January 17, 2024

To

| BSE Limited | National Stock Exchange of India Limited | Metropolitan Stock Exchange of India Limited |
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| Department of Corporate Services<br>Listing Department<br>P J Tower, Dalal Street,<br>Mumbai - 400001<br>*Scrip Code: 535648* | Listing Department<br>Exchange Plaza, Plot no. C/1,<br>G Block, Bandra-Kurla Complex,<br>Bandra (East), Mumbai - 400051<br>*Scrip Symbol: JUSTDIAL* | 205(A), 2nd Floor,<br>Piramal Agastya Corporate Park,<br>L.B.S Road, Kurla (West),<br>Mumbai - 400070<br>*Scrip Symbol: JUSTDIAL* |

Dear Sir/Madam,

**Sub.: Transcript of Earnings Call on Financial Results (Standalone and Consolidated) for the quarter and nine months ended December 31, 2023**

In continuation of our letters dated January 9, 2024 and January 15, 2024 and pursuant to Regulation 30(6) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, we are enclosing herewith the transcript of the Earnings Call held on Monday, January 15, 2024, at 6.00 p.m. for discussing operational and financial performance of the Company in the quarter and nine months ended December 31, 2023 and the same is available on the Company's website at https://www.justdial.com/cms/investor-relations/earnings-call-transcripts

We request you to take the above on record.

Thanking You,

Yours truly,

**For Just Dial Limited**

MANAN YOGENDRA UDANI

Digitally signed by MANAN YOGENDRA UDANI
Date: 2024.01.17 19:37:42 +05'30'

**Manan Udani**
**Company Secretary**

Encl: as above

# Just Dial Limited

# Q3 FY '24 Earnings Conference Call

# January 15, 2024

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| **MANAGEMENT:** | **MR. V.S.S. MANI – MD & CEO** |
| | **MR. ABHISHEK BANSAL – CFO** |

**Moderator:** Ladies and gentlemen, good day, and welcome to the Just Dial Limited Q3 FY '24 Earnings Call. We are joined by Mr. VSS Mani, MD and CEO; and Mr. Abhishek Bansal, CFO from the management team of Just Dial Limited.

At this moment, all participants are in the listen-only mode. Later, we will conduct a question-and-answer-session. At that time, you may click on the raise hand icon to ask a live question. Please note that this conference is being recorded.

I now hand the conference over to Mr. Abhishek Bansal, CFO of Just Dial Limited. Thank you, and over to you.

**Abhishek Bansal:** Thank you, moderator. Hi, everyone. Welcome to Just Dial's Earnings Call for Third Quarter of Fiscal '24. Our operating revenue for the quarter stood at INR265 crores, witnessing 19.7% year-on-year growth. This growth is primarily driven by healthier collections, which we have witnessed during the past quarters.

Our last 12-month collections have grown by 25.7% year-on-year. As we have highlighted earlier that our cost control measures should result in margin expansion with each passing quarter, and the same is playing out as well. EBITDA stood at INR60.4 crores for the quarter, representing a margin of 22.8%, which is an improvement of 10.5 percentage points on a year-on-year basis and about 400 basis points on a sequential basis. Overall, EBITDA had about 123% year-on-year growth and 23.7% on sequential basis.

Our employee headcount declined 6.3% sequentially during the quarter, led by decline across both sales and non-sales functions. In certain cases, automation has allowed us to manage desired output with lesser headcount. And in sales, we have tried to rationalize some low productivity workforce. Overall, on employee count focus was on maximizing productivity and bringing in efficiencies across functions.

Our other expenses continue to be tightly controlled and witnessed 2.9% year-on-year decline led by 10% lesser advertising on year-on-year basis and optimization of our communication expenses. Advertising expenses stood at about INR5 crores for the quarter.

Other income stood at a normalized level of INR75 crores for the quarter, which is what we expect basis net yield to maturity of about 7.2% of our treasury portfolio. Bond yields during the last quarter were quite stable. Profit before taxes stood at INR120.9 crores, growing 38% year-on-year. Effective tax rate stood at 23.9%, which is presently on higher side since bulk of our treasury mark-to-market gains are currently short term in nature. And hence, provisioning for taxes happens at full tax rate. Once they cross 3-year holding period, higher tax provisions will get reversed.

Profit after taxes stood at INR92 crores, growing 22.3% year-on-year. Sequentially, PAT had a growth of 28.2%. Deferred revenue stands at a healthy level of INR472.7 crores, growing 17.5% year-on-year. Active paid campaigns at the end of the quarter stood at about 567,000, which was up 8.6% year-on-year. Average realizations have grown 10.2% year-on-year. So growth is coming as a mix of both campaign additions and increase in realizations. There could be quarters where volume growth might be a bit on the lower side in pursuit of better ticket size, but on a longer-term basis, growth should materialize from both volumes as well as pricing improvement. Overall, cash and investments stood at INR4,405 crores as on quarter end, growing about 12% on a year-on-year basis.

In terms of traffic, total traffic stood at 166 million users for the quarter, growing about 6% year-on-year. Sequential decline is mainly due to lower traffic that we see during a few weeks of festive months. December onwards, traffic is back on its steady growth trajectory. Total listings now stand at 41.6 million. Overall, as we see, it has been a very healthy quarter with key highlight being substantial margin improvement on even sequential basis led by tight cost controls. Focus for the business remains on having the core local search business deliver healthy free cash flows, which would be growing steadily.

With this brief update, we shall now open the floor for further discussion.

**Moderator:** Thank you very much. We have a first question from Vivekanand Subbaraman from Ambit. Please go ahead.

**Vivekanand Subbaraman:** I hope I am audible. My questions are related to certain housekeeping issues, like the split of campaigns across top 11 cities and rest of India, and also the revenue contribution in these markets. So that's question number one. The next question is, I want to understand now that collections growth seems to be very normalized after some quarters where the base was very benign, so growth was very rapid. How to think about the collections growth here on? And how much is coming from -- is there any thought that you would like to share in top 11 versus non-top 11 markets? Is there any other flavor that you want to provide on collections and how to think about it for fiscal -- the rest of fiscal '24 and '25? Thank you.

