

Just Dial

Rs 842
Enables discovery and transactions for local businesses

Sensex: 70,701

Nifty: 21,353

FINANCIALS SUMMARY

	SALES	OPM (%)	OP	OTHER INCOME	PBIT	INTEREST	PBDT	DEPRECIATION	PBT	TAX	PAT	EPS (Rs)*
2103 (12)	675.18	22.9	154.85	149.52	304.37	7.4	296.97	42.33	254.64	40.48	214.16	25.2
2203 (12)	646.95	-0.3	-2.16	122.16	120	6.84	113.16	29.87	83.29	12.46	70.83	8.3
2303 (12)	844.76	10.2	85.75	141.91	227.66	7.67	219.99	32.16	187.83	25.11	162.72	19.1
2403 (12P)	1046.97	19.9	208.48	303.9	512.39	9.27	503.12	46.61	456.51	105.05	351.46	41.3
2503 (12P)	1109.78	22	244.15	349.49	593.64	10.01	583.63	53.6	530.03	127.74	402.29	47.3

* On Current Paid up equity capital of Rs 85.03 crore, Face value Rs 10. Figures in crore
Source: Capitaline Databases

Dust Dial is one of the leading Indian local search engine and local discovery platforms, that provides a comprehensive listing of businesses, products, and services across various categories. The platform of the company allows users to search for local businesses, products, and services, as well as provide ratings and reviews to help users make informed decisions. In addition to this, Justdial also offers an expansive range of value-added services such as a payment gateway, interactive digital catalogue, map-aided search and more, meeting all the digital needs of small and medium businesses on one platform.

Reliance Retail Ventures (RRVL), a subsidiary of Reliance Industries is the parent company, holds about 63.85% stake as end of Dec 31, 2023. The original promoters/ Promoter group VSS Mani Family holds 10.46% stake in the company of which 99.98% is pledged.

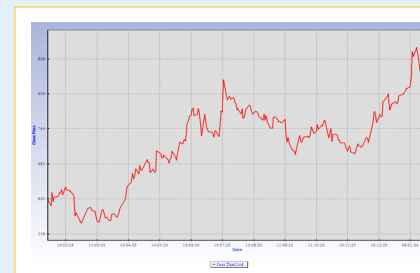
Strong brand with experience in local Indian market and comprehensive database/platform/services

As end of Dec 2023, it has 41.6 million listings. Its network has extended to more than 11,000 pin codes spread across over 250 cities, making it one of the largest local searches company in the country. The widespread geographical presence allows it to offer localized search results and services to its user base that is spread across India. This makes the company the trusted name in finding information on local businesses, services, and products.

The popular platforms of the company are JD App (an Android and iOS apps of the company that provide one-stop solution for all consumer requirements.) and JD Mart (a B2B marketplace for SMEs to meet their business needs).

Over the years, the company has continually expanded its offerings introducing various value-added services like JD Omni, JD Pay, JD Ratings, JD Analytics among others.

JD Omni is a product that bolsters the digitalization of SME businesses by aiding their offline to online transformation. JD Pay facilitates an easy solution for quick digital payments, enhancing convenience for both merchants and consumers (end-users). JD Analytics is a dashboard that provides insight for customer actions for their business, leads across various platforms, missed lead alerts, ability to respond to reviews, competition and category trends, customer feedback in terms of voice of customer



STOCK DATA

BSE Code	:	535648
BSE Group	:	A
NSE Code	:	JUSTDIAL
Bloomberg	:	JUST IN
Reuters	:	JUST.BO
Par Value	:	Rs 10
52-week High/Low	:	Rs 946 / 565
Sector	:	E-Commerce/App based Aggregator

SHAREHOLDING PATTERN*

Category	% of equity
Foreign	: 5.13
Institutions	: 8.89
Govt Holding	: 0.00
Corporate Holding	: 1.25
Promoters	: 74.30
Public & Others	: 10.43
Totals	: 100

* as on 31/12/2023. Source: Capitaline Databases

and quick access to customer support. The JD Analytics dashboard serves as a one-stop solution for their daily needs.

