April 22, 2024

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

Dear Sir/Madam,

**Sub.: Transcript of Earnings Call on Financial Results (Consolidated and Standalone) for the quarter and year ended March 31, 2024**

In continuation of our letters dated April 12, 2024 and April 18, 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 Thursday, April 18, 2024, at 6:00 p.m. for discussing operational and financial performance of the Company in the quarter and year ended March 31, 2024 and the same is available on the Company's website at https://www.justdial.com/cms/investor-relations/earnings-call-transcripts

We request you to take the above on record.

Thanking You,

Yours truly,

**For Just Dial Limited**

MANAN YOGENDRA UDANI
Digitally signed by MANAN YOGENDRA UDANI
Date: 2024.04.22 21:50:55 +05'30'

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

Encl: as above

# Just Dial Limited

# Q4 FY'24 Earnings Conference Call

# April 18, 2024

**MANAGEMENT:** **MR. VSS MANI – MD & CEO**

**MR. ABHISHEK BANSAL – CFO**

**Moderator:** Ladies and gentlemen, good day, and welcome to the Just Dial Limited Q4 FY'24 Earnings Call. We are joined by Mr. V.S.S. Mani, MD and CEO; and Mr. Abhishek Bansal, CFO from the management team of Just Dial Limited.

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

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

**Abhishek Bansal:** Thank you, moderator. Hi, everyone. Welcome to Just Dial's Earnings Call for Fourth Quarter of Fiscal '24. Our operating revenue for the quarter stood at INR270.3 crores, witnessing 16.2% year-on-year growth. This growth is primarily driven by healthier collections, which we have witnessed during the past quarters. Our FY'24 collections have grown by about 17.7% on a year-on-year basis.

Fourth quarter collections stood at a healthy INR305 crores, growing 13.8% year-on-year. In terms of margins, we had robust 26.1% EBITDA margin for the quarter, which represented 334 basis points sequential improvement and about 11.8 percentage points on a year-on-year basis. Absolute EBITDA at INR70.6 crores for the quarter more than doubled year-on-year and grew about 17% sequentially.

Our total employee headcount now stands at about 12,800 employees, and the decline witnessed this year is a result of optimization across both sales and non-sales functions. In non-sales, automation and use of tech has allowed us to reduce manpower dependency for certain tasks. And in sales, we have tried to rationalize some low productivity workforce, and there is focus on better monetization from higher revenue-generating categories and geographies.

Our other expenses have been tightly controlled and witnessed 2% year-on-year decline led by about 12% lesser advertising on a year-on-year basis, and there was optimization of our communication expenses as well. Advertising spend stood at about INR5.6 crores for the quarter. For full year, FY'24 revenue had about 23.5% year-on-year growth, and EBITDA margins have improved to 20.8% from 10.2% the previous year.

Other income stood at INR91.3 crores for the quarter, which was above 22% higher sequentially due to MTM benefits that we had as a result of about 10 basis point decline in bond yields during the quarter. Profit before taxes stood at INR147.3 crores, growing 53% year-on-year and 22% on a sequential basis.

Effective tax rate stood at 21.5%, which is presently on higher side as bulk of our treasury, mark-to-market gains are currently short term in nature. And hence, provisioning for taxes happens at full tax rate. In current year FY'25, part of the treasury approximately INR2,800 crores will shift from short-term bucket. This is a three-year holding, and hence there will be some reversal in tax provisions done so far. So overall tax rate is likely to be lower for FY'25.

Profit after taxes for fiscal '24 stood at -- for fourth quarter stood at INR115.6 crores, growing about 38% year-on-year. Sequentially, it had about 25.6% growth. Deferred revenue was also healthy at INR508 crores, growing about 16% year-on-year.

Active paid campaigns at the end of the quarter stood at about 584,000 campaigns, which was up about 8.4% year-on-year, witnessing the addition of about 16,700 campaigns during the quarter. Average realizations have grown 7.2% year-on-year. So growth is coming as a mix of both campaign additions as well as increase in realizations. Overall, cash and investments stood at INR4,625 crores as on quarter end, growing about 13.7% year-on-year.

In terms of our traffic, total traffic stood at about 171 million unique users for the quarter, growing 7.5% year-on-year. Total listings now stand at 43.6 million, growing 19%. Overall, I would term FY'24 as a year of efficiency for us and the business has been able to deliver on almost all key operating metrics in a cost-efficient manner.

We have managed to grow top line this year largely via productivity increase and which is what is reflecting in healthy margins as we exit the year. Focus remains on having core business deliver top line and profitability growth in a steady manner.

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

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

**Vivekanand Subbaraman:** Abhishek, first of all, just starting off on the housekeeping questions with respect to the split of traffic across markets, split of paid campaigns and revenue. That's question number one. If you can answer that, then I'll move to the other ones.