**Abhishek Bansal:** So Vivek, on your first query, top 11 cities or Tier 1 cities contributed about 40% to campaigns, and they had about 59% revenue share. Coming to your second query around the collections growth, so see, collections growth, again, should be looked at on a slightly longer-term time frame. Because on a specific quarter-on-quarter basis, there could be quarters where it could be a few percentage points on a lower side as well. As we have highlighted earlier that we are striving to have, say, overall top line grew at around 20% plus levels with about 25% margins.

The outcome of the same if we see at EBITDA level, the endeavor is to grow that at, at least 25% - 30% year-on-year basis. Now even if that realizes as a outcome of 20% top line growth or even as better cost controls, coupled with a couple of percentage points lesser collections growth, I think that is very much acceptable in current environment.

In terms of growth, definitely, remote cities or the non-top 11 cities are doing better even in terms of collections. That is why we see their revenue share going continuously higher. In Tier 2, 3 cities, we do have significant leeway in terms of growing our realizations. So Tier 2, Tier 3 cities, till some time back, used to contribute, -- their realizations were, say, 43%, 44% of where our Tier 1 used to be. Now they are at about 48% levels. So still a long way for them to sort of ultimately do a catch up with Tier 1. But there are levers both on volumes and pricing that should help us achieve our top line and more importantly, our profitability targets.

**Vivekanand Subbaraman:** Okay. This is helpful. Just one follow-up. So Abhishek, you said that collections few percentage points here and there is fine, but your focus is more on growing profitability at -- or profits are 20%, 25% rate. Is that what you are implying? And in some quarters, it may come through cost optimization, improved utilization of your headcount. Is that what you're hinting at?

**Abhishek Bansal:** Yes, definitely. So as a business, ultimately, what matters is overall profits and free cash flows. And on a quarterly basis, yes, there could be quarters where it might be top line driving bulk of EBITDA growth. There could be other quarters where it could be both, I mean, top line growth coupled with cost controls.

**Vivekanand Subbaraman:** Okay. And in connection to your cost structure, you seem to have done a great job at that. So just to understand the numbers better, you said that ad expenses are down to around INR5 crores this quarter, right? So this was perhaps INR5.5 crores to INR6 crores previously. Is that -- did I hear that correctly?

**Abhishek Bansal:** Yes, that is correct.

**Vivekanand Subbaraman:** Okay. And were there any ESOP provision write-offs or the write-backs this quarter or no change?

**Abhishek Bansal:** No, nothing. ESOP expenses were immaterial.

**Vivekanand Subbaraman:** Okay. And what about the -- any projects that you are doing that is long gestation and therefore, goes through the balance sheet for the operating expenses. Is that something you're doing now? Or you've just built those products and like you said in the past, you built those products, done some 100K odd transactions, but perhaps you've set it aside, given that now is not the right time. Is that still the approach? Or has anything changed on that front?

**Abhishek Bansal:** Yes, broadly, that is still the approach. There is no onetime or any expenses that have been capitalized during this quarter or even -- I mean this entire year, there has hardly been any capitalization of expenses towards newer initiatives. Any maintenance-related expenses are directly expensed.

And in terms of strategy, you correctly mentioned it that at this point of time, we don't think there is a significant merit in putting money to just scale up transactions there. So the focus continues to be on the core business at this point of time.

**Vivekanand Subbaraman:** Okay. My last question is on the confidence that you have on the 20% growth target, whether it's revenue or cash profits, could you elaborate on that a little bit? I know you mentioned some levers like taking prices higher in non-top 11 markets where your realization is 48%. Is that the most substantial lever as far as your target growth of 20% on the revenue side or cash profit side is concerned?

**Abhishek Bansal:** See, as you can clearly see that this particular quarter, there has been a 400 basis point sequential improvement in margins. And as we have maintained earlier that we would want to exit closer to 25% kind of levels by the end of the year, which seems realistic at this point of time. So on the top line front, there are levers in terms of improving realizations, growing volumes in both Tier 1 or Tier 2 cities. At the same time, we are doing optimization as well in terms of cutting wastages in any cost. For example, when we did significant amount of hiring last year, we tried to reassess at this point of time, what is the output at the bottom 10%, 20% is yielding whether we could optimize that. So some of those optimizations are helping us with much lesser cost and better margins. So a combination of these should help us achieve our set targets for next year.

**Vivekanand Subbaraman:** Okay. And Abhishek, can you confirm whether there was any benefit on the cost side or on the revenue side of your tie-ups with Reliance Retail Ventures and Jio. So I believe that now MyJio your app is live on that, right? So can you confirm if there is any change on that front?

**Abhishek Bansal:** No. So in terms of financial or operating metrics, no contribution from that end at this point in time.

**Vivekanand Subbaraman:** Okay. And do you have something up your sleeves right now on this front that you would like to discuss?

**Abhishek Bansal:** So we are working on a couple of initiatives with Jio teams as well. MyJio integration is one. Second is, even on JioAds as well, wherein whether SMEs could be brought on to JioAds platform. So some of these initiatives are underway. But at this point of time, as I mentioned that on our top line and profitability targets, they do not explicitly include any material contribution from these because we want to see these fructify and start meaningfully contribute before we talk about these.

**Vivekanand Subbaraman:** Okay thank you so much and all the best.

**Abhishek Bansal:** Thank you.

**Moderator:** Thank you. We have a next question from Swapnil Potdukhe from JM Financial. Please go ahead.

**Swapnil Potdukhe:** Hi. Thanks for the opportunity. Two or three questions from my side. So first question is...

**Moderator:** Sir, could you speak a bit louder, please, Mr. Potdukhe?

**Swapnil Potdukhe:** Yes. So a few questions from my side. So starting with the first question on -- you mentioned that your target margins were around 25% the exit margins for this particular year. And you're close to 23% now, which means you are very close to what you had set the target for. So going forward, don't you think it will be a good strategy to reinvest some of the margin improvement that you're getting to accelerate growth? I mean is there any cost-benefit analysis that you have done and you would like to share some details on that?

