July 20, 2023

To

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

Dear Sir/Madam,

Sub.: Transcript of Earnings Call on Financial Results for the first quarter ended June 30, 2023

In continuation of our letter dated July 11, 2023 and July 17, 2023 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, July 17, 2023, at 6:00 p.m. for discussing operational and financial performance of the Company in the first quarter ended June 30, 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: 2023.07.20 17:19:21 +05'30'

Manan Udani
Company Secretary

Encl: as above

Just Dial Limited

Q1 FY '24 Earnings Conference Call

July 17, 2023

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 Q1 FY '24 Earnings Call. At this moment, all participant lines are in the listen-only mode. Later, we will conduct the questions 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.

We have with us today, Mr. V.S.S. Mani, MD and CEO; and Mr. Abhishek Bansal, CFO from Just Dial. I now hand the conference over to Mr. Abhishek Bansal, CFO. Thank you and over to you, Sir.

Abhishek Bansal: Hi, everyone. Welcome to Just Dial's Earnings Call for First Quarter of fiscal '24. Our operating revenue for the quarter stood at INR247 crores, witnessing 33.1% growth on a year-on-year basis and 6.2% sequentially. This growth is primarily driven by healthier collections witnessed during FY '23. Last year, full year collections grew about 44.3% year-on-year and second half collections had grown about 56% year-on-year.

Our adjusted EBITDA for the quarter stood at INR36.3 crores for the -- representing a margin of 14.7%. Our employee expenses have increased 22.6% on a Y-o-Y basis, led by about 9% increase in headcount, revenue-linked incentives and partly due to increments. We have taken certain measures to keep employee costs under check. And as you can see, headcount has been flattish over past 3 quarters. Other expenses have anyway been well controlled as they declined about 2% on a year-on-year basis. We expect employee cost as a percentage of revenue to moderate going forward, and overall, we should see improvement in margins as we move in further quarters for the year.

Our advertising expenses for the quarter stood at about INR5.4 crores. Other income stood at INR81.4 crores for the quarter versus a loss of INR60 crores in same quarter last year since increase in bond yields had impacted MTM treasury gains in that quarter. Profit before taxes stood at INR106.1 crores, growing 10.6% sequentially. Effective tax rate stood at 21.4%, which was higher since bulk of our treasury MTM gains are currently short-term in nature and hence, provisioning for taxes happens at short-term capital gains slabs. Profit after-taxes stood at INR83.4 crores versus INR48.4 crores loss in same quarter last year.

We continued our focus on monthly plans as we sold about 68% of our contracts on monthly plans this quarter. Our monthly ECS collection from our customers now stands at about INR47 crores a month versus INR33 crores an year ago. Deferred revenue was also very healthy at all-time high of about INR450 crores, growing 27.5% year-on-year. Active Paid Campaigns at the end of the quarter stood at about 548,000, which was up 13.4% year-on-year. March tends to be the strongest month for us followed by a slightly weaker April, but despite that, quarter has seen sequential 10,000 net campaign additions, which is quite reasonable.

Recent month June has shaped up pretty well. Overall, cash and investments stood at INR4,159 crores as on quarter end. Coming to operational highlights. Traffic trends have been quite impressive, thanks to recent revamp of both our mobile and desktop platforms and addition of lot of rich content on our search pages. Total traffic stood at 171.4 million unique users for the quarter, growing about 16% year-on-year and 7.6% sequentially. Mobile traffic stood at 146.5 million users, growing about 17.5% year-on-year.

The notable part in traffic is pre-COVID, when we had peak traffic of about 160 million quarterly users, approximately 45 million to 50 million users came on account of our paid marketing efforts. We were spending about INR15 crores, INR16 crores a quarter at that time. In the most recent quarter, we spent just 1/3 of that amount, and out of 171 million users, around 150-plus million came organically.

So organic, what we call as free traffic has been growing very healthily for us, which is a positive. For our core business, it has always been that traffic leads monetization, and we are confident that recent traffic trends should be supportive of monetization growth in coming quarters that coupled with cost controls should result in healthy profitability, which is our key objective to have sustainable and profitable growth in overall business.

With this quick update, we shall now open the floor for questions and further discussion.

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

Vivekanand Subbaraman: Thank you so much for the opportunity. Let's start with a few housekeeping questions. So Abhishek, could you help us with the split of revenue in your top 11 markets -- revenue and campaigns, top 11 markets versus the rest of the country? That's the first one. Secondly, would you be able to comment on the ESOP provisions included in the employee cost? Was that the reason why it was a bit bumped up during the current quarter? That's from the housekeeping side. And just to confirm on the A&P side, I heard INR4.5 crores. Is that correct? So that's my set of questions on housekeeping. Maybe you can address these first before I get into some of the others.