**Abhishek Bansal:** So Vivek, top 11 cities contributed about 58% to our revenues. And campaign-wise, they contributed about 40%, 41%. As far as traffic goes, while I don't have the number handy, but I think Tier 2, Tier 3 cities would have contributed about 55% to our traffic.

**Vivekanand Subbaraman:** Okay. And as a follow-up, you are now growing your collections on a fairly normalized pace because all this while there was a favorable base as well till maybe most very recently, but now the base is also higher than pre-COVID levels. You had a couple of quarters ago or rather maybe a year ago, you had highlighted the realizable value of collections.

Can you help us with the equivalent number for this quarter, the INR305 crores that has been reported. What is the equivalent number, if I want to compare it versus pre-COVID times when you had lesser number of monthly campaigns?

**Abhishek Bansal:** So in terms of realizable value and the total collections that we had during the quarter, they were quite similar to each other. And like as you mentioned, while the base definitely has gone up, but in fourth quarter, we still had 14% year-on-year growth in overall collections of INR305 crores. And even for a full year basis, there was about 18% growth to INR1,112 crores. So yes, there is a -- the base is now normalized, but obviously, endeavor is to grow business sustainably on a sort of 15% plus run rate going forward.

**Vivekanand Subbaraman:** Right. Okay. So last year, as you collected -- you collected around INR945 crores and you ended the year with revenue of around INR1,043 crores, right? So there was still some growth compared to the collections during the year, I mean around 11% while you reported numbers. So this time, when we think about the FY'25 number, what are the variables that we should think about in looking at forecasting the FY'24 -- FY'25 revenue number based on the '24 collections and also your aspirations, if you would like to discuss that in terms of growth that would be great.

**Abhishek Bansal:** Okay. So couple of aspects on this. Firstly, the deferred revenue that we had at the end of the year was about INR508 crores, out of which almost 90% would be sort of a current component, which will get accrued as revenue during the year as services are rendered.

Apart from this, there is a component of monthly collections that we receive from customers where we have already signed them up and direct debits happen. So that particular money gets recognized as revenue as and when it comes. And then obviously, there will be the fresh sales that will happen during the year.

So as we stand today, difficult to forecast, just basis today's deferred revenue and my monthly sales, what would be the revenue? But as I mentioned, endeavor is that overall year should have about 15% plus growth in top line, and that is what we are aspiring for.

**Vivekanand Subbaraman:** Okay. And pressing a bit further on the revenue growth, I see that the contribution of non-top 11 markets have just been going up and up and up, how big is the market, the horizontal classifieds market in these Tier 2 and 3 cities? Can you tell us a bit more about the success that you had in markets outside top 11 cities with some examples because the numbers tell a good story, but it would be nice to hear your narrative on this front.

**Abhishek Bansal:** See, by and large, overall, our assessment is that India has about 65 million, 70 million SMEs and another, say, 10 million to 15 million are freelancers, such as gym instructor, yoga teacher, tennis coach, who are also potential listings for us, so which means 80 million, 85 million overall universe, against which my database currently is only, say, half of it at about 43 million listings.

Out of 43 million listings, about 60% of the businesses are in Tier 2, Tier 3 cities. So -- and against 43 million listings, if we see the unique number of customers in my paid campaigns that are only about 490,000. So that's why there is significant room for business to grow in Tier 1 as well as outside Tier 1 cities. Outside Tier 1 cities, my realizations are less than half of what I have in Tier 1. So that way, in these particular cities, I have both levers to sign up more customers and be able to take price hikes as well.

**Moderator:** Thank you. The next question is from the line of Priyank Chheda from Vallum Capital. Please go ahead.

**Priyank Chheda:** Hi, Abhishek. Just to continue on the previous aspect and the data which you shed, while the growth from the non-top 11 cities has been strong, while -- and as we accelerate that addition, our ARPU has been maintained at around INR18,500. How do we read this when -- I mean, is there a higher bundle packages, which are getting sold in Tier 2, 3? Or is there a simultaneous upscaling and upgradation happening in Tier 1 also?

**Abhishek Bansal:** So on ARPU, what we see it on a blended basis. So blended basis, you are right, that INR1,540 a month or INR18,500 annually has been sort of at the similar level if we compare it, say, 2, 3 years back. But there, the primary reason is that the share of Tier 2, Tier 3 cities by volume is going up. And in Tier 2, Tier 3 cities, whenever we enter a particular geography, we enter at a very entry level based pricing.

So against INR1,540 a month of my blended realization, my Tier 2, Tier 3 is only at about INR1,100, which is what lends this tailwind that there can be significant price increases in these cities as well because several of these particular cities such as Surat, Baroda, Agra, Lucknow, Kanpur, these are no longer cities where an SME cannot afford a listing of INR1,500 crores, INR2,000 a month.

**Priyank Chheda:** Right. So in that case, the current ARPU by design and mix should attract at the lower side, while it's been maintained. So just trying to understand what is driving that maintenance of that INR18,500 even at this level.