**Abhishek Bansal:** So Swapnil, definitely, there is significant operating leverage in our business and margins could go north of 25% as well. For example, in fiscal '19, we had consecutive quarters of 28%, 29% EBITDA margin as well. Why we are specifically discussing at 25% because this year, we have kept advertising on a lower side.

So we would want to deploy incremental margins on getting additional traffic, which would in turn aid our long-term monetization as well. So once we achieve that particular 25% threshold, we will see that incremental margins, how much to sort of invest back into the business via advertising. And rest, as I said, there is scope of further margin expansion as well.

**Swapnil Potdukhe:** Right. And second question is with respect to your B2B campaign share in your overall revenues, can you give us a split as to what is the contribution now both in revenue as well as volume share?

**Abhishek Bansal:** So B2B business share at this point of time, revenue-wise it is similar to last few quarters, 25.5% or so, 25%, 26%. Since B2C has seen a good recovery this year, that is why this particular share has been at 25%, 26% for the last 3 to 4 quarters.

**Swapnil Potdukhe:** Got it. So you just mentioned about organic traffic that is something which you would want to -- you had been focusing on that for the last few quarters. And going ahead, you might want to reinvest. Any sense of how much spend do you envisage coming to drive the traffic? Any ballpark number or guidance on that?

**Abhishek Bansal:** So this year, probably, we would be at about INR23 crores, INR24 crores also for the full year. For next year, it could be, say, around 3% to 4% of our top line going towards advertising. What we spent this year could be similar towards digital ad spends for next year and rest could be certain non-digital-related advertising initiatives.

**Swapnil Potdukhe:** Can you elaborate on the non-digital initiatives?

**Abhishek Bansal:** So, it could be a mix of, for example, we used to do multiplex advertising in the past, which worked well for us. So we could sort of revise that and could explore other non-digital avenues as well.

**Swapnil Potdukhe:** Got it. And just last question on the product side. Any announcements or anything that you are – anything fresh that you guys are working on or meaningful changes that you might have done in the last few quarters maybe?

**Abhishek Bansal:** So on the product side, we sort of segregate -- the core business side is segregated into two parts: one, initiatives to get more and more users. On that front, there are continuous improvements as you could possibly see our particular mobile platforms are going through a refresh almost every 3 to 4 months and there is a lot of rich content on the pages. One small example that I could cite for example is reviews and ratings. Incrementally, we find that for users they would want a summary of all the reviews for a particular business to help in their decision-making.

So we have gotten capabilities via which we are, in an automated manner, able to serve what users liked about a particular business, what users did not like, because users no longer have the patience to possibly go through 10, 15 descriptive reviews and so on.

Second area where we sort of keep improving is how to make the platform easiest for our particular merchants. So they, obviously, get a dashboard which gives them performance of their campaigns.

We are working on how we can get them to do self-sign-ups as well. So the idea is if we can get merchants to sort of start campaigns at their own will, manage their particular campaigns actively, that obviously takes part of the burden away from the sales force-assisted monetization and these are some of the areas that we are actively working on.

**Swapnil Potdukhe:** Got it, Abhishek. Thanks for that.

**Abhishek Bansal:** Thank you.

**Moderator:** We have a next question from Nikhil Choudhary, from Nuvama. Please go ahead.

**Nikhil Choudhary:** Hi, Abhishek. My first question is regarding the sales headcount. We have seen sales headcount has continued to remain at a similar range or declining even on a quarter-on-quarter basis. It's been almost six quarters where we haven't seen much increase in sales headcount.

That too on top of it reduction in advertisement expense. Just want to understand what's our strategy here? Why we are not investing on headcount as well as on advertisement? And how without investing, we would be able to achieve like 20%-plus growth? That's my first question. I have a follow-up.

**Abhishek Bansal:** So Nikhil, on sales headcount and advertising, so sales headcount, the primary reason it has been sort of flattish is we don't want to blindly go after adding employees on the payroll simply because a particular manager is able to -- you can quickly hire frontline executives, but it takes time for managers to sort of ramp up.

Secondly, you want the entire sales force to be optimally productive before you consciously add on to incremental sales force. So despite that particular flattish sales force, we have been able to do relatively well in terms of our overall optimization.

There is an avenue of possibly appointing resellers wherein the fixed cost does not hit us, but it could aid us get new customer acquisitions, and our in-house team, incrementally, we want to focus them on farming or upgrading existing customers.

On advertising, as I already mentioned that so far for last several quarters, our organic traffic has been growing pretty healthily. While we would want our organic traffic itself to continue growing in future quarters as well, with healthy margins, we are keeping scope for additional advertising as well.

So with incremental advertising that should feed into better traffic that automatically should help our sales force and otherwise to have better monetization. So broadly, that's the strategy on both fronts, headcount as well as advertising.

**Nikhil Choudhary:** Sure, Abhishek. Just want to have some more detail around using third-party sales assist basically. Have you already started doing it? And do you have any number around it?

**Abhishek Bansal:** So, we are working on a specific plan to start with a couple of cities. At this point of time, we're working out the details to ensure that there is no cannibalization from our existing revenue that comes from our own sales team. So, in next few months, we should be possibly piloting the same.

**Nikhil Choudhary:** Sure, Abhishek. Second thing is regarding the collection. I just want to point out to the data. The collection has been more or less flattish, not just in this quarter but from last 4 quarters. And in the last 3 quarters -- 2 quarters, we have seen Q-on-Q decline. So just want to understand what -- why for such a almost 12-month collection is largely stable?

