

July 22, 2024

To

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

Dear Sir/Madam,

**Sub.: Transcript of Earnings Call on Financial Results for the quarter ended June 30, 2024**

In continuation of our letters dated July 10, 2024 and July 17, 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 Wednesday, July 17, 2024, at 6:00 p.m. for discussing operational and financial performance of the Company in the quarter ended June 30, 2024 and the same is available on the Company's website at <https://www.justdial.com/cms/investor-relations/earnings-call-transcripts>

The earnings call concluded at 7:02 p.m. on July 17, 2024.

We request you to take the above on record.

Thanking You,

Yours truly,

**For Just Dial Limited**

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

Encl: as above

**Just Dial Limited**

CIN NO: L74140MH1993PLC150054

Registered & Corporate Office : Palm Court Building M, 501/B, 5th Floor, New Link Road, Besides Goregaon Sports Complex, Malad West, Mumbai - 400064

Tel.: 022-28884060 E-mail : investors@justdial.com

Mumbai, Delhi, Kolkata, Chennai, Bangalore, Pune, Hyderabad, Ahmedabad, Coimbatore, Jaipur and Chandigarh

☎ 088888-88888 | [www.justdial.com](http://www.justdial.com)



“Just Dial Limited  
Q1 FY '25 Earnings Conference Call”  
July 17, 2024



**MANAGEMENT:**      **MR. VSS MANI – MD & CEO**  
  
                                 **MR. ABHISHEK BANSAL – CFO**

**Moderator:** Ladies and gentlemen, good day, and welcome to the Just Dial Limited Q1 FY '25 Earnings Call. At this moment, all participants are in the listen-only mode. Later, we will conduct the 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

We are joined by Mr. V. S. S. Mani, MD and CEO and Mr. Abhishek Bansal, CFO, from the management of Just Dial Limited. I now hand the conference over to Mr. Abhishek Bansal, CFO, Just Dial Limited. Thank you, and over to you.

**Abhishek Bansal:** Thank you, moderator. Hi, everyone. Welcome to Just Dial's Earnings Call for First Quarter of Fiscal '25. Our operating revenue for the quarter stood at INR280.6 crores, witnessing 13.6% year-on-year growth and 3.8% on sequential basis. In terms of margins, we had a very healthy 28.7% EBITDA margin for the quarter, which represented 260 basis point sequential improvement and about 13.9 percentage points on year-on-year basis. Absolute EBITDA at INR80.6 crores more than doubled year-on-year and grew 14.2% on a sequential basis.

Our total employee head count now stands at about 13,112 employees, with a 2.2% sequential increase. Overall, in last few quarters, we have focused on improving employee productivity across both sales and non-sales functions, which has helped us reduce our employee expenses by 5.3% on year-on-year basis, from about INR183 crores in June quarter last year to INR173 crores this quarter.

Our other expenses continue to be tightly controlled with about 2.5% year-on-year decline, led by optimization in our communication expenses. Advertising spends stood at about INR5.8 crores for the quarter. Overall benefits of operating leverage which inherently exists in our business, coupled with cost controls, has helped in sequential margin improvement now for last several quarters.

Operating PBT stood at INR67 crores, growing 171.4% year-on-year since last year same time. Margins were relatively suppressed and were recovering. Notably, operating PBT grew 19.6% on even sequential basis.

Other income stood at a normalized level of INR86.9 crores for the quarter. There can be some fluctuations quarter-wise basis how bond yields move in that respective quarter. But broadly, our treasuries embedded yield to maturity is around 7.2%.

Profit before taxes stood at INR153.9 crores, growing 45% year-on-year. Effective tax rate stood at 8.2%, which is lower in this fiscal due to reversal of deferred tax on part of our treasury, which is moving from short-term to long-term bucket in fiscal '25. So about INR2,900 crores is completing 3-year plus holding period in FY '25, which is resulting in this reversal.

Profit after taxes stood at INR141.2 crores, growing 69.3% year-on-year. Deferred revenue stood at about INR500 crores, growing 11.1% year-on-year. Active Paid Campaigns at the end of the quarter stood at 591,600-odd, which was up about 8% year-on-year. Average

realizations have grown about 5.7% on a year-on-year basis. Overall, cash and investments stand at about INR4,755 crores as on quarter end, growing 14.3% year-on-year.

Coming to traffic trends- Traffic trends have been quite healthy. We had about 10 million unique users addition during the quarter, resulting in overall 181.3 million quarterly unique visitors. Even for current ongoing quarter as well, our traffic growth is holding up well so far, though it usually tends to moderate a bit post stronger summer months. So that's an encouraging trend overall.

Total listings now stand at 44.9 million, growing 18% plus year-on-year. Overall, as we look at the quarter, it was a very healthy quarter with topline growth coupled with good margins. Our productivity enhancement initiatives have been helping us massively. Traffic is now 180 million-plus users. So as we have been highlighting for some time now, focus continues to be on core business delivering steady growth in both top line as well as bottom line.