Abhishek Bansal: So, Vivek, on your first question around revenue split, so that stands at around 60:40 now. Top 11 cities contribute about 60% to revenue with volume contribution standing at 40% and vice versa for non-top 11 cities. ESOP provisioning for this quarter, it was marginally negative about INR40 lakhs negative on account of certain ESOPs lapsing during the quarter. Advertising spend, it was about INR5.5 crores -- INR5.4 crores for the quarter.

Vivekanand Subbaraman: Helpful. So, thanks for sharing the revenue split as well. So, this quarter, we are seeing that, again, the non-top 11 markets seem to be growing very, very fast and that's where the recovery has been very strong compared to your pre-COVID level. So, I mean almost 2x of pre-COVID from the markets outside of top 11 markets. So, Abhishek, just to understand this further, how much more next do we have to monetize the non-top 11 markets, the brand that we have perhaps in the non-top -- markets outside the top cities?

And there's also very healthy campaign momentum in these markets if I compare it to pre-COVID levels. Could you help us understand this better, because I think in top 11 markets, it seems that your revenue recovery is not that strong, but in non-top 11 markets, you're really breaking away from what you were doing pre-COVID, and what are the factors that have led to this?

Abhishek Bansal: So, Vivek, to answer your question, if we were to split out, 33% revenue growth on a year-on-year basis for this quarter, there is a healthy growth in top 11 markets as well. So top 11 markets broadly would have grown about 25% year-on-year and the non-top 11 markets would have grown about 46%, 47%. So definitely, non-top 11 on a growth basis doing better versus top 11, but that is also because of the base effect.

In fact in top 11 cities as well, our particular realizations have been improving both on year-on-year as well as sequential basis. In Tier 2, Tier 3 cities, whenever we enter a city, we enter with a very entry-level pricing, let's say INR750 or INR999 a month and at this point of time, Tier 2, Tier 3 realizations are about 45% of Tier 1. So, there is a significant scope for Tier 2, Tier 3 to catch up with Tier 1 cities in terms of realizations.

Having said that, even if we were to look at overall realization which is just about INR1,500 per campaign per month, that is highly affordable for any SME. So not that in Tier 1 cities, the average ticket size is so high that it would be unaffordable, but yes, Tier 2, Tier 3 cities are growing at a faster pace at this point of time, which has been the case for past several quarters that we have been gaining in market share overall.

Vivekanand Subbaraman: Helpful, very helpful. Just my last question is on the new initiatives, particularly the ones that were under development like JD Xperts or JD Shopping, JD Real Estate, some of these initiatives that you had planned to like foray into and focus on verticalization or content enrichment. Could you give us an update on some of these initiatives and where they stand right now?

Abhishek Bansal: So, these initiatives around, say, either exports or shopping, which were primarily around adding our transactional layer for either products or services. So, the platforms as such are ready, we have the capabilities to be able to either get products delivered or get services fulfilled. But at this point of time, as we have mentioned in past quarters as well, we do realize that in order to scale up transactions, there needs to be a significant money that needs to be given to both the vendor side as well as the user side.

And these platforms since they would likely have negative unit economics for a reasonable period of time, at this point of time, the focus is on core business to generate healthy free cash flows, and, as I said, the platforms are ready, we would look to scale them up at a appropriate time.

Moderator: Thank you. We have our next question from the line of Naman Jain, an Individual Investor. Please go ahead.

Naman Jain: Congratulations, Abhishek, for good set of numbers. I have a couple of questions. One is in regards to the continuation of previous question. So, you mentioned that the platforms are ready for JD Shopping or JD Xperts. So, the cash that we have on books, are we planning to utilize and conserving it for those platforms or do we have other growth opportunities in mind to utilize this cash? That is one. And second question is in regards to the EBITDA margins. I understand that we are close to 15% right now, and by the end of the year, we intend to be close to 25%, which we were during pre-COVID times. So, what is the roadmap to reach there?

Abhishek Bansal: So Naman, on your first question regarding the INR4,160 crores cash that we have on books. So yes, it could get utilized for either any organic or possibly inorganic opportunities in future, but honestly, on the inorganic side, nothing on the table as of now. Even on the organic side, the way ecosystem is that, even if I were to pump in INR200 crores, INR300 crores or whatever crores of money, we are finding that as soon as you stop that advertising or incentives, the transactions drop drastically, be it for any particular platform.

And for us, we have a very healthy core search business where we do think there is a good runway for generating year-on-year sustainable top-line growth at decent margins. So, the idea is that the treasury is optimized to earn about 7 quarters free tax deal at this point of time. We will take a call what best to do about this cash in future quarters.