**Abhishek Bansal:** So collections, overall, if we see this particular year, say if I were to compare 4 quarters versus preceding 4 quarters, they have actually been up about 24%, 25%. Even last quarter on a year-on-year basis was up 10%. Yes, sequentially, it was flattish with a marginal decline, but that typically happens because either of the October, November months tend to see lesser monetization due to festive weeks.

And fourth quarter historically has been the strongest monetization quarter for us. So from that perspective, considering December has recovered well post the festive short-term impact, we should be back on our growth trajectory with monetization growth in coming months.

**Nikhil Choudhary:** Sure, Abhishek. The last one from my side. Some of the investment, what we have done on new application last year, which we have capitalized in our balance sheet, and we were expecting them to hit sometime mid of this year. Have we started recognizing those expense and basically depreciation, already? Or those are still part of the balance sheet. That’s it from my side, Abhishek, very helpful.

**Abhishek Bansal:** Depreciation on those particular expenses has already started. So if you see for this particular quarter, our depreciation was about INR12 crores, which was up 43% year-on-year. And out of that INR12 crores, almost half of it pertained to depreciation on those particular new initiatives.

**Nikhil Choudhary:** Okay, Abhishek. Understood. Very helpful. Thank you and good luck for coming quarter.

**Moderator:** Thank you. We have our next question from Abhishek Banerjee. Please go ahead.

**Abhishek Banerjee:** Yes, hi Abhishek. One quick question on customer churn. What was the number for this quarter?

**Abhishek Bansal:** So customer churn, as we have mentioned in the past, we typically look at it on a longer time frame. So historically, it has been 1 year retention, which we measure as if 100 customers signed up this particular month, how many go into year 2, 1 year down the line. That has historically been around 55% or so.

The good part basis latest stats that we just analyzed, this retention has improved by about 3 to 4 percentage points, simply because we have adopted a monthly plan strategy now for the last about almost 6 to 8 quarters. What happens in monthly plan strategy that at the end of each year, there is an auto renewal that happens for that particular monthly plan customer. And that is helping us with better retention of customers.

**Abhishek Banerjee:** Understood. So what proportion of your customers are now only monthly paying customers?

**Abhishek Bansal:** As on quarter end, about 58%, 59% of the overall campaigns are from monthly plan customers.

**Abhishek Banerjee:** Got it. Now Abhishek, obviously, you are doing some things very well, right? You are losing less customers. You are managing to get in new customers. Also, if I look at the quality of data, which you seem to have, I mean, total images in listings as well as listings with geo-codes, both of them have gone up. So how are you driving this given that the headcount overall is coming down?

**Abhishek Bansal:** See, the headcount if you see that decline is primarily on the sales front. In last few quarters what has happened is that a lot of rich content augmentation is happening via not just feet-on-street teams via in-house teams as well. So just as a small example, say, today, if you have a specific insurer, say, IFFCO Tokio, they might be updating on their website itself their particular say, 100 outlets pan India? Or there might be some particular brand, which might be listing out all their authorized dealers on their particular website itself.

This kind of information till a few years ago, we had to physically visit and get that information. But today, that particular information is very well available on official brand websites. So we have put in a lot of effort to ensure that how quickly, we can get that particular information, which is what is helping us enrich our content without having to put physical manpower to get those.

**Abhishek Banerjee:** Understood. You also briefly mentioned how automation is helping you increase productivity. Could you give us some example?

**Abhishek Bansal:** So the example that I just cited, for example, till some time back, we used to even have data collectors, say, a team, which was tasked with just going from business to business to get their particular information. But that particular team has shrunk drastically because we are trying to ensure that whatever information we can get online, we can collate that particular information sitting in our offices using technology. That is what is being prioritized.

**Abhishek Banerjee:** Perfect. Perfect. That ties up. But in terms of employee expenses as a proportion of revenue, right, or if I may put it as number of paid campaigns. So how many employees would you need for, say, 1,000 paid campaigns on a steady state level? Is there a number in mind? I'm just trying to understand how you are going to do this going forward.

**Abhishek Bansal:** See, when we do our particular manpower planning for any particular geography, rather than just thinking about campaigns per employee, we look at overall revenue, overall output from that territory and at what gross margin I'm able to get that particular revenue. So there are geographies where certain managers are more active in getting higher ticket revenue from certain top monetized categories. And there are geographies where we might be going after more number of campaigns.

So it is difficult to put a specific maths in terms of saying that, okay, how many paid campaigns per sales employee? And as I mentioned that we are working towards trying to get new customer acquisitions primarily via either resellers or possibly self-sign-ups and have our in-house teams focus on upgrading, etcetera. In such a scenario, obviously, the value per sales employee is what will ultimately matter.

**Abhishek Banerjee:** Understood. Now Abhishek, you also spoke about how realization improvements can drive revenue growth in the future. Recently, one of your competitors has tried to do something similar. And there has been a lot of pushback to price increases, especially in the monthly customers, right? So do you, I mean -- how would you look at that risk?

**Abhishek Bansal:** See, in our case, let us see, my average ticket size currently basis say revenue per campaign per month stands at only about INR1,560, which translates to INR18,500, INR19,000. In Tier 2, Tier 3 cities, it's just, on a blended basis, at about, say, INR1,050 to INR1,100 while it varies basis exact area and category, etcetera. This particular amount is highly affordable.

And INR1,000 going to INR1,200, it's a substantial 20% gain for me, but it doesn't pinch that particular customer at all. So our ticket size right now for any kind of business is at highly affordable levels, so we don't see that taking price increase to the extent required for our target at this point of time should be much difficult.

**Abhishek Banerjee:** Got it. And so the overall margin guidance would remain at 25% or slightly higher?

**Abhishek Bansal:** We would build in 25% at this point of time and basis how top line growth, etcetera, is panning out, we will see if that needs a revisit in coming quarters.