With this brief update, we shall now open the floor for questions and other discussions. Thank you.

**Moderator:** Thank you very much. We will now begin the question-and-answer session. We have our first question from Vivekanand Subbaraman from Ambit Private Limited. Please go ahead.

**Vivekanand S.:** A couple of questions. So first of all, can you talk to us about the revenue and campaign split in top 11 cities versus rest of India? That's one. Secondly, I see that the collections growth trajectory has been moderating for the last several quarters. Abhishek, any thoughts here on why collections growth was only 5.4% year-on-year this quarter?

And how to think about collections growth in subsequent years? Do you also maintain a split of collections across top 11 and non-top 11? If that is the case, then do give some thoughts there as well? Thank you.

**Abhishek Bansal:** Hi, Vivek. So on your first query around the revenue and campaign split. So Tier 1 cities, the top 11, contributed about 58% to our revenues and about 40% to Campaigns. This split has not materially changed compared to last quarter. So that's the revenue and Campaign split.

Coming to your query around collections. So you are right that this particular quarter, a couple of things, one, our April, May months were a bit slower, which is what led to some impact on collections. It partly also had some bit of impact due to prolonged elections period that we had. But the good part is that June month has seen very strong recovery. So June collections were about INR97-INR98 crores for the month alone. So that, if you look at on a quarterly basis, comes to about, whatever, INR290 crores, INR295 crores odd.

So overall, the way we look at it, is that, collection should be looked at overall 3, 4-quarter trend. There can be certain quarterly fluctuations. So I think with the sequential recovery that we have seen in recent months and how traffic trends are shaping up, which is sequentially 10 million user addition. Ultimately, traffic tends to lead our monetization.

So with that, I think collections should also catch up. And as we are seeing deferred anyway has about 11% plus growth. So I'm not that worried about just one quarter specific collection growth numbers, it should be looked at a more relatively longer period.

**Vivekanand S.:**

Okay. Understood. And Abhishek, extending this point a bit further, top 11 versus rest of the country. Even now your top 11 rather markets, other than the top 11 cities, they are growing at a much faster pace than top 11 markets. Is that trend visible in collections also, the divergence in revenue growth that you see right now between top 11 and rest of India? Is that trend similar in collections also or is there any sort of convergence?

And second related point, you have been highlighting that Campaign realizations in rest of India should catch up to top 11 realizations. And it's now almost at around 50%, right? So will this number go up even further in the quarters to come? Thank you.

**Abhishek Bansal:**

So Vivek, what we accrue as revenue in this quarter is largely coming from what we collected from our customers in the past few quarters, right? So ultimately, my revenue trends are a reflection of what my collection trends in the past have been. So the way our particular Campaigns and revenue split is, it would be something similar for collections as well. Just that due to time lag between accrual and collecting money, there could be minor variations. Coming to your query on non-top 11 realizations as percentage of top 11, the good part is, yes, they are now at about 48%-49% of my Tier 1 realization.

And this number just one year ago was 45%. And if I go 2-3 years back, it was just 40%-42%. So, Tier 2-3 cities, as I have mentioned that even now, I am only at about INR1,100 odd per campaign per month, which is very cheap. And even in Tier 1, my realizations, I'd say INR2,200-INR2,300 a month. We do think that definitely Tier 2-3 can over long run catch up with Tier 1. And Tier 1 obviously should grow basis how traffic trends pan out in those geographies.

**Vivekanand S.:**

Okay, understood. Thank you and all the best.

**Moderator:**

Thank you. We have a next question from Priyank Chheda from Vallum Capital. Please go ahead.

**Priyank Chheda:**

Hello. Hi, Abhishek. Just a question. I just have one question with a very broader thought, if you can answer? What would be the Board of Directors thought process when it comes to

- A. utilization of cash on the balance sheet, which is diluting the return ratios. Now, it has been more than 10-15 quarters minority shareholders keep asking you on this call for a better utilization of this huge cash pile that we have.
- B. apart from the cash pile that we have generated organically, the promoters did infuse INR2,000 crores during 2021, which also remains unutilized. So any thought process, what was the broader thoughts while infusing this cash capital and what has not played out? And
- C. given the annuity model, what should we think when it comes to redeployment or reinvestment of this INR250 crores cash flow that we are generating every year?

So sort of broader three aspects, which is first on the cash that we have organically generated, a utilization of that, the promoter infusion utilization of that and the reinvestment of the forward cash flows that we would be doing it. Thank you.

**Abhishek Bansal:** So Priyank, your query is primarily on deployment and distribution of existing cash. So as you rightly mentioned, we are in a situation where we have about INR4,750 crores cash on our books. And the core business itself is in a healthy state to generate another, including our treasury gains, say 500-550 or even higher profits on a year-on-year basis.

So, at this point of time, we are having internal discussions on possibly having a healthy dividend policy. We are already discussing internally along with the Board as well. So as soon as we have crystallized our capital distribution policy, we would adequately communicate. So our endeavor would be that at least 100% of the annual profits should be sort of distributed or even higher amount in a manner which is tax-efficient for all shareholders combined.