**Abhishek Bansal:** So ARPU has actually grown. So if you see for last quarter, our monthly revenue per campaign has increased 7.2% on a year-on-year basis. And that increase was there in both Tier 2, Tier 3 cities as well as party in Tier 1 as well. And that is led by price increases that we take in these particular geographies.

**Priyank Chheda:** Got it. So what I was actually coming from the -- is that we were supposed to take price hikes from this year from starting April. So, okay, I stand corrected over there. So that's mainly because of the price increases. Am I correct?

**Abhishek Bansal:** Yes.

**Priyank Chheda:** Okay, got it. And Abhishek, can you help me on the growth in B2B business, which we were targeting to increase, is that also helping us in terms of growing volumes and ARPU. If you can just share some data points around what is the total percentage volume that we get from B2B business and revenue.

**Abhishek Bansal:** So, for the full year, we had about 23.5% growth in our overall revenues. Against this, both B2B and B2C segment had very similar growth rates, just a difference of probably 100 basis points or so. So while we had initially been thinking that B2B will grow much faster than B2C, but B2C growth also has materialized fairly well, which augurs well for the business because that anyway is 3/4 of the overall business.

In terms of ticket size, B2B tends to have about 10% to 15% higher ticket size versus B2C. So volume-wise, campaign-wise contribution of B2B would be around 22-odd percent or so.

**Priyank Chheda:** Got it. Just a last question on the workforce addition and you rightly mentioned '24 has been the year of productivity increase. So what are the key strategic interventions that are actually playing out as well as if you can help us some data points on to how much of the listings are being done by using tech, and there was a concept of JD self-serve, what is kind of a revenue that we are accruing from that also will be helpful.

**Abhishek Bansal:** Sure. So on workforce optimization, so to say, across sales and non-sales, I come to non-sales first. So in non-sales, a lot of work is being done with the use of tech. For example, in case of listings as well as their products and services, we no longer have to rely solely on our manpower to get us that particular content. A lot of content gets generated by a use of technology. For example, images for products or particular merchant might have simply given me a name of a product as a coffee machine. But via AI-generated content, I am able to directly generate those particular images and not relying on any manual task.

So similarly, we sell add-on products such as banners to our customers. So earlier, there was a team that used to coordinate with that particular customer to actually create those particular banners. But now part of the banner creation is automated using just the information we have about that business, we are able to create those banners in an automated manner. So several of these initiatives on non-sales front have enabled us to get better productivity with lesser workforce.

On the sales front, while we did significant hiring in last year and previous year, what we tried to do this year was that the bottom 10%, 20% of the workforce, if they were not yielding desired output, we have tried to replace them with better leading talent, which is what is resulting us in this particular headcount reduction. And overall, my salary expenses also, for example, for last quarter were down about 3%, 4% on a year-on-year basis. So that is what has enabled us to be able to deliver top line growth with relatively lesser manpower. Having said that, we are keeping options open of adding, say, 4%, 5% workforce in the coming year because the fact is that in our country, SMEs still need a great amount of handholding.

On your query around the self-serve model. So what we have done is that we have taken this particular self-serve model live wherein a customer can come and directly sign up for their particular campaign online itself. In the first phase, what this company is enabling us is, it is generating a lot of hot leads for our sales team to prospect.

So the team that used to earlier do cold calling, versus that, they are now working on this particular hot leads data. And over time, this self-serve model will graduate into some percentage of customers converting online and so on. So while there is handholding that is still happening, but the good part is that all these initiatives of enabling self-serve, etcetera, are reducing my manpower dependency.

**Vivekanand Subbaraman:** Got it. Just on -- for my clarification. So we don't expect any significant price hikes coming up in FY'25 given the base where we are and given the mix that we will evolve going ahead, Am I correct?

**Abhishek Bansal:** No. So price hikes are a continuous process for us. Within price hikes also, there are two types of listings that we sell. One is the premium listings. In premium listings, price hikes are automatically taken on every monthly and quarterly basis, depending on how traffic is panning out in each of the key word geography combinations. So if a customer has signed up with me today, and I see that I'm delivering 15% higher inquiries to this customer, I pass on part of that 15% as price hike when the renewal is due.

The second is non-premium listings, where customer can pay whatever they want, subject to a certain floor price. That floor price, again, we take price hikes at a regular interval depending on how that particular geography is performing. So it's not that on a particular date, we take price hikes pan India, and we don't take subsequently for the rest of the year. That is not how it is. Overall target is that out of my 15%, 16% or whatever revenue growth materializes, half of it should materialize from volume growth and rest half of it from pricing increase.

**Moderator:** The next question is from the line of Swapnil Potdukhe from JM Financial. Please go ahead.

**Swapnil Potdukhe:** So I'd like to start with understanding which particular categories have you seen the additions are doing well, and if you can call out some categories, both in B2C as well as B2B.