**Abhishek Banerjee:** So priority-wise, I am sure top line growth will be number 1, right?

**Abhishek Bansal:** See, when you are running a business, it's not specifically that, okay, this particular month or quarter, my priority is top line and this particular quarter, it is cost control. Obviously, the sales team works towards getting as much revenue as possible. At the same time, you try to ensure optimal margins by keeping cost controls, budgets in sight, etcetera.

So idea is to ensure that, okay, there should be a reasonable healthy top line growth because you just cannot have cost control solely driving margins because that will not be sustainable over the long term.

**Abhishek Banerjee:** Got it. Okay. Just one last question and -- so any clarity that you can provide on how the cash is going to be utilized given see, earlier, the thinking was probably some of it will be utilized in Jd Xperts. But now -- this is now sitting in your balance sheet for quite some time, and it's obviously a very rare sum, which is also ensuring that the stock performance is probably not in line with your operating performance. So I'm sure you must be thinking on this. So any clarity you can provide us will be really helpful.

**Abhishek Bansal:** So while this particular concern is acknowledged, having said that, we are trying to optimize treasury to the extent possible. Right now, no specific thoughts because as we have mentioned in the past, there is a tax burden either at company level or recipient level in mechanisms available for distribution at this point of time. And in terms of any inorganic opportunities, there aren't any available, I'd say, decent valuations, etcetera, etcetera. So sort of status quo on thought process on that. But yes, point definitely taken, which we are also thinking over coming months or quarters on how exactly to address that.

**Abhishek Banerjee:** Fair enough. That's very helpful, Abhishek. Thank you so much.

**Abhishek Bansal:** Thank you.

**Moderator:** Thank you. We have our next question from Lavanya Tottala from UBS. Please go ahead.

**Lavanya Tottala:** Yes. Hi, Abhishek. Congrats on good set of numbers. So I had two questions. So one, you mentioned that a lot of information is getting updated using online sources now. Wouldn't that be a risk going ahead that more and more information is available online now, while, I mean, a few years back, which was only available through feet on street. So wouldn't that be a risk going ahead?

**Abhishek Bansal:** So, Lavanya, the strength of our platform is not just about having those 41 million listings. The strength is in properly categorizing those particular listings in their appropriate categories, serving relevant results when you specify a particular keyword and an area. So while there might be information hidden in some particular online website, but what I as a user want is, if I'm searching for pest control services in Malad West, I should be able to get a proper list along with possible rich content such as ratings, reviews, etcetera, which help in my decision-making.

So these particular online availability is only aiding our particular efforts of our local search engine. I don't think so there are any risk factor as such. The curation that we do on our end is what is the key value add that is there.

**Lavanya Tottala:** Right. Like at this point of time, that might be the case, but with increasing availability of online content, would that come up in a Google search directly?

**Abhishek Bansal:** So as I said that there are two types of searches that a consumer does. One is to search for a specific company. Other is to search for a specific category. Our value add to our advertisers is that whenever there is a category search happening on a platform, you get to rank higher. And those category search-related pages are solely available on our particular platform itself. And for non-popular businesses, anyway, people do not recall specific company names also. So even for those people ultimately will end up discovering those from a local search platform such as ours.

**Lavanya Tottala:** Got it. So on the second question, you were mentioning about B2C doing very well this year. So just wanted to understand your sense on B2B as well as B2C over next one year. Like, how do you see the growth potential in these two segments, maybe B2B to begin with?

**Abhishek Bansal:** So the way we have approached this particular B2B versus B2C is that 75% to 80% of our revenue has been coming from B2C-oriented categories. We have not been obsessed with that, okay, we just want our B2B-related revenue to grow irrespective of how the B2C side fares. So ultimate objective is that the total revenue should grow. Our expectation too was that B2B side will grow possibly faster than B2C. But the way we are seeing that both set of categories are doing relatively well.

There is a dedicated B2B team as well, which continues to focus on monetizing only B2B, but in -- the other team, they do focus on monetizing both B2C as well as B2B listings. For example, if there is a feet-on-street in Kalbadevi, South Mumbai market, and they have a -- they see a shop of a wedding card wholesaler, they will approach that particular shop to try to convert them. So as a result, it's a blended approach and the growth is coming from both segments.

**Lavanya Tottala:** Okay. I mean, my question was, is it like B2B has been slightly slower this year likely to pick up next year because you were mentioning B2C grew at a faster pace this year.

**Abhishek Bansal:** So there, my point was that B2B share was fairly similar to previous quarters at 25%, 26% because both segments had not materially different growth. And we'll have to see how future quarters pan out in terms of growth differential.

**Lavanya Tottala:** Got it. So one last question. So there were questions around this earlier as well, the sales count. So how do you see it going ahead? Like, do you plan to further optimize the sales count from tier or it's likely to grow from this point of time?

**Abhishek Bansal:** So the approach that we have taken is that geographies where productivity is higher than our internal thresholds, they could very well increase headcount. And on the other hand, if any particular geography is lagging, they need to sort of rationalize workforce to ensure that they are meeting their particular gross margin targets as well.

So overall, for coming quarters, we are keeping both options open. One is to sort of get new customers from alternate channels such as resellers, self-sign-ups, etcetera. In that case, there could not -- there may not be significant addition to our existing headcount. On the other hand, the way things are panning out, margins are reasonably healthy, even if we need to add 5%, 6% headcount from current levels, we would be open to doing so as well.

**Lavanya Tottala:** Okay. And in terms of cost per employee, is it more or less stabilized now because last year or before that, we have seen significant jump there, but now it's stabilized I am sure it should grow at the normalized levels from here, right?

**Abhishek Bansal:** Yes, I think that should be on a -- I mean, it is at a normalized level and should grow in line with whatever average increments, etcetera, are going to be.

**Lavanya Tottala:** Got it. Thank you. All the best.

**Abhishek Bansal:** Thank you.

**Moderator:** Thank you. We'll take our next question from Saumil Shah from Paras Investments. Please go ahead.

**Saumil Shah:** Hi. Am I audible?

**Abhishek Bansal:** Yes. Please go ahead.

**Saumil Shah:** Yes. Abhishek, in the previous call, you mentioned that in a couple of weeks, Just Dial should be integrated with MyJio app. But I think till now we have not heard anything about that. So could you please give us an update on the same?