**Priyank Chheda:** Perfect. And a second question is again to the follow-up on the previous participant on the pricing part. You did mention Tier 2 is yet to catch up. Any thoughts on what has been the pricing mixed growth within the Tier plans in the top 11 cities, top 11 towns? And what should be the optimal price structures that we should think on a blended basis, of course, not on Tier 1 and Tier 2 on a separate, but on a blended basis, what should be the steady state pricing structure that we should think in the near term or maybe in a year or two that Just Dial would be operating at? Thank you.

**Abhishek Bansal:** See, so currently my monthly revenue per campaign on a blended basis is about INR1580 per campaign per month. So as I stated in the past as well, this particular price point is very much similar to a healthy Wi-Fi connection that any particular business owner would possibly take to run their particular business. So from that perspective, I find that this particular amount is very affordable.

So I don't think we would be able to define any particular specific level of pricing which would be steady state. The high affordability helps us to possibly be able to justify a particular SME coming in at various entry level price points. And in Tier 2, Tier 3, also it is just INR1,100 on a monthly blended basis and definitely it should keep going up to INR1,500, INR1,600 or even higher ultimately coming closer to Tier 1 levels. In terms of growth in Tier 2, Tier 3, pricing growth in Tier 2, Tier 3 obviously has been higher. So versus blended 5.7%, Tier 2, Tier 3 are at 10% plus year on year.

**Priyank Chheda:** Perfect. And if you can broadly elaborate on the new initiatives which are the core focus ones, we have been into multiple new initiatives, be it experts or be it other B2B campaigns. Any specific area which we have been piloting and which we think requires now a clear sharp attention focus which becomes also a growth driver. And broadly if you can also elaborate on the integration benefits or maybe anything that we have to share on the business development part of the Jio site?

**Abhishek Bansal:** Sure. So firstly coming to all our new initiatives are through core business growth initiatives. So we are very clear that ultimately what matters is healthy growth and free cash flows for the

business which will come via more valued delivery to our particular SMEs, as well as users. So 2-3 key areas where we are focusing on right now is on the core business side, clearly is content enrichment, new features to sort of showcase that content. Just as an example, catalogs for service oriented businesses. So 2/3 of our revenue comes from service oriented categories. So for example, for wedding photographer, I want to be able to showcase that photographer's portfolio on my particular platform so that it aids the user's decision making.

Second key focus is on SME side as well. Now on SME side, for me to be able to get that particular SME to pay a higher ticket size, one is quantity of leads, second is also quality of leads.

So we are doing everything possible to be able to give them user friendly tools so that they can manage their campaigns better, they can use their time well in managing the leads that they get through our platforms.

And apart from this, to aid our sales team in monetization, we are working on several avenues to generate hot leads for them. So till sometime back we had a huge sales team which used to do cold calling in tele-sales. Now at this point of time we have almost sort of eliminated that cold calling team and the same team is now working on hot leads or data of those SMEs which have shown some interest to engage in our particular paid subscriptions. So these particular measures are the ones which are enabling us to operate in a cost effective manner and grow our monetization as well.

Coming to your query around integration, so we are working closely with Jio teams especially on telecom services. So for example, we have significant usage of messaging services to cater to both users as well as SMEs. So with Jio, we are already sort of having a good chunk of messaging services being routed via them.

Then we are working for our internet connectivity related initiatives as well. So overall through their telecom services, that helps us a lot in much better service, dealing with one service provider instead of multiple and even lower costs. And apart from that, wherever within the group we can have opportunities of cross-selling where either cross-selling directly or lead generation happens for our products or their products that are being worked upon.

**Priyank Chheda:**

Perfect. Thank you for answering all the questions. Thank you.

**Moderator:**

Thank you. We have our next question from Vijit Jain from Citi. Please go ahead.

**Vijit Jain:**

Abhishek, a couple of questions. Just on your response to the previous question, and I know earlier in your commentary, you also mentioned that controlled communication costs were part of the lower Y-o-Y costs and other expenses. So is that the same thing where you're talking about your partnering with Jio on telecom services, there are some efficiencies in services you're reeling from them? Is that what it was alluding to? That is my first question.

**Abhishek Bansal:** Yes. So part of our communication costs have been brought down by our better pricing that we have been able to engage with our telecom service providers. So yes, part of the savings are due to group-related synergies as well.

**Vijit Jain:** Got it. Thanks, Abhishek. And could you give a sense of -- in the unique visitors growth number, which is about 6% Y-o-Y this year and plus 10 million Q-o-Q, could we get a sense of what the traffic growth trend is in the top 11 cities versus outside those 11 cities?

**Abhishek Bansal:** So Vijit, honestly, I don't have the growth number handy that way. But broadly, about 60%, 61% of the traffic comes in Tier 2, Tier 3 cities, about 40% of the traffic comes in Tier 1 cities. And I presume growth rates should not be that materially different in both.

