the execution is local so this is significant chunk of work which is being done centrally and there is also a significant amount of work which is being done locally.

**Srivathsan R:** Almost 90% of your cost would be people and rental just wanted is it possible for you to give it between maybe product and sales and marketing?

**Deepinder Goyal:** I do not even know that number.

**Srivathsan R:** That is it from me. Thank you.

**Moderator:** Thank you. The next question is from the line of Anup Upadhyay from SBI Mutual Funds. Please go ahead.

**Anup Upadhyay:** Thanks all my questions have been answered.

**Moderator:** Thank you. The next question is a follow up question from the line of Arya Sen from Jefferies. Please go ahead.

**Arya Sen:** Just couple of questions one could you give the breakup of your 1100 employees in terms of sales and marketing and the rest?

**Deepinder Goyal:** I think half of these were with the sales and marketing.

**Arya Sen:** What about the rest product, technology roughly any split on that?

**Deepinder Goyal:** Content, product, finance, HR everything else.

**Arya Sen:** Just to reconfirm you are saying that in many cities in India you have monetized up to 10% of your listed companies is restaurants are paying customers is that the figure that you give?

**Deepinder Goyal:** Yes approximately.

**Arya Sen:** That is all from my side. Thanks so much.

**Moderator:** Thank you. The next question is from the line of Prince Poddar from UBS Securities. Please go ahead.

**Prince Poddar:** Just one question. How about in India like you said you have grown from like 1% of the nearest competitor to the first position what has worked in India and do you think such a strategy would work in other markets as well where you are trying to get to number one?

**Deepinder Goyal:** When we grew in India we tried a hundred things some of them worked, some of them did not work and in hindsight we have no idea about might work and what not work. So we have a list of these hundred things we actually do all of these things in all our markets. Something work, something does not work and eventually we end up winning the market that is how we do.

**Prince Poddar:** But my question was most on the perspective of the fact that India we get different market and you are trying to get into a market which you might not have local knowledge of. So how would that create a difference about the strategy?

**Deepinder Goyal:** We hire a local team everywhere. Most of our teams are entirely made up of like local people so and that team has a lot of independence to drive what they need to do and then those people adapt to changes to customization to locally and finally they are able to get stuff done. I think the trick here is to essentially let locals run the show and not really tell them what they need to do.

**Prince Poddar:** Any India like example we have which where you have gained significant market share after starting late probably?

**Deepinder Goyal:** Lot of markets I would say Philippines was one of them Indonesia was one of them and South Africa was also, Dubai was also one of them, Turkey is one of them, Portugal, lot of markets actually.



*Discussion with Deepinder Goyal  
January 21, 2015*

**Prince Poddar:** That is all from me and thanks.

**Moderator:** Thank you. Ladies and gentlemen that was our last question. I now hand the conference over to Mr. Goyal for closing comments. Over to you Sir!

**Deepinder Goyal:** I would just say thanks to everybody for being in on this call and asking lot of these questions.