**Abhishek Bansal:** So, Swapnil, category-wise, our revenue base is highly diversified. So no single category contributes more than 3% to 4% of the revenues. And in fact, if I just exclude the top 4, 5 broad categories, then it drops to category contribution being even less than 1%. So when there is this particular recovery, it is across the board. Two-thirds of the revenue is service-oriented revenue, categories such as pest-control services, spa salons, the entire healthcare pack, doctors, dentists, chemists, pathology labs, wedding-related categories such as caterers, banquet halls, and photographers.

So there is a broad growth across the spectrum. In a particular quarter, there could be seasonality for a certain category, et cetera, which might impact. But by and large, since revenue, as I said, is highly diversified. It's across categories.

**Swapnil Potdukhe:** Got it. And any particular reason that we are seeing good growth in the B2C businesses because what I understand is like prior to COVID, leave out the COVID period, but prior COVID, we used to see some pressures over there. But now we are seeing some bounce back over there. Is it just the fact that we are not seeing significant traction over the last 2, 3 years, during COVID and now some bit of it is coming back? Or is it like a sustainable thing you see the volume growth sustaining at a decent rate, especially in the B2C businesses.

**Abhishek Bansal:** So Swapnil, our assessment is that post COVID, SMEs have a far greater realization that they need to be present on an online platform such as Just Dial so that they can get discovered and they can get new comers. Every business needs new customers.

Second, the subscription fee that we charge is highly affordable. So the average ticket size of INR1,500 per month is, I mean, equivalent to probably a WiFi connection that, that SME might be opting to run their particular business. So I think the combination of these factors are helping us have this particular growth. And hopefully, it will be sustained as we keep moving forward.

**Swapnil Potdukhe:** Okay. And in terms of employee rationalization that you did mention about rationalization happening in -- both in sales as well as in non-sales. But, how much more can we expect from here on? I mean -- or the current level is the bottom and here on you instead would have to increase your workforce?

**Abhishek Bansal:** So as I mentioned earlier, on a continuous basis, endeavor is to automate as many functions as possible, automate as many processes as possible, so that might continue to help us deliver with lesser workforce, but the important part is that in this entire process, I might be reducing my headcount, but I might still be hiring good quality talent.

So the key is not absolute number of headcount, but overall employee expenses. And as I mentioned, on sales, etcetera, we are keeping our options open to add some bit of manpower. That also is subject to productivity increases. So my geographies which are operating at a high productivity level could still be allowed to expand more workforce, but other locations will be expected to sort of improve their efficiencies first.

**Swapnil Potdukhe:** Got it. And last question is on your margins. So this quarter, we exited at 26% plus, which is very close to our pre-COVID levels of around 28-point something, right? So how much more expansion should we factor in to the model wherein you will be okay with giving up on incremental margins and rather invest on growth. I mean how do you see from an expansion -- margin expansion perspective from the current levels vis-à-vis growth?

**Abhishek Bansal:** Okay. So the way we look at it is that versus top line growing anything above 7% to 8%, there is operating leverage that kicks in, in the system. My gross margin, which is my revenue less direct sales related costs, is about 54%, 55% or so. And my other expenses, I have been able to control them even flat on absolute terms.

So there is definitely scope for margins to expand further. But at the same time, we would take a cautious call that in case we need to step up our advertising, we would not be averse to do so because higher advertising will result in getting higher traffic, which will aid my monetization in subsequent quarters. So our first target was to hit a 25% kind of level. Now that we are above that particular level, we will see what portion of incremental margins should be deployed in advertising, which again would be in a calibrated manner and rest should flow in through P&L.

**Swapnil Potdukhe:** Is there any timeline in mind like when will you start your A&P spends or as of now, you're still yet to figure out?

**Abhishek Bansal:** So there is -- as I said, there isn't a specific time line on which we determine that, okay, now I need to deploy incremental margin on advertising, etcetera. For example, I would want my traffic to grow at least 12% to 15% on a year-on-year basis. If I organically see my traffic growing healthily, then which means that anyway, my customers are getting incremental benefits. And I might continue at my current advertising levels, but if I think that I need to step it up, then we would do it at that point of time.

Majority of the advertising spend anyway is digital in nature at this point of time, which can be sort of -- you can start, stop, pause those particular spends at any point of time?

**Swapnil Potdukhe:** So just extrapolating that point, you mentioned that you would ideally want your traffic to grow 12%, 13% kind of number. But now if you see you're growing 7-odd percent. Isn't it the right time to start investing? I mean, I'm just thinking aloud given that you mentioned those figures.

**Abhishek Bansal:** Yes, definitely. So internally, we are already looking at it. As we enter into summer months, traffic tends to have organic pickup itself. So we are very consciously evaluating what kind of advertising that we should do.

**Moderator:** The next question is from the line of Hemal, who is an investor. Please go ahead.

**Hemal:** Congratulations for a good set of numbers. I just wanted to clarify 2 things. One, you said you're moving your investments of INR2,800 crores from short to long. Does that mean your duration which you guided like 3 years, is that going to go further higher up to 4 or 5 years?