**Abhishek Bansal:** So Saumil, tech integration is already in place. There are certain nitty-gritties pertaining to a commercial aspect of it, which is what we are sorting it out. But as I have mentioned earlier, at this point of time, as a local search traffic, we are not building in any material numbers from next year's perspective from this particular platform at this point of time.

**Saumil Shah:** So, I mean, you mean to say it is still not live yet?

**Abhishek Bansal:** For end consumers, it is not live yet. We are doing beta testing with a close set of users.

**Saumil Shah:** Okay. And for end consumers, I mean, would it be possible next quarter? Or when are you planning?

**Abhishek Bansal:** Likely this particular ongoing quarter, that should be in place.

**Saumil Shah:** Okay. Okay. And my next question was our active paid campaigns is not growing that much. I mean, if we see Q-o-Q it has just grown about 1%. So, would you like to comment on that? Since I mean, Q4 being a stronger quarter, can we expect active paid campaigns to grow at a healthy pace this quarter?

**Abhishek Bansal:** So Saumil, active paid campaigns Q4 definitely should see growth on a sequential basis simply because Q4 tends to be a strong quarter. And conversely, Q3 specifically saw lower sequential growth because the impact that we see during the festive weeks tends to sort of have some impact on monetization during Q3.

Overall, it should be looked at on a slightly longer time frame in terms of saying that, okay, if we are getting whatever X percentage top line growth, we -- our target is to get, say, half of the growth via campaign additions and rest half via realization improvement. On a specific quarter-to-quarter basis, there could be certain fluctuations.

**Saumil Shah:** Okay. So, I mean, in Q4, can we expect a higher single-digit growth if you compare Q-o-Q?

**Abhishek Bansal:** Yes, Q-o-Q, that is likely, that is very much possible.

**Saumil Shah:** Okay. Okay. And my last question is, in terms of B2B business, since we are targeting a 20% growth overall, so B2B also, you are targeting 20% or can it be higher?

**Abhishek Bansal:** So B2B, we are targeting a bit on the higher side versus B2C, but the way our last few quarters have panned out, B2C and B2B have been sort of similar growth range.

**Saumil Shah:** Okay. And B2B normally is a higher-margin business compared to B2C? Is it?

**Abhishek Bansal:** So, on our cost structure, ideally, it is not possible to sort of split all costs across B2B versus B2C since, as I explained during the initial part of the call that even the team which is not dedicated towards B2B, they can do some bit of B2B monetization as well. But what happens is since B2B categories on an average have higher ticket size, it is safe to assume that pro rata margins for B2B side of business should be a bit better versus the B2C side.

**Saumil Shah:** Okay. That's it from my side. Thank you and all the best.

**Abhishek Bansal:** Thank you.

**Moderator:** Thank you. We'll take our next question from Sonal Minhas from Prescient Capital. Please go ahead.

**Sonal Minhas:** This is Sonal Minhas. I hope I am audible. I have two questions. The first one was to just understand, like is there a forced churn in customers whose ratings are not up to the mark or whose ratings are below a threshold as to maintain the quality of the supply? That's the first question.

And just wanted to understand, somebody asked you about the loops on the content enrichment. And I just want to understand, like from a six months to a 12 months' perspective, what new initiatives or loops, basically, you plan to enable or execute for content enrichment or integration just to improve the quality of data? So, these are two questions from my side. Thank you.

**Abhishek Bansal:** So Sonal, on the forced churn, there is -- we do, sort of, on a regular basis, try to flush out customers who are continuously rated poorly. The idea is to ensure that whenever a user is doing any particular search, the businesses that show up on top, they should have, ideally, I mean, very good ratings, but the ratings of that advertiser should not be below a certain threshold. And we have seen that typically low-rated customers ultimately don't end up getting the kind of business that their peers who are well rated get. So, they also sort of churn out automatically over time.

And to your second query around content enrichment. So, as I mentioned that using automation, there's a lot of rich content that is getting added up. And even for merchants, the tool that they have, and they are being equipped with easy tools so that they can upload content on their own.

For example, for service-oriented business, suppose there is a salon, there is now a capability to show services catalog upfront. So, a salon can easily upload that, okay, these are the charges they charge for various kind of services that they provide. So as a result, whenever a user is visiting a specific listing, not only do they get to see the basic contact details, ratings, reviews, photos, videos, they can also see other details around the services.

A wedding photographer possibly can upload their particular photography catalog or their portfolio, so to say. So all those particular rich content related items will be visible very much upfront on a business page.

**Sonal Minhas:** Got it. And is there some journeys there, which can be improved with the integration, let's say, third-party social network? So that's pretty much done with. Just trying to understand that?

**Abhishek Bansal:** So, we are working on one initiative wherein a particular business owner can possibly manage their listing on any third-party platforms via single point of contact to being our particular platform. So, in certain cases, a particular merchant, if they do a onetime login via our particular platform, then if they upload any particular content on our platform or they edit any details, we can help those details get populated on multiple platforms.

So, the idea is can a universal business listing kind of concept to work, which can make life of SMEs easier. And if ours is the platform, which helps them maintain listing across platforms, it will obviously increase stickiness, engagement, etcetera. So that is also something that is in pipeline.

**Sonal Minhas:** Got it. So, for example, platforms like Insta and if let's say, there is a marriage photographer. He has an Insta or share the Instagram page. The link there is essentially to their website or to a Just Dial page, that's something that -- how does that happen as we speak right now? Just trying to take that as an example to understand.

**Abhishek Bansal:** So, for example, if I'm a wedding photographer, I have a page on Just Dial and I have a page on third parties such as Insta, and I upload a particular content about my business on Just Dial, that particular content also gets up do updated on the third-party platform without that particular merchant having to explicitly go toward to that particular platform. So, if I edit my address here, that address also gets updated in that particular third-party page.