**Vijit Jain:** Okay. And my next question is, you've obviously kept the ad spend pretty reined in for some time now, materially lower than where it used to be earlier. I know earlier there used to be spends on TV ads and those kinds of things as well. I'm just wondering, are there areas -- are there search words or other areas where you could probably spend on CPMs to kind of see good-quality traffic coming to your platform? Or do you think traffic growth will not necessarily come from buying ads on Google or any other such platforms?

**Abhishek Bansal:** So Vijit, as far as our advertising spend or traffic strategy is concerned, what we have found is that digital works best for us. And apart from traffic -- buying traffic via, say, digital ads, a lot of work goes towards SEO as well. So in last couple of years, one content enrichment has helped us significantly. Second, optimization of the platform in terms of site speed, user experience, etcetera, has helped us greatly to grow our traffic.

So our current healthy levels of margins give us adequate cushions to advertise both to ramp up our advertising on digital front and even to do brand advertising. So we have recently been working on certain advertisements to cater to both users and merchants. So whatever advertising is needed, one, to grow our 180 million user base number, second, to assist our sales teams for their monetization, those will be adequately done.

**Vijit Jain:** Got it. Abhishek, I guess my question is, I'm sure there are categories in micro markets, micro-geographies, etcetera, where you probably can see that more of the traffic goes to -- not your website, but someone else, and do you compete for that kind of traffic with these performance marketing initiatives? Is that what you're saying? Or do you think that all the content enrichment activity already gives you decent enough traffic boost through SEO and stuff like that? Is that interpretation right? I guess my question -- the broader question is, in the kind of traffic that you want, do you have a measure or a sense of whether you are losing some traffic to websites which are perhaps paying for it?

**Abhishek Bansal:** Right. So actually, it's a very relevant question. Just to give you some flavor, see, two years back, the INR5 crores, INR6 crores or whatever crores that I was spending on a quarterly basis, the flavor of that is very different from what I have today, simply because in advertising, you can simply run a cost per click or cost per impression-based campaign. You will end up getting a lot of traffic. But how much of that traffic is adding value to your customers, no one knows.



What we have done in last four to six quarters is whatever spends that we are doing, those are highly optimized towards our top revenue-generating categories. At the same time, we do not insanely go after traffic to buy it at any cost if we find that my monetization is not adequate, then I don't obviously splurge on acquiring that traffic. So this 181 million user number, if I were running similar campaigns what I was running two years ago, would have been even 185, 190 plus as well. But consciously, our advertising spends are channelized towards more quality of traffic rather than quantity of traffic.

**Vijit Jain:** Got it. And so in conjunction with that, one should expect -- I know last time you mentioned that you believe growth over time should come from -- almost equally from both campaign growth and realization growth. So I suppose the quality of traffic improving should mean your realization growth should continue to improve, even if you start to get a little bit more growth from the Tier 2, Tier 3 towns?

**Abhishek Bansal:** Right. So we do maintain -- internally, our endeavor is that half of the growth should come via volumes and half from pricing, because that particular balance is quite necessary. So ad campaigns are not specifically targeted that, okay, we want monetization growth to come from this aspect, because it's difficult to correlate one-on-one. I advertise -- I optimize my SEO efforts, I get more traffic. Over time, people realize that they get better value for the money that they invest with us. And that makes them pay more, and that also makes more advertisers come to the platform. So a combination of both volumes and pricing is what is ideal for growth.

**Vijit Jain:** Got it. I guess my last way of -- I guess understanding this better for me, you feel that the amount of advertising you're currently doing is the right level of advertising for the ROAs you want to get from those advertising spends, and it probably cannot go up further without hurting your ROAs. Is that how I should look at it that if you could spend more, but it wouldn't give you the good quality traffic in any case, and so you wouldn't spend more?

**Abhishek Bansal:** No, it will definitely. So I think what we are saying is that our particular business needs are sustained level of advertising. If I were to suddenly pump in a huge amount of advertising in a particular quarter, not that it will result in commensurate monetization growth immediately. So to build the brand to deliver sustained value, that is how our advertising spends are optimized.

At the same time, for the full year, I am actually budgeting a bit of higher advertising spend itself. So very long term, 5% to 6% of the top line is what we would be comfortable. At present, we are at about, whatever, 2%, 2.5% or so. So as I said, like right now it's working well for us. We will recalibrate as and when there is a need. And our margins currently give us that adequate cushion.

**Vijit Jain:** Yes. This is why I asked, Abhishek, I guess because you already at your target of 28% to 30% EBITDA margins, which I believe you've been talking about for a few quarters -- from about a couple of quarters back, I guess. So yes, thank you so much, Abhishek, and congratulations on a good set of numbers.