Also for customers, the company develops mobile-friendly customized websites based on its customer's business scope and budget. The website is equipped with payment facilities and interactive interfaces.

In FY23, about 62% of its revenue comes from the top 11 cities in India, with Tier-II and Tier-III cities constituting of balance 38% of the top line. The company stepped up efforts to deepen its reach in smaller towns and cities that are witnessing a rapid growth in internet usage.

Subscription based business model

The revenue model of the company is subscription based. It offers customized packages at different price points based on the nature of the business, the geographies they cater to, and the type of listing plans opted for (premium or nonpremium), among other criteria.

A paid Advertiser pay a fixed fee to run search led advertising campaigns for their businesses on Justdial's platforms and the placement in the search result depends on the type of listing packages the customer opted for i.e. premium, non premium etc. Premium advertisers get priority positioning in the category searches, commanding higher visibility. Nonpremium packages are listed in category searches in the order of the contribution made by the advertiser vis-à-vis others.

All subscription fees are collected in advance and thus the receivables will be zero with advantage of negative working capital.

In the case of annual subscriptions, customers pay a lump sum in advance for the services they require. The company has also introduced a monthly subscription model, which allows customers to experience the services without a huge financial commitment. New customers typically choose a monthly subscription, while repeat customers prefer an annual subscription.

Customer retention, which historically stood at 55% has seen 3-4% point improvement as the company has adopted a monthly plan strategy now for the last about almost 6 to 8 quarters. Under this monthly plan strategy at the end of each year, there is an auto renewal that happens for that particular monthly plan customer and this helps the company with better retention of customers. In Q3FY24 end about 58%- 59% of the overall paid campaigns are from monthly plan customers.

Presence in both B2C and B2B

B2C oriented categories accounts for about 75-80% of the revenue of the company. Share of B2B business to revenue at this point of time, is similar to last few quarters at about 25-26% (i.e. 25.5%). Since B2C has seen a good recovery this year, the share of B2B was range bound at 25-26% for the last 3-4 quarters. Though the company want its B2B related revenue to grow irrespective of how B2C fares, both set of categories are doing relatively well currently. The company has a dedicated team for B2B, which continue to monetize only B2B, but the other team they do focus on monetizing both B2C as well as B2B listings.

Business on strong recovery after 2 years of COVID impact

The database as end of Q3FY24, grew 18.8%YoY to 41.6 million listings (36.5 million as end of FY23, which is up 14.4%YoY) across the country. The paid campaigns grew 8.6%YoY to 566955 as on Dec 31, 2023.

Its network has extended to more than 11,000 pin codes spread across over 250 cities

It offers customized packages at different price points based on the nature of the business, the geographies they cater to, and the type of listing plans opted for

Quarterly unique visitors stood at 165.9 million in Q3FY24. A large part of traffic comes through the mobile platform. Of the total traffic about 85.2% is mobile, 11.4% is desktop and 3.4% is voice.

The company is continuously enriching its content to offer superior search results to the end users.

Profitability of core business improves

For the quarter ended Dec 2023, the revenue stood at Rs 265.05 crore, a rise of 20%YoY and 2%QoQ. But with OPM jump by 1050 bps YoY and 310 bps QoQ respectively the operating profit was higher at Rs 60.37 crore, a growth of 122%YoY and 24%QoQ. With other income stand higher at Rs 74.85 crore, a rise of 5%YoY and 29%QoQ, the PBIDT was Rs 135.22 crore, a jump of 37%YoY and 27%QoQ. Eventually the net profit attributable to owners was Rs 92.01 crore, a growth of 22%YoY and 28% QoQ.

For the nine month ended Dec 31,2023, revenue increased by 26% to Rs 772.64 crore. Operating profit margins increased from 8.6% to 18.9%, leading to 178% jump in operating profit to Rs 145.83 crore. The PBIDT was up 199% to Rs 360 crore with OI higher by 216% to Rs 214.17 crore. PBT stood higher by sharp 247% to Rs 319.13 crore. With taxation jump by 455% to Rs 71.94 crore, the PAT was higher by strong 212% to Rs 247.19 crore.