**Abhishek Bansal:** Okay. Let me clarify on this. The INR2,800 crores that I mentioned in my opening remarks, that will automatically shift from short-term bucket to long-term bucket because that amount was deployed sometime in September 2021. So as we go into September, October 2024, it would have crossed a 3-year holding period.

We will not redeem those particular investments. just that accounting wise, as you crossed that particular 3-year holding period, you have to recognize cumulative taxes on long-term tax slabs, which are lesser than short-term tax slabs. So as a result, there will be a reversal of past tax provisions that have been done.

**Hemal:** So the effective tax rate in the ballpark would be less than 20% this time around FY'25?

**Abhishek Bansal:** FY'25 could be even close to or less than 10% overall.

**Hemal:** The effective tax rate.

**Abhishek Bansal:** Effective tax rate, so just to give some understanding there. So my deferred tax liability is about INR110 crores as on year-end. And against those INR110 crores deferred tax liabilities, there will be a reversal of about INR45 crores, INR50 crores for next year. So there will be INR50 crores negative tax provisioning in next year, which is what will bring down my overall effective tax rate.

**Hemal:** My second question is any update on what's happening with Jio or Reliance, any integration news that you can share?

**Abhishek Bansal:** So there are works in progress. So if you see on our app, some of their platforms are already integrated. The vice versa integrations wherein our particular platforms are listed on MyJio, etcetera. They are also work in progress. Having said that, at this point of time, one might say that this progress has been relatively slower, but that is because that we don't expect or we are not building in meaningful traffic contribution from these sources at this point of time because anyway, a good chunk of 3/4 of the traffic originates from third-party search platform.

**Hemal:** No. Why I was asking is that what is the strategic like -- I'm sure you've thought of it is when you're integrating or doing these activities, what is the opportunity size for you as Just Dial doing these activities? Is there a potential revenue 2, 3 year when 1 year out? Is there any thought that you can share? Or is it just figuring it out and testing the waters?

**Abhishek Bansal:** There is a concrete thought process. I'll give one particular example where we are working. For example, we are working closely with the JioAds team. So, the idea is that for our properties such as IPL, where advertising is mostly by corporates and can we actually make that advertising become hyper local in nature? Because a lot of users are consuming content on their mobile devices. And on mobile devices, you exactly know the location of that particular user.

So if a particular business wants to advertise in areas such as Malad West and Gorgon West, they can possibly do it. And since Just Dial has existing relationships with these SMEs, Just Dial can be the platform, which can actually get these particular SMEs to advertise on these channels. And obviously, there will be revenue sharing, et cetera, on these initiatives.

So there are thoughts in pipeline, but our endeavor has been to get our core business back on a steady state path and at the same time, explore these adjacencies.

**Hemal:** My absolute final question is that you -- we keep on mentioning that like -- so we spent INR25 crores in advertising, I guess, approximately around that this year, in this financial year. What is the -- like so when you increase that advertising budget, from your past experiences, is that a linear relationship to how much it can contribute in the future to your active listings and then to your campaigns? Is that -- any linear models out there or is it just a hypothesis?

**Abhishek Bansal:** So good question. I would say that there tends to be a benefit with the lag. For example, when I advertise today, I end up getting more traffic. When I get more traffic, my existing customers benefit. When their renewals are due, they are more amenable to giving me price hikes. At the same time, better word of mouth enables me to sign up newer customers. So it is difficult to say that if I step up my advertising 20%, 50%, then 6 months down the line, I will have x percent extra revenue or listings, etcetera. But by and large, the business is that you get more traffic, which will result into better monetization, which will obviously result into better profitability in future.

**Moderator:** The next question is from the line of Sudharsan Nachimuthu from Prosperity Wealth Management. Please go ahead.

**Sudharsan Nachimuthu:** So my question is on your churn rate actually. So can you give a breakup of churn rate between B2C and B2B?

**Abhishek Bansal:** So Sudharsan, we do not specifically segregate churn rate between B2B and B2C. Having said that, in the past over a longer time period, our 1-year retention rates have been typically about 55-odd percent or so. And there are obviously reasons for the rest 45%. One, there is part churn due to natural attrition or natural shutdown of businesses.

Second, in our case, if a customer has decided to stop their campaign, doesn't mean that they have churned out for life, they might come back into the paid ecosystem 1 quarter, 2 quarters, 1 year later as well.

The good thing that we have done now over the last couple of years is we are selling more campaigns on monthly plan basis. What happens in a monthly plan basis, the campaign is highly affordable. The person is not evaluating on a day-to-day basis that for the INR20,000, INR25,000 investment that they have done, what is the outcome they are getting. Whereas if they are spending just INR2,000 a month, that is helping us retain customers much better. So current retention rates versus our long-term history are 3 to 4 percentage points better.