**Moderator:** We have our next question from Darshil Jhaveri from Crown Capital. Please go ahead.

**Darshil Jhaveri:** So sir, a lot of my questions have already been answered. So I just would like to be able to ask that current margins that we are doing right now, I think those are majorly sustainable, right? Like we don't see any one-offs in terms of productivity or something, right? Or is it a seasonal effect?

**Abhishek Bansal:** So Darshil, there are no one-offs, etcetera, so margins should be sustainable. And inherently, our business anyway has high operating leverage, so our gross margins tend to be around 55% or so. So for every INR100 revenue, the direct sales related costs that I pay are around 45. So that way, I think margins can be sustainable subject to reasonable top line growth coming in.

**Darshil Jhaveri:** Okay. Fair enough sir. And for the top line growth for this year we are targeting how much sir?

**Abhishek Bansal:** So there is no specific explicit guidance so to say we give, but at the same time what we have been communicating that internally we target a sort of mid-teens plus kind of top line growth coupled with 25% plus EBITDA margins. And there could be quarters that particular metric might be overshadowing the other, but broadly ballpark that is the strategy that we are working at.

**Darshil Jhaveri:** Okay. Fair enough sir. Yes that's it from my side. All the best sir. Thank you.

**Abhishek Bansal:** Thank you.

**Moderator:** Thank you. We have our next question from Aditya Sen from Robocapital. Please go ahead.

**Aditya Sen:** Hi thank you for the opportunity. Hope I'm audible.

**Moderator:** Yes.

**Aditya Sen:** So I was asking we shared some EBITDA growth number in the last con call it was around 30%. So is it supposed to come from the improvement in the realization in the Tier 2 cities because there's a gap of approximately INR400. So will that gap plus the operating leverage that we will have will help us get that EBITDA growth?

**Abhishek Bansal:** So Aditya I'm not clear which 30% are you specifically referring to?

**Aditya Sen:** I'm referring to 30% EBITDA growth that we saw in the last con call if I'm not wrong.

**Abhishek Bansal:** So in last con-call as I recall we mentioned that EBITDA margin on a percentage basis should be 25% plus. And last quarter we were at 26%. Last full year was 20.8% or so. In terms of absolute margin, I mean, our EBITDA at INR80.6 crores has anyway more than doubled year-on-year.

**Aditya Sen:** Okay, so going forward what would be the components of increase in EBITDA? Will it be the improvement in realization in the Tier 2 cities or is it something else also?

**Abhishek Bansal:** So by and large I think EBITDA growth going forward should be sort of top line driven. At the same time expenses should continue to stay controlled. This particular quarter we had some

increase in employee count as well. So while we are working on maximizing employee productivity especially in sales if there is a 3%, 4% increase in sales headcount that we need to do we would do at an appropriate time.

**Aditya Sen:** Okay, all right. Yes got my answers. Thank you.

**Abhishek Bansal:** Thank you.

**Moderator:** Thank you. Next question is from Swapnil Potdukhe from JM Financial. Please go ahead.

**Swapnil Potdukhe:** Hi Abhishek I have two questions. First one is with respect to your B2B, B2C campaigns bit. If you can give some understanding on how that has changed or has remained like it was in the previous quarters both in terms of revenue as well as paid campaigns terms?

**Abhishek Bansal:** So Swapnil I have the revenue contribution handy. So B2B contributed around 25.5% of our revenues and this particular B2B contribution has been sort of similar for now last four quarters, five quarters simply because the B2C side also has been seeing healthy growth. So as of now B2B, B2C both are going hand-to-hand with each other.

**Swapnil Potdukhe:** And in terms of paid campaigns that will be 22% which was I think in the previous quarter as well?

**Abhishek Bansal:** Yes should be around that because my realizations on B2B side are 10%, 15% higher. So campaign wise contribution should be around 21%, 22%.

**Swapnil Potdukhe:** Got it. And the second question is more of a clarification. Earlier you mentioned that you intend to return back the entire profit that you make in a year to the shareholders. Were you talking about the net profit, you are talking about the EBITDA I mean because if I were to just look at your annualized number this year you would do around INR550 crores of net profit. I am just analyzing 1Q FY25 and on a per share basis that comes in around INR63, INR65 which is like 6% yield on the current market price. So just wanted to get a clarification on that?

**Moderator:** I am sorry, Mr. Potdukhe we are unable to hear you.

**Swapnil Potdukhe:** I was asking with respect to the point that Abhishek made in the beginning wherein he mentioned that they intend to return back the profit that they make during the year to the shareholders. And if I were to just analyze those numbers the current profit that they made in terms of PAT INR140 crores that is like INR550 crores plus on a per share basis that becomes a 6% yield at current market price. So I am just trying to triangulate those numbers and see if the understanding is correct and Abhishek intended to mention those numbers?

**Abhishek Bansal:** So Swapnil I think the broader message that I was trying to communicate is that our intent is not to accumulate this particular cash that we have on a sort of perpetual basis. I was sharing that what are the possible avenues of distribution, our thought process internally of capital distribution against which one of the avenues is possibly putting a healthy dividend or any other policy in place so that at least 100% of incremental profits or incremental cash accretion at least gets shared out.