On your second question regarding EBITDA margin. So, 15%, the margin that you see, that is the P&L EBITDA margin for, say, INR247 crores revenue that we booked. But as you would recall last year, say, full year, we collected INR945 crores, with recent quarters at about INR260 crores, INR270 crores. So, on a cash basis, anyway, the business is already at 20% plus margins.

So as we move in future quarters and those collections translate into P&L accrued revenue, that should aid margins, at the same time, the cost control initiatives that we have taken, we don't expect our cost to go up. Conversely, we are taking steps to sort of optimize or even reduce some of these costs. So, a combination of these should help us reach those pre-COVID margins in another 2 quarters to 3 quarters.

Naman Jain: Okay. And just a follow-up on this, Abhishek. So basically, the cash that we have on books is close to INR4,160 crores, while you mentioned that pumping in INR300 crores, INR400 crores of cash wouldn't really help the business because as soon as you stop doing that, the users or the transactions would drop off. But it's a sufficiently large amount of purpose that we hold and the core business should be able to aid any requirements of cash for other businesses of the company. So, with this such large purpose, any plans of distributing it back to the shareholders? That is one. And second on the margin front as well. So, the employee cost in the last quarter was on the higher side. So, any particular reasons for that?

Abhishek Bansal: So Naman, on distributing cash at this point of time, we haven't taken any specific decision or discussions have not been initiated around that. As we move into future quarters, we would see whether to return it back to shareholders, and if so, what could be the most tax efficient way to do so or whether the cash could be deployed for any other value attractive opportunities.

On employee cost, this particular quarter, there are some, as I mentioned, part of the employee cost increases revenue-linked itself. So, the way incentives get recognized in P&L is, it is in proportion to the revenue that we accrue. So, part of the increase is due to that. Secondly, there are certain increments that are due in this particular quarter. And so, these are some of the key reasons for sequential employee cost increase.

Moderator: We have our next question from the line of Keval Ashar from DSP Asset Managers. Mr. Keval Ashar, kindly unmute your microphone and go ahead with your question. Since there is no response, we'll move on to the next question from Lavanya Tottala from UBS.

Lavanya Tottala: Hi Abhishek, congrats on a good set of numbers. So, my question is on sequential -- if you see the deferred revenue trend, there is some moderation, like earlier last 4 quarters, we were growing at 5% to 6%, but this one is a bit slower. So, anything specific or did you see more slowdown this quarter, how do you see it going ahead in the next couple of quarters?

Abhishek Bansal: So, Lavanya, deferred revenue could be -- the addition is basically whatever excess cash that we collect in that quarter versus the revenue that we accrue. March quarter Q4 typically tends to be the strongest quarter for us led by a strong March month, and subsequently the year starts with a slightly weaker April. So that is the key reason that sequentially deferred revenue has slightly lesser increase. In fact, historically, we have even seen deferred revenue dip sequentially in first quarter. So, the better way to look at it would be that year-on-year, there was a healthy increase and collections year-on-year had about 27%, 28% increase for first quarter.

Lavanya Tottala: Okay. So, this should pick up from this, this is only the seasonality which impacted this quarter then?

Abhishek Bansal: Yes, that should be the case.

Lavanya Tottala: Okay. And on the employee cost which you are mentioning in the earlier question. So do you expect anymore increments which are leftover for coming quarters or most of the increments for the year is done in Q4 and Q1 other than the revenue linked thing...

Abhishek Bansal: So, there could be a bit of increments coming during the third quarter, but the way we are planning at this point of time, that should not have any meaningful increase in costs.

Lavanya Tottala: Okay. So -- and on the, I mean, sales strength increase plan, this quarter, I mean, broadly, the sales strength has been flattish, but we saw increment in cost. So, sales strength increase, how you're planning, the next year?

Abhishek Bansal: So overall, sales headcount, we had significantly ramped up during the first 2 quarters of last year and 2 quarters, 3 quarters prior to that. For this year, last 2 quarters, 3 quarters have been flattish, and I think for next 1 to 2 quarters, we are not expecting a meaningful increase in sales headcount. As we move towards the end of the year or say second half of this particular year, we will take a call on having higher manpower, keeping next year's monetization objectives in mind.

Lavanya Tottala: Got it. One last question from my side is that in the first question, you were talking about top 11 and other cities. So just for basic understanding, did our presence or presence in number of PIN codes increase as compared to pre-COVID in terms of other cities like Tier 2 and Tier 3 as compared to pre-COVID, like our presence?