**Sudharsan Nachimuthu:** And coming to my next question, so during your pre-COVID levels on a base of 29.5 million listings, you had a revenue of INR950 crores and paid campaign of 530,000 paid campaigns. Compared to the current rate that 43 million listing, your revenue, is that your pre-COVID levels and your paid campaigns are a bit better than your pre-COVID levels? So you've increased your listings, but you haven't ramped up your advertising spends to taken the inorganic traffic to match those listings. So could you please guide on what is going to be the future trajectory of your ad expenses? And will this revenue to your listings ratio go up in coming quarters?

**Abhishek Bansal:** See, on listing additions, yes, we have had very strong listings additions over last couple of years, and that has been aided by a use of a lot of technology and online data availability from various platforms plus we have also done certain tie-ups with certain governments. All that is enabling us to augment our listing database in a very fast and efficient manner.

Having said that, on advertising, long term, we would think that this business definitely needs 5% to 6% of top line going into advertising on a sustainable basis? And as I mentioned earlier, that this is how traffic growth is panning out, we would accordingly calibrate our advertising.

**Sudharsan Nachimuthu:** Okay, sir. And during your previous calls, you mentioned once you hit the 25% margins mark, you might consider deploying the incremental margins into advertisement. So, I believe you have increased that target to 26%, 27%, if I'm not wrong, as of this morning. And what was the reason for it?

**Abhishek Bansal:** Okay. So couple of quarters back, we were communicating that we are targeting to end the year or exit the year with, say, 25% kind of margin levels. Now definitely, we have done better both on top line as well as cost controls, which has enabled us to deliver 26% EBITDA margins. Now this 26% EBITDA margin is coming with only about INR21 crores of annual advertising. I have optimized a lot on my advertising as well.

So for fiscal '25, while there is ample room for margins to grow solely because there is good operating leverage that exists in a business, part of that incremental margins can be deployed in advertising. So there could be a scenario where advertising has stepped up, still there is margin expansion taking place.

**Moderator:** The next question is from the line of Lavanya Tottala from UBS. Please go ahead.

**Lavanya Tottala:** Abhishek, congratulations on a good set of numbers. So I just joined a bit late. I just wanted to check if you have commented on existing cash and plan on how to use it?

**Abhishek Bansal:** So Lavanya, the cash balance of INR4,625 crores, so right now, and is yielding 7.2% pre-tax for us. And at this point of time, there is no concrete decision on either deployment or distribution of this cash. So as and when we have clarity, we will accordingly communicate.

**Lavanya Tottala:** Got it. Just overall the valuations are also more or less back to the levels the money has been raised. So that was the reason I was checking if you would look at planning any utilization of this cash in the near term.

**Abhishek Bansal:** Yes. So as I've said, either deployment or distribution, both options are open. So far, focus has been to get the core business back on a steady state growth part. So sooner than later, we would be sort of -- once we hear from the Board on this, then accordingly, we will communicate.

**Lavanya Tottala:** Got it. So just on the tax thing, which you have commented earlier, for FY'25, it will be over at 10%, but FY'26, we should be back to the normalized levels, right?

**Abhishek Bansal:** Yes, we should be back to normalized level, and that normalized level should be determined basis my core operating income getting taxed at almost full tax rate of about 25-odd percent and majority of my treasury income getting taxed at 11%, 12% tax rate that gets taxed at 20% with indexation. But the incremental cash flows that we are getting and which we are deploying, there it is, again, our corporate tax rate. So our assessment just as a ballpark number, it could be around 18%, 19% beyond FY'25.

**Lavanya Tottala:** Got it. So just one more question, if I may. So on B2B, which you mentioned that the growth has been slower than expected. Any specific reasons why it was slower than expected?

**Abhishek Bansal:** No. I mentioned that B2C has been stronger than expected. So not that B2B has been lower. But while we're thinking that B2B itself will become one-third of our revenues by now or in another one year or so, but since B2C has seen strong recovery, that is the reason that the B2B share is still about 26%.

**Lavanya Tottala:** Okay. Do you see this now that we have almost the base is normalized, do you see the B2B contribution increasing in the upcoming year FY'25?

**Abhishek Bansal:** B2B contribution could possibly increase going forward. But now the B2B monetization happens via 2 teams. One, there is a dedicated team that solely works on B2B. Second, my existing feet on street, which works on B2C data primarily. They also tend to monetize some of the B2B listings. For example, if I have a feet on street in Kalbadevi, that person might actually walk into a wholesale store and convert them because the principle of monetization remains the same. So from that particular perspective, yes, B2B should have higher, but we are not that obsessed with how much growth from B2B versus B2C. The bigger objective is that the overall revenue growth target should be achieved.

**Moderator:** The next question is from the line of Sonal Minhas from Prescient Capital. Please go ahead.

**Sonal Minhas:** Sir, I was looking at the active paid campaigns have shown a healthy growth in this quarter. But when we compare this to last 2 to 3 quarters, the trend was kind of flattish. So just trying to understand subjectively that if I were to understand this from an outside perspective, is there just being in the last quarter of the year, is there overbooking? Is there some targets which basically need to be made because of which this is -- there is a bump up here. And the subsequent quarters thereafter, basically, the numbers would be kind of lesser in terms of growth compared to what we see now. So just trying to understand this.