The balance sheet of the company is strong with zero debt and strong cash position. Overall, cash and investments as end of Dec 2023 stood at Rs 4405 crore, a growth of 12%YoY and 3%QoQ.

Outlook

Acceleration in digital adoption among SMEs along with strong untapped potential with just a small portion of MSMEs in the country in true sense has digital engagement there is strong growth opportunity for the company.

Some of the initiatives are on with other arms of Reliance Group i.e. Jio such as MyJio integration, bringing SMEs on to JioAds platform etc. But at this point of time both revenue and profitability targets do not consider any contribution from these new group synergies.

The company whose active paid campaigns that grew by modest 1%QoQ in Q3FY24 due to impact of festive weeks is expected to see strong growth in Q4FY24.

The operating margin which stood at 28.6% in FY20 was impacted by lockdowns to curtail corona pandemic and it is on strong recovery at stood at 18.9% in 9mFY23 and 22.8% in Q3FY24. Still there is significant operating leverage to capitalize and thus margins could go north of 25% as well. So growth in revenue and benefits of cost pruning are to drive the margin further going forward.

Moreover, RBI is likely to cut interest rates in calendar year 2024, which will help yields to come down, leading to surge in treasury gains. With sizeable portion of Rs 4405 crore of cash and investments as of Dec 31, 2023, parked in debt oriented mutual funds and bonds by Just Dial, the treasury gains of the company is expected to rise in 2024-25.

Once the company achieves 25% margin threshold, it will see that incremental margins being ploughed back into the business via advertising to gain additional traffic. Better/increased traffic automatically helps the company to better monetize in long run.

B2C oriented categories accounts for about 75-80% of the revenue of the company

Cash and investments as end of Dec 2023 stood at Rs 4405 crore, a growth of 12%YoY and 3%QoQ

Overall the company guided for top line growth of around 20% plus levels with about 25% EBITDA margins.

Valuation

We expect the company to register consolidated EPS of Rs 41.3 in FY24 and Rs 47.3 in FY25. At current market price of Rs 842, the scrip trades at about 17.8 times of its expected FY25 EPS.

There is significant operating leverage to capitalize and thus margins could go north of 25%

JUST DIAL : CONSOLIDATED RESULTS

	2312 (3)	2309 (3)	Var.(%)	2212 (3)	Var.(%)	2312 (9)	2212 (9)	Var.(%)	2303 (12)	2203 (12)	Var.(%)
Sales	265.05	260.61	2	221.37	20	772.64	612.23	26	844.76	646.95	31
OPM (%)	22.8	18.7		12.3		18.9	8.6		10.2	-0.3	
OP	60.37	48.77	24	27.17	122	145.83	52.55	178	85.75	-2.16	-4070
Other inc.	74.85	57.92	29	71.24	5	214.17	67.75	216	141.91	122.16	16
PBIDT	135.22	106.69	27	98.41	37	360.00	120.30	199	227.66	120.00	90
Interest	2.17	2.39	-9	2.25		6.50	5.06	28	7.67	6.84	
PBDT	133.05	104.30	28	96.16	38	353.50	115.24	207	219.99	113.16	94
Dep.	12.12	12.21	-1	8.47	43	34.37	23.16	48	32.16	29.87	8
PBT	120.93	92.09	31	87.69	38	319.13	92.08	247	187.83	83.29	126
Tax	28.92	20.31	42	12.37	134	71.94	12.96	455	25.11	12.46	102
PAT	92.01	71.78	28	75.32	22	247.19	79.12	212	162.72	70.83	130
EPS (Rs)*	43.3	33.8		35.4		38.8	12.4		19.1	8.3	

* On Current Paid up equity capital of Rs 85.03 crore, Face value Rs 10. Figures in crore. E0: Extraordinary items. EPS is adjusted after E0 and relevant tax.
Source: Capitaline Databases