Abhishek Bansal: See, in terms of presence, I think whatever areas Pan India are meaningful from a traffic perspective or presence of SMEs perspective, we like by and large cover most of them. The only key difference could be that there could be a geography, basis the strength of -- or the count of businesses present in that geography, we might require, say, 20 feet on street, but pre-COVID, I might be having, say, just 10 feet on street, now I might have increased it to 14, 15. So those kind of increases could have taken place. But there won't be many geographies where we were not present at all, say, pre-COVID and now we are monetizing those.

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

Swapnil Potdukhe: So, a couple of questions. First on the paid subscription growth. So, this quarter, we had around 10,000 additions Q-on-Q. And now in the context that we have around 550,000 paid suppliers. So, this works out to around less than 2% growth. And if I were to amplify that, that would be like less than 10% growth for the full year.

Now would it be fair to say that this would be the growth trajectory that would continue to see in the near term or there any plans to increase that growth? Because if I were to put it simply, 8% to 10% growth in suppliers, plus a few some bit of a relation growth would ensure that you would add best grow at a mid-teens. But is there any of incremental revenue possible, incremental revenue growth possible? That's my first question.

Abhishek Bansal: Swapnil, paid subscription additions of 10,000 sequentially. As I mentioned in my opening remarks as well, we need to look at it in the context that March typically tends to be strong month for the company. Hence, our particular subscriptions are bunched up in that month. And April slightly stands on a weaker note. So, annualizing sequential growth rate would not be appropriate. Overall, as can be seen, there was a very healthy jump in realizations over last 2 to 3 quarters. So, I think overall for a full year basis, if you're targeting, say, 20% plus growth, it would be a reasonable healthy mix of both paid campaign growth as well as ticket size growth.

Swapnil Potdukhe: Would it be possible for you to share the breakup of realizations growth and volume growth that you're targeting for this year, let's say?

Abhishek Bansal: See, realization growth, as I mentioned that in Tier 2, Tier 3 cities, there are certain cities, which were at, say, INR1,000 a month, where we have taken pricing to INR1,250 a month. Similarly, another INR250 increase in erstwhile INR1,250 per month kind of cities. So while that may translate to, say, 25% growth in Tier 2, overall, the idea is as I said anywhere between, say, 12% to 17%, 18% average growth on the ticket size, which is doable considering my average INR1,500 per campaign per month ticket size is highly affordable and rest due to paid campaign growth.

Swapnil Potdukhe: So actually, that's exactly my point, right? You're suggesting like on the lower end, the realizations growth will be around 12%, whereas your full year collections growth target is 20%. So that leaves out just 7%, 8% growth -- paid supplier growth. And that's why I'm trying to understand like realistically, what are you guys targeting to grow and how much paid supplier additions do you intend to do each year going forward?

Abhishek Bansal: Okay. So let us understand how this exactly works on the ground. So, suppose I have a geography, I do not give my geography a target that okay, you have to grow your paid subscriptions by X percentage and ticket size by Y percentage. The way in reality it works is that I might target that this particular geography needs to grow, say, 30% year-on-year in its revenue, that particular geography might decide that for us, it is -- since we have not taken price hike for last 6 months, 9 months, we can take 20% price hike, for the first couple of months, the paid subscribers might stay flattish or even might dip a bit and then they could grow back again such that the end objective of 30% is met.

So, the first target is revenue growth and that comes as a mix of ticket size as well as suppliers, rather than saying that okay, I'm targeting only 12% on the lower end for realization and that leaves only 7%, 8% for collections that is not how it is. Another way to look at it would be last year, during the full year, we grew our collections by about 44% though we were coming off a lower base of post-COVID impact. The second half collections grew about 56%, 57% year-on-year.

So, if we were standing in first half last year, no one would have anticipated that okay, second half could witness so much growth, if we were to just try mathematically extrapolate basis, campaign growth and ticket size growth. So overall objective is top line should grow at 20%, 25% on a sustainable basis, and that should be a reasonable mix of ticket size growth and campaign growth. There could be certain quarters or even 1 or 2 years where one might surpass the other, but overall, both factors would contribute to this top line growth.

Swapnil Potdukhe: Got it, Abhishek. And my second question is on the capitalization of cost towards new initiatives. Would it be possible for you to share the numbers that you have been capitalizing this for the last 1 quarter or 2 quarters?

Abhishek Bansal: So, from this particular quarter, the new initiatives are now getting depreciated. So, whatever, about INR30 crores which was intangible assets under development, they have now shifted to fixed assets and there was just about INR 1 crore of capitalization or whatever intangible assets under development cost for this particular quarter. From coming quarters, there would not be any intangible assets-related cost that would be hitting at this point of time.