**Abhishek Bansal:** Sure. On paid campaigns, the way we look at it is that we target a certain growth rate on a full year basis and there could be quarterly fluctuations. For example, last quarter, we had only 6,000, 7,000 net paid campaign additions, which we had explained that partly it was due to impact of festival weeks and the fourth quarter tends to be a seasonally strong quarter. So there could be a possibility that the subsequent quarter may or may not have the exact same level of campaign additions. So it should be looked at, at least on an annual basis rather than just on a sequential trajectory?

**Sonal Minhas:** Got it. Okay. My second question, more subjective inputs in terms of KPIs you have as a company, as a team for FY'25 on the operational side, one which you mentioned was traffic growth, but are they like some 2, 3 operating parameters which you want to work on, which are nonfinancial, but more on the operational side, whether it is traffic, whether it is the amount of data enrichment on the app, if you could share that, that will just help to add some color to the numbers.

**Abhishek Bansal:** So definitely, the -- apart from monetization, the 2 key functions, 1 is product tech, second content traffic. Every single function has their specific KPIs. For example, on the content side, one is addition of listings. Second is content in those listings in terms of products and services. So we are in the process of creating service catalogs for categories such as spas, gyms, coaching institutes, et cetera, then similarly, on the traffic side, we segregate it into organic growth versus inorganic growth. And that is how KPIs are defined, nonfinancial ones.

**Sonal Minhas:** So, are there some big product launches or something feature launches which you are planning in FY'25 just on top of what you have?

**Abhishek Bansal:** So on the core business, there are continuous improvements on the content side. As I said, that service catalogs are key that we are working on, two-thirds revenue comes from service-oriented categories, so if I can actually tell you that in a particular gym, what are the various membership lines out there that will enrich my data much more.

At the same time, we are working on enhancing tools for SMEs as well. So while there is a lead management system that we have, we are enhancing its capabilities such that a merchant can even manage their third-party or any other platform leads through our particular module itself. They could sort of do all that at one place. So the idea is for the core business, improve features that will get better user engagement, at the same time, improve our customer experience on our platform.

**Moderator:** The next question is from the line of Abhisek Banerjee from ICICI. Please go ahead.

**Abhisek Banerjee:** Congratulations on a great set of numbers. Abhishek, just a couple of questions. First, have you shared the proportion of annual vis-à-vis monthly subscriptions in this quarter?

**Abhishek Bansal:** So, in this particular quarter, it was about 40% monthly in nature and about 60% -- sorry, 40% upfront in nature and 60% monthly in nature.

**Abhisek Banerjee:** Okay. So if -- on an annualized basis, what would be the right kind of number to think about?

**Abhishek Bansal:** So one way to look at it is my overall active paid campaigns that I'm having at this point of time, out of those, so 56%, 57% are on monthly plans right now.

**Abhisek Banerjee:** Okay. Got it. And you were saying that your churn has come down to about 40% levels, right?

**Abhishek Bansal:** Yes. It has reduced by 3 to 4 percentage points.

**Abhisek Banerjee:** But isn't that a little counterintuitive as you're giving your customers more opportunities to exit, right? Given it's a monthly subscription. And yet you are seeing the churn numbers actually go down. I mean how are you reconciling that bit?

**Abhishek Bansal:** So the monthly plans are perpetual in nature. So they auto renew at the end of the year. So it's like SIP. Once we have set it, that keeps continuing.

**Abhisek Banerjee:** Got it. So basically, it is a proper subscription model for maybe an iTunes or something where people might not be as focused on.

**Abhishek Bansal:** Yes. So you have taken our Netflix subscription. There might be months you might not have watched even a single content. But till the time, broadly, you think that, yes, this particular subscription adds value to me, you let your INR2,000 a month continue.

**Abhisek Banerjee:** That's interesting. Second question is with regards to your churn in employees. So correct me if I'm wrong, Abhishek, but what -- from whatever I've understood is that there is a learning curve involved when you hire new people, right? So given that you are already talking about maybe 5% kind of additions next year, what was the rationale in allowing so many people to churn out, wouldn't be cheaper to maybe retain these people given they were trained and all. So if you could give some clarity on that.

**Abhishek Bansal:** Okay. So the point that you mentioned that there is a time factor involved in actually training the employee, making it productive, part of the reason there is also the quality of data that -- or the assignments that the salesperson works on. So earlier, there was a team that used to work on cold calling SMEs and trying to convince them to become paid subscribers. But now through various sources, I get much more hot data or hot leads. So I get those particular leads where customer has shown some inclination to be associated with Just Dial.

As a result, the time taken to ramp up has come down substantially for this entry level team. Long term, the idea is that in-house sales team should work as much as possible on upgrading existing customers, doing renewals, et cetera. And for fresh acquisitions, it should happen via hot data or any self-serve model, etcetera.