Now what would be the exact tools that the board will think are appropriate etc, we will be able to communicate as and when we have more clarity. As you would know that in the past also we have done several buybacks also to return money back to shareholders. So we will see what is the best avenue and accordingly take a decision.

**Swapnil Potdukhe:** Got it Abhishek, very clear. Thanks a lot.

**Abhishek Bansal:** Thank you.

**Moderator:** Thank you. We will take our next question from Hemal S, an individual investor. Please go ahead.

**Hemal S:** Thank you for the opportunity. I just want to reconfirm a couple of things. So last year you had mentioned that your long-term vision is to grow the revenue between 15% to 20% in one of the earnings call. Is that vision still intact with purely our current business model because we rarely speak about our initiatives or investments we have done in the past as to how they're going to contribute whether it's geo-integration or last time we were talking about some advertisements that you were trying to do with the SMEs or even earlier where you were trying to do data analytics usage of that with the SMEs to support them.

But we never know what are the plans and where are they going and how are they going to contribute to the bottom line or these 15% to 20% aspirational long-term growth vision is purely from an ad and only ad campaigns.

**Abhishek Bansal:** So Hemal as you rightly pointed out all our communication around say 15% plus top line growth etc they are primarily keeping growth of the core local search business itself in mind. Now whatever tools that we roll out for either users or SMEs ultimately they contribute to our particular traffic in terms of quality and quantity both which in turn basically aids our core local search business.

Now on the new initiatives where we have done expenditure in last couple of years those are primarily transaction led platforms. While those platforms are ready, but at this point of time as we have communicated we do not think that it is prudent for us to simply advertise because we don't see adequate positive unit economics there at this point of time.

So the idea is to grow core business on a steady state at this point of time and at an appropriate point of time when we think that certain categories should definitely go in a sort of transactional mode we would optimize those categories accordingly at that point of time.

**Hemal S:** So in the last couple of calls you had mentioned on the Jio, SME advertising support the analytics that you are supporting. Are they -- those initiatives work -- any projects in that direction happening? I mean if you can share some of them, if there are any valuable insights that you are figuring out or if they are valuable to Just Dial as a business model?

**Abhishek Bansal:** Right. So as I mentioned, our last quarter, we discussed about the possibility of Jio, IPL ads. So, one discussion that we internally had was that, since Just Dial has ready connect with a lot

of SMEs and while SMEs so far do not advertise on big portals or big properties such as cricket or IPL with mobile data connectivity, it is now possible to do local advertising there.

So if users are consuming cricket on their mobile devices, we can actually run our campaign or possibly say Viacom can possibly run a campaign where a particular ad can be shown to a subset of users in a particular geography. So there, we have been discussing that how can possibly we work together in terms of getting those SMEs on board.

And for the recently concluded IPL, we could not sort of take it up because we started planning it a bit later. But for next season or any other such properties, we could possibly explore what all synergies can be in place. Just to clarify there also unit economics matters for us. For example, my feet on street or my salesperson, I have to see what is the ultimate revenue and profit contribution that I get on a per-day basis from them. We would not do anything that would jeopardize that particular output via any initiative be it ones that we take on our own or with the group.

**Hemal S:** Okay. And then on the revenue because you say Q1 is always your strongest, so going forward in Q2, Q3 being the weakest, do we still expect a similar level of mid-teen, meaning 15% plus, kind of revenue growth for the full year? Should that be our expectation? And since you mentioned earlier to somebody else that this EBITDA margin is maintainable for the remaining of the year or do we expect more much better and go towards aspirational 30%, 31% EBITDA margin by the end of the year? What should we expect as we go throughout the year?

**Abhishek Bansal:** Okay. So just to clarify, when I mentioned that Q1 is seasonally strong that I mentioned primarily from a traffic perspective. Because in summer months there tend to be several categories, for example, AC repairs and related categories, which tend to see strong traffic growth, which is what explains our sequential traffic jump. There tends to be some seasonality in our collections wherein fourth quarter tends to be the strongest. And that also primarily is driven by historically we have had fourth quarter as strong. So a good bunch of renewals come up in that particular quarter.

Revenue-wise there tends to be no seasonality because whatever money that we collect gets recognized as revenue over the period of the contract. And aspiration-wise definitely, we would want to keep growing our top line better than where we are and even having better margins. But at appropriate time, we'll see whether it is -- it makes sense to deploy incremental margins back into advertising or maybe expanding or any specific things that we'll see.

**Hemal S:** So at this point would it be fair to say then that EBITDA margins can be slightly volatile quarter-to-quarter going forward?

**Abhishek Bansal:** But volatility will not be so severe that a particular quarter should see some 300 and 400 basis point fluctuation. Volatility could be probably if I say, advertise for few crores higher then there could be 1 or 2 percentage points fluctuation in EBITDA level. But at the same time since my gross margin itself is quite healthy, I can afford to do higher advertising with even no impact on margins.