Swapnil Potdukhe: Will it be fair to say that your focus on new initiatives has come down drastically given the market scenario now and that is also leading to this lower capitalization?

Abhishek Bansal: So, we had planned new initiatives in a couple of phases. The first phase was primarily about getting the platform ready in all respects so that it can fulfill whatever transactions flow through the platform. Since those objectives have been achieved, those platforms now stand capitalized, that is shifted to fixed assets. For subsequent investments, we would like to wait and watch. We would want to get our core business very much on a healthy trajectory, which we are seeing. And we would look to pump in funds for new initiatives as and when we think it is appropriate to scale up transactions for these verticals.

Swapnil Potdukhe: Right, Abhishek.

Moderator: Thank you. We have our next question from Srini Koganti, an Individual Investor. Please go ahead.

Srini Koganti: Yes, Mr. Abhishek. I think most of my question was answered. So, my question was, what is the sales growth rate that we can expect? It looks like you're saying 20% to 25% top line growth is what we target. Is that accurate?

Abhishek Bansal: Yes, that is what we would be targeting on a sustainable basis for the business.

Srini Koganti: Got it, okay. And my second question is, out of the new initiatives that you have started, which one is showing any traction or any promise, I mean, is it too early to talk about or do you see any signs of good traction in any of the new initiatives?

Abhishek Bansal: See, as I mentioned, at this point of time, the focus is on getting core business on a steady growth path. Having said that, within the 2 initiatives that we have taken, the experts, which is transactions for services, that would align with our core strength, considering 2/3 of our revenue comes from service-oriented categories versus JD Shopping, which is more on the product side. Having said that, there are organic transactions that happen through these particular platforms. But in order to boost to those particular transactions, we need to actually, incentivize users and vendors, which we think we will do as and when we think the ecosystem is such that there can be visible unit economics in medium-term.

Moderator: Thank you. We have our next question from the line of Abhisek Banerjee from ICICI Securities. Please go ahead.

Abhisek Banerjee: So, see, the core business performance, I can understand right, the margins are likely to go up. That is understandable. But what I'm finding a little difficult to really wrap my head around is the fact that last call, you sounded pretty enthusiastic about JD Xperts, and you also mentioned that possibly the launch is going to be in 3, 4 months' time. But today, you sound obviously a lot less enthusiastic about it. So, what really changed?

Abhishek Bansal: So, Abhishek, it's not about enthusiastic versus less enthusiastic. I think the way ecosystem is shaping up in last 6 months to 12 months and which we would have hoped for it to shape up for last several years as well, that business ultimately needs to be done for profits. I might do a big bang, INR1,500 crores advertising and say that the platform is launched, etcetera, etcetera. But 2 months down the line again, I will be answering myself where is the cash flow or what is the unit economics in some of these.

So, what we have taken a call is that, yes, the platforms are fully ready, technologically, product-wise, we have all the capabilities. For example, in Xperts, we have delivered over 100,000 bookings in last 3 to 4 quarters, which is a very substantial number. But whether we think that to earn INR100, we should be spending INR200 on each transaction, at this point of time, we don't think that makes business sense.

So, it's just a sort of wait and watch. We are any way making tweaks to the platforms, keeping them optimal basis the user feedback, etcetera. But the significant spend to ramp up transactions that we will reassess when we think we should be spending.

Abhisek Banerjee: Understood, but -- okay, okay. If you can give me some numbers, which helps me understand this better. So, what is your CAC for the JD Xperts business as of now?

Abhishek Bansal: Yes, at this point of time, these particular platforms have been launched only as a pilot or a beta stage. So, it won't be appropriate to evaluate any of these numbers. But broadly the platform typically has, say, on the monetization side, it's 20%, 25% take rate that you can typically expect. And on the cost side, the biggest cost is the advertising cost or the cost that you incur to get user to do first time transaction, second time transaction and so on. On top of it obviously, you will have overheads in terms of building and maintaining that platform, fulfillment charges, etc.

Abhisek Banerjee: Understood. But when it comes to advertisement, right, you have an asset where people anyway would come to, maybe search for a carpenter. So why did you not use an asset that is the core platform?

Abhishek Bansal: See, for the categories where I have these services transactions, I'm already monetizing search revenue also in these categories. Had I been a player who was just a vertical player who has built these platforms, yes, that particular question could have been relevant. But I already have a business where last year, I earned INR945 crores, 60%, 70% via services, yes, Xperts-oriented categories would be a subset of that, but the way I would look at it is that how can I increase my revenue and profitability from those categories. I cannot let my revenue get cannibalized just for the sake of newer transactions.

Moderator: Thank you. We have our next question from Rupesh Tatiya from Intelsense Capital. Please go ahead.