**Sonal Minhas:** Understand that. But JD may not be the -- like a preferred or is it like a preferred landing page if somebody goes to Insta for a wedding photographer and they want to contact that photographer, then -- and click there, let's say, for a URL, would JD be like a preferred landing page for those people? Or the -- I'm talking about small merchandisers, the small service providers here essentially, yes.

**Abhishek Bansal:** So, as I mentioned, this particular initiative, we are exploring how possibly we can be a sort of go to destination. There are several nuances to this. This is still being worked upon by our tech and product teams. So, once they are able to sort of have a -- MVP or they commit to feasibility of the same that is when I think we'll be able to answer these technicalities better.

**Sonal Minhas:** Got it. No, I was asking more because I think the platforms you're talking about, they are also trying to get into the listing domain, maybe either through WhatsApp or, let's say, richer listing catalog provider providing -- being provided through Instagram. So are you seeing like parallel data being provided by these platforms parallel to the data that you provide for, let's say, a wedding photographer or a salon provider or, let's say, an AC repair. Just trying to understand how things are evolving in terms of cataloguing being provided as a service by, let's say, two, three parallel platforms?

**Abhishek Bansal:** See, for us, we are an end-to-end local search platform, wherein the endeavour is any local business out there in India irrespective of the category should be available, and you should be able to search for any commercial intent-oriented search. So anything that you can think of, you should be able to find on our platform.

Now there tends to be verticalization that happens either on the transaction side or niche search engine for certain categories, etcetera, etcetera, so we haven't seen any specific competition, so to say, simply because of the scale of listings that we have, the feet-on-street network that we already have, the traffic of 160, 170 million users that we have. So, yes, I mean, the ecosystem will keep evolving. But till the time we keep our particular content up to date and give users what they want, I think, we'll be fine.

**Sonal Minhas:** I understand that. I just have a small follow-up question. I don't know if you can share this data, but like what -- is the scale of the transaction happening or the financial transactions happening on the platform significant as we speak? Or and anything which you can speak about that subjectively or numerically, that will be great.

**Abhishek Bansal:** No, that is not meaningful at this point of time. And as we have clearly outlined, the focus is to get core search business, which is basically the premium listings, nonpremium listings that we sell to our particular SMEs and at a healthy margin. So that is what is the focus for the business at this point of time.

**Sonal Minhas:** Okay. Great. Thanks a lot Abhishek. Thanks a lot. This is helpful. Thank you.

**Abhishek Bansal:** Thank you.

**Moderator:** Thank you. We have a next question from Majid Ahamed from Smart Sync Investment Advisory Services. Please go ahead.

**Majid Ahamed:** Good evening, sir. Very good set of numbers. So my question is now we are also planning to move through like stock market platforms and other platforms like in your investor presentation I have seen that as well as the movie ticket platform and so on. So many things are coming in, sir. How far the realization of these platforms, sir? How far it has been over there, sir?

**Abhishek Bansal:** So, several of these particular initiatives are to continuously engage users that are coming on the platform. In a Internet era, it's not that a user comes to just do one kind of, say, local search. The idea is if you can give them various reasons, either it could be sort of browsing through news articles or any such miscellaneous activities, then users sort of engage better with the platform. So that is what the thought process is behind all these initiatives.

**Majid Ahamed:** Okay, sir. how -- okay, sir, you have done that. But how has been the visits, on all these platforms, how has been the monetization over there? Has this been increasing? Or can you give any data regarding that?

**Abhishek Bansal:** So, there is no monetization per se that happens through these initiatives. And as far as traffic goes, we are putting out our quarterly users for us to be able to segregate whether a particular user had visited this particular service and also done local search, that segregation, etcetera, is not visible.

**Majid Ahamed:** Okay. Okay, sir. And last one final question that I have is, of course, you're able to do it through -- despite the sales channel has been reduced and you're focusing on building the business through reducing the advertising cost and so on. What are the other strategies that you're planning to increase your margins? Apart from that, you have said you are planning to do it through the campaign, through other things such as you have mentioned -- the two things that you mentioned regarding the reseller and others, apart from that, is there anything that you're planning to increase your margins?

**Abhishek Bansal:** So, as I have mentioned that on the monetization side, two initiatives, say, resellers as well as self-sign-ups, these two can be very high-margin revenue opportunities. So overall, optimizing existing sales force, some of these initiatives to result in better margin monetization and keeping our particular expense structure optimized. And within the expense structure, the key variable or the moving item is advertising which we will take a call as we move into future quarters on how much we want to spend for next fiscal year.

**Majid Ahamed:** Okay, sir. Thank you, sir. All the very best.

**Abhishek Bansal:** Thank you.

**Moderator:** Thank you. We have a next question from Rishabh Shah from Dalal & Broacha. Please go ahead.

**Rishabh Shah:** Hello, am I audible?

**Moderator:** Yes.

**Rishabh Shah:** Good afternoon, sir. Very good set of numbers. And congratulations on the results. Most of my questions have been answered. I just have one confusion in your investor presentation. I'm not able to understand one of your data enrichment on page number 19. Images in active listings, I'm not able to understand what does it signifies or what it's trying to tell me -- I understand active paid campaigns, but I don't understand this. So can you please explain me?

**Abhishek Bansal:** So images, this particular content basically pertains to what is the total number of images that we have in our active listings. As on date, we have about 150 million images for businesses in our listings. So the idea is to showcase that for listings, 40 million listings that we have, there are high-quality images that we have, the rich content, which helps in better decision-making of users.

**Rishabh Shah:** Okay. Okay, sir. And one of my other question would be, sir, can you tell me what part of our business is B2C?

**Abhishek Bansal:** So out of the total revenue, about three-fourth comes from B2C-oriented categories, one-fourth comes from B2B.