**Hemal S:** Correct. All right. And the tax absolutely the final -- thank you for answering the question. The tax rate which we had this quarter because I don't know the rollout for INR2,900 crores how it's coming, do we expect this tax rate to be very similar for the remaining one, two or all the three quarters?

**Abhishek Bansal:** So yes, the way we provision for taxes is that we estimate our particular taxes for the full year bases our assumptions and that is what gets applied on a quarterly basis. So second quarter or subsequent quarters tax rate could still change depending on our estimates for full year. But yes, you are right that currently 8.2% is what our estimate for full year as well is.

**Hemal S:** Thank you for answering my question. Appreciate it.

**Moderator:** Thank you. I now invite Mr. Nirmam Mehta from Unique PMS to go ahead with this question. Give me a moment, please.

**Nirmam Mehta:** So Abhishek, could you share some data on the renewals? So how many customers say, would be with Just Dial for more than say, one year, two years? Do you have some sense on that?

**Abhishek Bansal:** So, Nirman, on the retention rates currently for every 100 customers that are signing in approximately 60% of them are going into year two. And this particular number till about 1.5 years ago also was at 55% levels. So our strategy of signing up more customers on monthly payment plans has helped us reduce this particular attrition by 400, 500 basis points.

And as I have highlighted in the past as well in case of Just Dial since we are dealing with SMEs there tends to be this particular thought process by an SME that okay, let me pause this campaign right now and see if there is any negative effect on my business. They might come back into the paid ecosystem one quarters, two quarters. One year down the line they might want to take premium listings versus non-premium. So in our case it's not that our customer -- if they have not renewed they have not renewed for life. Having said that as I mentioned, there is an improvement in retention rates due to shift towards monthly plans.

**Nirmam Mehta:** And any other initiatives apart from the monthly plans that you're doing to increase these retentions? So like you said you're providing other services also. But any more insights here?

**Abhishek Bansal:** So one thing that we find is helping is that in last about four to six quarters the campaign management tools that we have given to SMEs that I think are helping us. They are able to much better appreciate the complete performance of their campaign. They are able to manage their leads much better. So earlier, what used to happened was if a merchant is getting five leads in a day then they would possibly just keep calling one after them. But now we also share them what are the various sources from which leads are coming in.

So they are able to identify that, okay, these sources are having a bit higher quality. So a merchant short on time might want to just call up lesser number of leads but that of high quality. So those particular that the internal dashboard that we provide them I think also helps in better retention.

**Nirmam Mehta:** Thank you for answering.

- Abhishek Bansal:** Thank you.
- Moderator:** We have a next question from Abhishek Banerjee from ICICI Securities. Please go ahead.
- Abhishek Banerjee:** Yes. Abhishek, yes, congratulations on a good set of numbers. Again, going back to the margins that we have shown this quarter. If I analyze your employee expenses it seems that you haven't even built in any year-on-year increments. So isn't that due, what is the thought on that?
- Abhishek Bansal:** Okay. So Abhishek, on employee cost two things. One, our increments currently are fairly spread out the year. So certain departments are on a January to December cycle certain are on April to March. So that way, one particular quarter doesn't significantly impact onetime sort of increase.
- Secondly, there were certain increments, obviously that were rolled out for from this particular April month. However, we had certain few INR2 crores, INR3 crores of excess employee costs which are provisioned in previous quarter. So those sort of got offset against those particular increments that happened.
- Abhishek Banerjee:** Got it. In terms of your -- this thing, in terms of your revenue growth, we are talking about 15% odd kind of a growth. So do you really think that I mean, the B2C segment will continue to grow at that pace given you already have a pretty high base that we have to now contend with? Or do you think that B2B will kind of step in and drive the growth higher by 100 bps or 200 bps?
- Abhishek Bansal:** So Abhishek, that is possible that B2B, where there is a bigger leverage of pricing increase that is possible, might actually aid the monetization better going forward. But having said that, for our particular sales teams, their particular target is ultimately to grow the overall revenue. And as we have discussed in the past, while the base is quite high, opportunity why is it just only possibly, say, 1.5% of the population is currently paying us, or even lesser. So I think both B2C, B2B have growth potential, but B2B definitely has more levers than the B2C side.
- Abhishek Banerjee:** So, see, this same thing with regards to monetization potential, does not really pan out as easily as we think, right? So is there a scenario where you will consider probably creating another category which is probably below your existing categories where you can bring in some new customers? Or is the current pricing minimal where you will continue to operate at?
- Abhishek Bansal:** So see, one reason, obviously, has been that our particular monetization has been sales force assisted. Indian SMEs do require that hyper-service handholding, and a particular feet on street, obviously, can do a certain number of presentations or meetings in a particular day. And to your question on whether any incremental products are possible, definitely.
- You can have a listing which primarily just gives a sort of verified status, but does not come with any specific leads, etc. In certain categories where you know the number of merchants are very high in the country, but we don't monetize that much, there even a lower ticket size plan versus my current entry-level plan would be useful. So it will be a sort of approach to monetize

both B2C, B2B. And within those also, possibly monetizing with lower ticket size where there is merit in it.