Rupesh Tatiya: Sir, this March booking bump-up and then in April, May, they coming down, this kind of doesn't seem to have happened last year. When I'm looking at numbers, you were at 461K on March '22. And 484K on June '23, March '23 and June '23 -- sorry, '22. So, there was a 23,000 sequential addition from Q4 to Q1 last year. So, when I look at this trend versus this year, it looks like there is some sort of slowdown or some sort of loss of momentum. Can you, I mean, please talk about it?

Abhishek Bansal: Okay. Rupesh, the comparison that you are doing, we need to understand that last year, we were coming from a relatively much lower base of post-COVID impact. So last year, when we collected INR945 crores, that was a 44% growth over previous year. So peak pre-COVID campaigns were at about 536,000 odd as I recall. So, the 460,000 to 480,000 increase that happened last year same quarter, we were coming out of that particular impact.

Now this particular year, as I mentioned that April had little bit of weakness, which impacted sequential numbers. But June month, again, has been quite healthy. So, I think with the latest momentum that we are seeing, we should be achieving our particular planned targets for the rest of the year. Despite that particular weakness, ultimately 1Q collections at INR258 crores or so did have a 27%, 28% year-on-year jump.

So, it's not that I just have to see what is the campaign addition, as I mentioned, we would want to look at what is the overall revenue that materialized. When I take price hikes in certain geographies, that also tends to have a short-term impact. So, in this particular quarter, certain Tier 2, Tier 3 cities where we were at very low pricing, we consciously decided to increase prices, which would have resulted in subscriptions remaining flat for some time in those particular geographies. But once the new pricing gets absorbed by the market, it should again be a recovery path in coming quarters.

Rupesh Tatiya: Okay. So, can you maybe just give a broad view of seasonality in your business, in 12 months, which are kind of like strong months and which are kind of like weak months?

Abhishek Bansal: So traffic-wise, first quarter tends to be stronger because in summer months, we find several particular categories, for example, AC repairs, etcetera, drawing a lot of traffic. Then there is some bit of seasonality around possibly other events such as, say, wedding season, etcetera. Otherwise, there isn't much of a seasonality. On the monetization side, historically, the last quarter has been strong for us. So as a result, since we sell annual subscriptions, a lot of our SME customers renew their subscriptions in the month of March. So that is the kind of seasonality that happens on the monetization side.

Rupesh Tatiya: Okay. And can you talk about JD Mart? How many paying customers we have as of quarter exit? And what is the realization?

Abhishek Bansal: So, JD Mart, which is, say, B2B side of business that had about, of the overall campaigns about 22% campaigns pertain to B2B. So that would translate to about 120,000, 125,000 campaigns.

Rupesh Tatiya: So, there was no growth sequentially? I have a number of 120,000 on Q4.

Abhishek Bansal: So overall, if you see, there is just, say, 10,000 sequential campaign addition against that, and B2B has 20%, 22% share. So B2B campaigns would have grown by about 4,000 to 5,000 sequentially.

Rupesh Tatiya: And how do you see this panning out through the year?

Abhishek Bansal: So, at this point of time, overall revenue-wise, B2C also is seeing healthy recovery along with B2B. In next 2 to 3 years, we expect that the B2B side of revenue should possibly have higher growth versus the B2C side?

Rupesh Tatiya: Okay. And how about realization growth in B2B?

Abhishek Bansal: The B2B realizations are about 10%, 15% better versus my non-B2B realizations. So, like those particular categories also see a price uptick as and when we take price hikes in a particular geography. So when I increase my prices in a certain geography, that, in most cases, impacts both B2B as well as B2C side of customers.

Rupesh Tatiya: So, for full year, you said overall company level, 12% realization growth. So that number would be similar for B2B as well.

Abhishek Bansal: No. Sorry, I didn't say 12% realization growth for the full year. What I mentioned was that in case there is a 20%, 25% growth, part of it would materialize from campaign addition growth, rest through realizations. So, realizations, again, could grow anywhere between, say, around mid-teens or so. So, it could be slightly higher or lower depending on a particular quarter or a particular year.

Rupesh Tatiya: And B2B would be similar to that number or it would be higher?

Abhishek Bansal: B2B ideally should be higher, because in B2B, our particular ticket sizes are much lesser versus where the industry stands. So, since there is a lot of catch-up that B2B can possibly do, realization growth on the B2B side should be higher than B2C.

Moderator: Thank you. We have our next question from Mohit Motwani from Nuvama. Please go ahead.