**Rishabh Shah:** And what was the growth rate compared to the last quarter for B2C?

**Abhishek Bansal:** I don't have that handy, but since the percentage share has been similar for last two, three quarters, overall growth -- revenue growth is what would have been for both these segments plus-minus a couple of percentage points.

**Rishabh Shah:** Okay, sir. And also, sir, as many of the verticals are getting into AI and Generative AI, are we on the track to get into the AI networking? And any such progressive way? I'm just -- I just wanted to know that are we going to log in the AI to our Just Dial vertical?

**Abhishek Bansal:** So I think irrespective of the term, whether we call it AI, the way we look at it is how can we use technology automation to do the same job in a much efficient manner versus what we were doing a few quarters or a few years ago. So one example that we shared was a lot of content enrichment today happens via use of technology. So for me, that is also a part of, as I said, call it, technology or AI initiative or something else. So, some of those initiatives are definitely underway.

**Rishabh Shah:** Okay, sir. And also one of my question was, we have all been hearing about the open credit enablement network. And for a fact, I know that we are pretty reasonable on our charges in MVS search, but this open, does it help our business as such?

**Abhishek Bansal:** Sorry, we have not evaluated this at this point of time.

**Rishabh Shah:** Okay, sir. Thank you very much sir. And congrats on the good result.

**Abhishek Bansal:** Thank you.

**Moderator:** Thank you. We'll take a last question from Amarnath Bhagat from Ministry of Finance of Oman.

**Amarnath Bhagat:** Am I audible?

**Moderator:** Yes, please go ahead.

**Abhishek Bansal:** Yes, please go ahead.

**Amarnath Bhagat:** Yes, hi. I have two set of questions. First of all, relating to this old question you might be getting bored to listen it is this relating to the cash. At the moment, 57% of your market capitalization is the cash. And every call this question is getting asked, and answer is, there could be some tax implication, either its buyback or it is the dividend. See, this tax implication will be there, either you do it today, you do it tomorrow, unless we are thinking something that maybe the tax for the buyback or dividend will be changed in the future by the finance law.

So -- and every quarter, we are adding INR100 crores, INR200 crores into the cash. And the percentage over your market capital is going to keep on increasing. At the moment, it is very difficult to find a company of your cadre, 57% of market capital is sitting in cash and earning some 7%-8% here and there on the different kind of bonds and some other instruments here and there. So I'm just -- and we are sitting in the Board or the management where the Reliance people are also sitting.

I am just trying to understand what exactly in the mind, means we are not in the acquisition spree as well. We are not hearing something that you are very aggressive or actively looking into some acquisitions where this kind of huge cash can be used? And neither the cash distribution things are getting discussed. This answer to be very frank is not getting satisfactory in this tax element, so we just need to have certain more clarity about it.

**Abhishek Bansal:** So Amarnath, on this point, firstly, point very well taken. Secondly, to say that, okay, whether it is distributed today or tomorrow, there will definitely be a tax. That statement, I disagree because we have had times in the past when taxation on both the avenues, be it buyback or dividend, was different in the past. And secondly, it is in recent quarters that after doing a bit of experimentation that we have realized that it doesn't make sense to just keep -- to just put money after initiatives which might continue to bleed for a very long period of time.

Having said that, as we mentioned that point taken, and the Board and the company will -- I think, decide on what should be the future course of action as far as this cash balance is concerned.

**Amarnath Bhagat:** Okay. And then my last question, probably, see when this Reliance Group has acquired Just Dial, the hope was quite big considering the size and different nature of this particular conglomerate. And now you see the Reliance is -- keep on adding their own apps, whether it is JioMart, whether it is Jio app or some different or it is Jio retail side of it. I'm just trying to understand, this is an major subsidiary acquired by paying the cash.

And till now, we are not getting any meaningful kind of an integration-related benefits being a part of the Reliance -- such a giant Reliance Group. Many things can be happened and especially these new initiatives which the Reliance are doing at their own platform. Just trying to understand, though it is not a direct question to you, but how this has not been connected to their own subsidiary like Just Dial?

**Abhishek Bansal:** So as you rightly said that it is indeed not a direct question to us. The parent company should be able to better mention or share their particular thought process on their initiatives. As far as Just Dial is concerned, the key discussion or the key brief is definitely that the core business, which holds immense value in terms of having 40 million listings, ready feet-on-street sales network spread across India, 160 million, 170 million users, how that particular business can be on a steady growth path.

The other initiatives, yes, they are being worked on in parallel, but we have to assess that in terms of generating real healthy free cash flows, what are the initiatives that will actually work out which is what we are working on at this point of time.

**Amarnath Bhagat:** Yes. And just last one small thing. How do you think that you have a competitive edge as a local search engine of India compared to your global MNCs like Google. Just give me one or two why the people will come to Just Dial, which is coming at the moment, and compared to the Google or any other search engine by that names?

**Abhishek Bansal:** So see, the very basic thing is that we are a specialist local search engine. Any other third-party platforms that you can think of, they are not just serving local search commercial intent-oriented results, they are also into several other kind of search patterns as well, which a user does. So if you are looking for local search results, the depth and breadth of results on my platform would always be much better.

So when you are searching for, say, laptop retail shops in Malad West, the number of choices that I will provide, the details about those choices that my platform will provide will always be superior or are superior compared to any other search engine out there, which is what is the key USP of the platform.

**Amarnath Bhagat:** Thank you, sir. Thank you very much. For your answer.

**Abhishek Bansal:** Thank you, so much.

**Moderator:** Thank you. I would now like to hand the conference over to Mr. Abhishek Bansal for closing comments. Over to you, sir.

**Abhishek Bansal:** Thanks, everyone, for joining us. In case you have any further queries, please do reach out to us. We will do our best to address. That's it from our side. Thank you.

**Moderator:** Thank you. On behalf of Just Dial Limited, that concludes this conference. Thank you for joining us. And you may now exit your meeting.