**Abhishek Banerjee:** Now again, going back to the question with regards to the investments that you made in things like Jd Xperts or the new platforms, right? So see, digital investments, from what I understand, would require constant updation, right? Now given you are not really monetizing those, so would it make sense for you to now mark them as losses? How do you kind of take the hit on that?

**Abhishek Bansal:** See, any particular business has to keep its future ready at any point of time. While some particular initiative might not be, say, it might not make sense to monetize it right away, but to not even think of undertaking that initiative would not be prudent. So the expenses, which is a very small amount at this point of time, which goes in up-keeping and keeping those particular platforms up to date, those investments we are anyway making.

And at some point of time in future, we might want to have certain categories shift to that particular model. And we -- net, we are trying to ensure that those platforms are ready, and we switch to them at adequate time without cannibalizing my existing revenue and profits from those same categories.

**Abhishek Banerjee:** Do you have your tech teams intact or have you let go of them?

**Abhishek Bansal:** Yes, tech teams are very much intact. See, the key effort while building a software essentially goes in the initial phase while you are building it from scratch. Once you have that particular platform ready, you can keep it operational and up- to-date with relatively lesser spends. The next leg of spends possibly will come in, in next phase when you decide that, okay, we need to add these particular features, etc. Which we have stated we will undertake at a time when we have visibility that we want to actually start using these particular platforms for even monetization.

**Abhishek Banerjee:** That was very helpful. And just one last comment. I think the idea of giving back to the shareholders is going to be very well appreciated. But let's try to implement or clarify on that as soon as possible. There is obviously, given that has the potential to unlock a lot of value for a lot of investors.

**Abhishek Bansal:** Right. Point is very well noted.

**Abhishek Banerjee:** Thanks, Abhishek.

**Moderator:** Thank you. We'll take our last question from Shyam Garg from Ladderup Finance Limited. Please go ahead.

**Shyam Garg:** My question is with respect to customer retention ratio. As you have mentioned in the call, that few customers take a pause for 2 quarters, 3 quarters or years, then come back. So can you share the number of customers who come in years 1 and wait in it till years 3, so we have a better picture of it?



**Abhishek Bansal:** So Shyam right now, as I mentioned that the way we evaluate is that, if 100 customers signed up in current months, then how many go into years 2 in, say, 13th month, that stands at around 60% or so. Within that particular segment, how many go into years 3 etc. That we'll have to possibly evaluate.

**Shyam Garg:** What is the number for customer retention ratio top 11 cities, then non 11 cities?

**Abhishek Bansal:** So, I will have to again check back on that. But I think top 11 should be slightly lower versus non-top 11 simply because, non-top 11, the ticket size is much lower, half of top 11. So it is natural to expect that Tier 2, Tier 3 should have bit better compared to the overall blended retention number.

**Shyam Garg:** And also can you please put a little cut on tax rate? I'm not able to understand why we have 2% of tax rate estimated to be 2%?

**Abhishek Bansal:** So I will explain this. So, our particular regular operating profits from the core business, they get taxed at almost full tax rate of 25.2%. There are certain small deductions that are available. Effectively, that tax rate tends to be 24.5% to 25% or so. Now the second stream of income that we have is the treasury mark-to-market gains that we record every quarter.

Now within treasury, the way it works is that, if I'm holding a treasury for less than 3 years, that treasury falls in short-term capital gains bucket, and those mark-to-market gains have to be provisioned for taxes at full corporate tax rate of 25.2%. The moment that treasury crosses 3 years holding period, then long-term capital gains tax comes into picture.

And the long-term capital gains tax was 20% with indexation benefit. So in September 2021, we had deployed about INR2,200 crores as part of primary infusion. That particular part of treasury, along with certain other past investments as well, about INR2,800 crores, INR2,900 crores will cross from short-term bucket to long-term bucket in September.

Now when that event happens, if I have provisioned taxes at a higher rate in the past, then there is a reversal that happens to align with the long-term capital gains tax, because now that treasury, whenever it will be sold, the long-term capital gains tax will be applicable, not the short term.

Having said that, since 31st March 2023, tax particular provisions for debt mutual funds have changed. Now whatever incremental money that I'm deploying, those will get taxed at full corporate tax rate. So this particular years, fiscal 2025, is a bit of aberration where the blended tax rate is likely to be lower.

Next year onwards, it will again be a combination of older treasury getting taxed at long-term rates, regular operating profits at full tax rate, and so on. But our estimate is that effective tax rate in long term should be 18% to 20%, though it depends on the mix, which we will have to see at that point of time. Hope that clarifies.

**Shyam Garg:** Yes, that clarifies. Thank you so much for answering my question.

**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:** Thank you, everyone, for joining us. In case you have any further queries, please do reach out. 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 disconnect your lines.