Mohit Motwani: Abhishek, I had just had 1 question, right. You have voice out multiple times that you want to get the core business back on track, and that's the primary focus right now. Just wanted to understand, is there any target of quarterly 100 collections that you are looking at, which would indicate that it is -- it has now completely recovered and is completely on a very good growth trajectory. Because if your paid campaigns are of any indication, they are at all-time highs right now, have surpassed the pre-COVID levels. So just wanted to understand your targets for collections at paid campaigns.

Abhishek Bansal: So, as I mentioned that the target is to overall grow a business at a healthy 20%, 25% rate on a sustainable long-term basis, that would partly be a function of campaign additions and ticket size growth. So, there isn't any specific quarterly target. Obviously, the annual targets are broken down into quarters, months, geographies, etcetera. But it's not that there is a particular number, which we hit and say that, yes, now the core business is back on a steady track.

We need to obviously consciously work towards growing traffic on the platform, traffic growth, which is already coming through in terms of 170 million plus quarterly users. That overall should help us achieve our planned monetization numbers as well.

Moderator: Thank you. We have a next question from Sarang Sanil from RW Investment Advisors. Please go ahead.

Sarang Sanil: Sir, my first question is how exactly were you able to ramp up the quarterly unique visitors count. I appreciate how mobile has turned organic versus pre-COVID. But was there any particular driver that played out suddenly this quarter? And was this something you expected? That was my first question. And second question is, I lost the line during the introduction. What is the monthly subscription? Was that like 60% for the quarter? And the B2B split that you gave, 22%, is it the revenue split? Yes, those are my 3 questions.

Abhishek Bansal: So Sarang, on your second question, monthly subscriptions sold during the quarter were broadly about 68%. So, 68% of the sign-ups were done on a monthly basis. On your third question, revenue contribution of B2B, that was about 26% for the quarter. On your first question around what led to the significant sequential growth. So, I think 2 factors played a role. One, Q1 typically tends to be seasonally strong quarter for us driven by summer months, as I was mentioning.

Second, there has been a recent revamp in both our desktop and mobile platforms, which went live in the months of March, April or so. So, the results pages that you see, the details pages that you see on our platforms, they are very rich. There's a lot of content that is shown upfront. There are a lot of data points, which help in faster decision-making for the user.

For example, you get to see what is the number of inquiries, a particular merchant receives whether that particular merchant is top-rated, popular, there are a lot of tags that are given. So, some of these initiatives have increased traffic for us. So, I think revamping platforms, coupled with the summer months helped us get that sequential growth.

Sarang Sanil: Sir, one last question. Sir, any other initiatives that you could give us a color about like JD Homes or something of that sort?

Abhishek Bansal: See, most of the initiatives are centered around getting rich content in listings as much as possible. So, whenever you do any particular category search on the platform or even if you search for any specific business, we want to be able to showcase as rich information. For example, even in case of service-oriented business, we want to be able to showcase, this is the service catalog for this business, this particular business, renders, all these services at these particular price points. So, focusing on faster user experience, better content, these are the key initiatives that you will see on rolling as we go further into the year.

Moderator: Thank you. We have next question from Abhisek Banerjee from ICICI Securities. Please go ahead.

Abhisek Banerjee: Hi Abhishek, I dropped off then. So, regarding the new initiatives part, even if I look at the core business, right, there was a revenue -- margin guidance of around 25%, 26% by year-end. Does that still hold?

Abhishek Bansal: Abhisek, yes, so pre-COVID, this business used to generate about 25% plus EBITDA margins. We have been able to achieve our pre-COVID numbers or surpass those numbers for traffic and top line. So, margins is the key metric that we want to achieve ASAP.

Abhisek Banerjee: Understood. And in terms of the demand for your services, so I see a strong traction there. Now is there any pricing increase, which is likely to come in over the next few quarters?

Abhishek Bansal: So, Abhisek, we have 2 types of listings, the premium listings as well as non-premium listings. So premium listings typically get a price reset at regular intervals, which is completely software driven. That particular price increase is basically linked to how much traffic growth is panning out for a particular category in a particular geography. And in case there is some degrowth in a particular category, we also pass on that benefit to our customers.

Non-premium listings, wherein one can pay any amount above a certain floor price that we set, those are taken at, say, half yearly or whenever we assess that there could be price increases. For example, in this particular quarter, we had certain price increases in Tier 2, Tier 3 cities where we felt that pricing is very much on a lower side. Part of that particular price increase will flow through P&L as and when the deferred revenue starts getting accrued because what I collect in this particular quarter will get recognized as revenue over the tenure of the contract, which is typically 12 months.

Abhisek Banerjee: Understood. So, in terms of revenue trajectory for the core business, right, what do you think is a sustainable Q-o-Q number?