**Abhisek Banerjee:** Got it. But in terms of new acquisitions, I understand that signing them up is one thing, getting the go-ahead is one thing. But there is also a process of KYC and all of that involved it. Some paperwork has to be involved. So would you not really need more people to do that part of the business?

**Abhishek Bansal:** Okay. So a lot of KYC again, has been automated. There are e-KYC mediums that are being adopted today. So once a customer has come into the ecosystem, we send them a link where they have an option of uploading their particular various KYC-related documents. There is definitely a need of handholding to be done for SMEs. And that is why I mentioned earlier that if there is an appropriate need, we are okay adding more manpower. It's not that we don't want to add at all.

The idea is that, that particular manpower should become productive as soon as possible. And we should do additions only in geographies which are above our certain benchmark of productivity level.

**Abhisek Banerjee:** Got it. So that point, I didn't note. And in terms of the growth rates that one should be kind of building out here on, right? So there has been some lowering of the revenue trajectory. Do you think that probably a 15% to 16% kind of a revenue growth rate is a more -- it's a better benchmark to judge you against vis-à-vis our 20% kind of a revenue growth trajectory? Or should we think maybe probably 12% to 15% would be a better benchmark?

**Abhishek Bansal:** So Abhisek, beyond a certain point, right? It is very difficult for even us to be able to forecast whether I can do 12% to 15% or can it be 18% to 20%. We assess it on a quarter-by-quarter basis, basis. This is how ecosystem is currently for SMEs. We think that 15% plus is what if we are able to do in a very cost-effective manner, it could still enable me to grow my EBITDA by 30% plus.

So the idea is that rather than just chasing top line, decent or healthy top line growth with even healthier growth in profits is what the aim is.

**Abhisek Banerjee:** Got it. But you mentioned -- you actually mentioned that unless and until you are growing at 8% or 9% revenue, there is some leverage efficiencies of scale, which will help you expand margins, right? Now from what I understand about 34%, 35% is kind of the max in terms of

EBITDA margin that your business is willing to show -- I mean, companies in your business is willing to show. So does that mean that from here on, maybe 20 bps will go into advertising because there also, there seems to be some need of bringing back more traffic into your platform?

**Abhishek Bansal:** See, today, we are standing at 26.1%, right? And my last full year margin was 20.8%. So if I do 25% theoretically for full year, I would still have on a full year basis, 400 basis point annual margin accretion. So we would take it quarter-by-quarter. Let us see how things pan out. Once I cross 30% or the numbers that you mentioned, 34%, 35%, we will assess what to do with the incremental margins there?

**Moderator:** Ladies and gentlemen, due to time constraints, the last question is from the line of Saumil Shah from Paris Investments. Please go ahead.

**Saumil Shah:** Congrats on a very good set of numbers. My question is on our active paid campaigns. I mean how much can we grow for the coming quarter or the coming financial year? Because -- I mean March quarter is always a stronger quarter. So can we see a dip in June quarter and again, we can grow in the next quarters or it would be a linear growth?

**Abhishek Bansal:** So Saumil, as I mentioned earlier also, it will definitely not be a linear growth. Our endeavor is to grow campaigns by 8% to 9% on overall annual basis. Now that increase could materialize partly in first half, rest again in second half. So that variation -- quarter wise variations could be there.

**Saumil Shah:** Okay. And Abhishek, in last con-call, you mentioned that if we compare with global peers like Google, our debt and breadth of our results on Just Dial will be much superior. So for example, if we search a laptop retail shop in Malad, this is the example of what you gave, the number of choices we have will be much superior, but now when I search -- then the first 2 options come is Lamington Road and then Borivali, then Vashi and then Malad.

So I just wanted to understand that if I'm searching something in Malad West, first option should be Malad and later other locations, so how does this work? Is it that the paid advertisers come first, irrespective of nearby locations? I mean, I just wanted to understand.

**Abhishek Bansal:** Okay. So the way it works is that in case of categories where merchant is willing to come to your doorstep to render the services, there might be a far off merchant also that might show up. Ultimately, if you are searching for, say, packers and movers, you don't care whether the merchant is located 10 kilometers away or 1 kilometer away.

So the merchants have an option to specify which geographies they want to advertise and that is how they actually show up. So if you call one of those particular merchants, likely they will agree to come to your doorstep and render the desired service.

**Saumil Shah:** Okay. So basically, the paid advertisers come first, if my understanding is correct.

**Abhishek Bansal:** Yes. Definitely, paid advertisers come first, but not compromising user experience. So if you're searching for a category such as chemists or restaurants, there is -- we will definitely show the nearby paid customers. In case I don't have them, then I might show even the non-paid results from that particular area.

**Moderator:** Thank you. Ladies and gentlemen, that was the last question for the question-and-answer session. 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 do reach out to us. We would 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.