Abhishek Bansal: See from our perspective, we wouldn't look at a specific Q-o-Q number because there can be certain quarterly fluctuations. But as we mentioned that on a long-term basis, we would strive to grow this particular business on a 20%, 25% on a top line basis and generating, say, 25% plus EBITDA margins.

Abhisek Banerjee: Got it. So, if I consider that you grow, say, 25% in FY '24, and nothing substantial happens on the cost front. Will the 25% margin be met mathematically?

Abhishek Bansal: Yes. By the end of the year, it could definitely be met.

Moderator: Thank you. We have our next question from Hemal, an Individual Investor. Please go ahead.

Hemal: Just 2 quick questions. What is the tax rate we should assume for this year and for next year? If you can guide?

Abhishek Bansal: Yes. So, I can explain how tax provisioning happens for us. So, there are 2 components to, say, profit before taxes. One is materializing out of our profit from core operations. That gets taxed at almost full tax rate of, say, 25.2%. There are some deductions that we get, so broadly 24.5% to 25% tax rate. The treasury income at this point of time, majority of the treasury is in short-term bucket.

So just before 31st of March, since the new tax guidelines were to kick in from 1st of April, what we decided was the part of the treasury, which had become long term in nature and where we could lock in higher yields by shifting to higher duration, we had done so. What that effectively means is that while I will likely not be selling any treasury to realize my MTM gains, my MTM gains will continue to get taxed at a corporate tax rate of 25.2%.

As and when 3 years down the line, when they become long term in nature, the tax rate will shift back to 20% with indexation, which will effectively be 12%, 13%, and there will be tax reversal at that point of time. So, the total INR22.5 crores tax that we see, only INR4.5 crores, INR5 crores is current in nature, rest all is deferred tax, which is just provisioning because of short-term tax rate applicable on MTM gains. In order to answer your question for the full year, the first quarter tax rate that you see 21.5% or so, that is what 21.5% to 22% is what we are expecting for full year at this point of time.

Hemal: Okay. And I missed this, maybe you already answered, so my apologies. On the employee cost, which has increased this quarter, do you -- is this a one-time quarter? Or is it going to continue next -- throughout the next 3 quarters also?

Abhishek Bansal: So, employee cost, the sequential increase in this particular quarter was a bit chunky, led partly by increments. And in coming quarters, we do not expect such continued sequential addition. Employee costs should moderate going forward.

Hemal: So, would it be fair to take this quarter's number and annualize it? Is that a ballpark estimate?

Abhishek Bansal: So, second half of the year, we could have certain headcount additions, especially in sales, keeping our next year numbers in mind. So, this quarter, annualized plus there will be some additional costs due to incentives, which are revenue linked. That is what I would forecast that at this point of time for, say, half year. And as and when we go into Q3, Q4, we'll see whether we need to do any headcount additions.

Hemal: Okay. And my absolute final question. Any update from any integration with Reliance Retail, any conversation ongoing that you can share with us?

Abhishek Bansal: So, there is an integration that is likely to go live soon on MyJio app. So MyJio, -which has a vast user base and several Reliance Group companies are already integrated in that. So our integration is also in almost final stages. So that is one integration that is ongoing. There are other few integrations as well around integrating some of their transaction-led platforms with ours, but those are in pipeline. As I mentioned that the core focus is to get the core business on a sustainable and profitable growth path.

Moderator: Thank you. We have a next question from Srini Koganti, an Individual Investor. Please go ahead.

Srini Koganti: Hi Abhishek, given that we've got INR4,200 crores of cash and a healthy growth of sales as well as profits, wouldn't it -- can you share your thought process on about purchasing or doing a share buyback so that your company itself is investing in a good business. What are some of your thoughts regarding that, please?

Abhishek Bansal: So, Srini, regarding the cash that sits on our books, whether we should possibly consider any buyback or distribution via any other alternative means, honestly, we haven't put any thoughts around that. So as and when we go into future quarters, we will possibly have a discussion with the Board on best utilization of this cash. I don't think it would be prudent on my behalf to right now comment on whether we think that is the right strategy to adopt.

Srini Koganti: Absolutely, sir. Yes, especially that we are getting almost 7% to 8% on the treasuries. And I honestly feel the stock is really undervalued at this stage given all the growth and the cash. So that was the reason I was trying to get your thought process.

Moderator: Thank you. We have a next question from Amol Pise. Please go ahead. There is no response from Mr. Amol Pise's line. I would now like to hand the conference over to Mr. Abhishek Bansal for closing comments.

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

Moderator: Thank you, sir. On behalf of Just Dial Limited, that concludes this conference. Thank you for joining us and you may now disconnect your lines.