

JUST DIAL

COMPANY UPDATE

KEY DATA

Rating	BUY
Sector relative	Outperformer
Price (INR)	825
12 month price target (INR)	1,140
52 Week High/Low	1,395/755
Market cap (INR bn/USD bn)	67/0.8
Free float (%)	25.6
Avg. daily value traded (INR mn)	329.6

SHAREHOLDING PATTERN

	Dec-24	Sep-24	Jun-24
Promoter	74.15%	74.15%	74.18%
FII	7.33%	7.82%	6.96%
DII	8.32%	8.38%	8.86%
Pledge	%	%	%

FINANCIALS

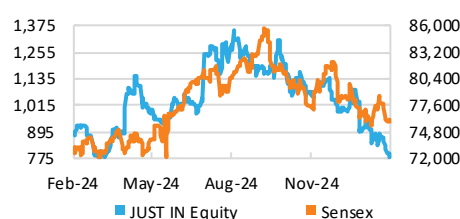
(INR mn)

Year to March	FY24A	FY25E	FY26E	FY27E
Revenue	10,429	11,429	12,215	12,983
EBITDA	2,166	3,374	3,671	3,860
Adjusted profit	3,629	5,636	5,122	5,140
Diluted EPS (INR)	42.7	66.3	60.2	60.4
EPS growth (%)	122.8	55.3	(9.1)	0.4
RoAE (%)	9.4	13.1	11.2	11.2
P/E (x)	17.8	11.5	12.6	12.6
EV/EBITDA (x)	8.4	4.0	3.6	3.3
Dividend yield (%)	0	0	7.9	8.0

CHANGE IN ESTIMATES

	Revised estimates		% Revision	
Year to March	FY25E	FY26E	FY25E	FY26E
Revenue	11,429	12,215	0.0%	0.0%
EBITDA	3,374	3,671	0.0%	0.0%
Adjusted profit	5,636	5,122	0.5%	3.1%
Diluted EPS (INR)	66.3	60.2	0.5%	3.8%

PRICE PERFORMANCE



Time to dial up an upgrade

We are upgrading Just Dial (JD) to 'BUY' (from 'HOLD') as the stock looks extremely attractive with the core business available at a compelling value on market cap adjusted for cash. We have had a negative view on JD's growth prospects for a while, and the company has been facing serious growth challenges for the last two quarters. Even as we continue to believe growth challenges shall persist, the valuation is compelling enough to warrant an upgrade.

Our upgrade comes with a few tweaks in the model—we are not assuming a dividend in FY25E, but continue to reckon 100% of net income as dividend in FY26E and FY27E—in line with management commentary. Our DCF yields an unchanged TP of INR1,140.

Core business valuation is very attractive

JD has been retaining cash generated from operation instead of returning it to its shareholders. It has thus accumulated ~INR50.6bn in cash & cash equivalent end-Dec-24), contributing ~72% to its total market cap. At the Q1FY25 call, management had committed to return 100% of new income back to shareholders going forward.

Besides, JD will likely generate ~INR1.2bn in cash over the next two years. We have analysed the stock's valuation under two scenarios: i) [Scenario 1](#): Market cap at ~INR70bn and cash at ~INR62.6bn if JD does not distribute dividends while the core business is available at ~3x PE—close to lowest historically. ii) [Scenario 2](#): If JD begins to pay out dividends from FY26, it would be available at a very attractive dividend yield of ~7.3%. In both scenarios, we believe JD offers a very reasonable valuation and a value 'BUY'.

Moderate growth outlook

In the beginning of FY25, management set a 15% YoY growth target, but this now appears unachievable due to weaker-than-expected growth over the last two quarters. Collections growth during 9MFY25 slowed to 5.6% YoY compared with 17.7% growth in FY24. Similarly, deferred revenue growth during 9MFY25 slowed to 9.5% YoY from 20.8% YoY in FY24. Revenue growth should ultimately follow collections growth and would slow further going ahead. Sales strength is now back to pre-covid levels, decline by 419 to 9,765 in Q3FY25 as JD is focusing on profitability by reducing investments.

EBITDA margin improved by 130bp QoQ in Q3FY25. We expect EBITDA margin to remain largely stable despite the slowdown in revenue growth due to cost reduction measures taken by management. Additional cut in investment might lead to further improvement in margins in the short term.

Tempting valuation calls for an upgrade

JD is an asset-light business generating an EBITDA margin of 30% with high cash conversion. Its market-cap has corrected 20% since its Q3FY25 results, but its core market cap ex-cash has corrected by 47.6%. In fact, JD's valuation is close to its lowest point ex-covid ([refer to Exhibit 3](#)).

Financial Statements

Income Statement (INR mn)

Year to March	FY24A	FY25E	FY26E	FY27E
Total operating income	10,429	11,429	12,215	12,983
Gross profit	3,231	4,510	4,961	5,247
Employee costs	7,198	6,919	7,253	7,736
Other expenses	1,066	1,135	1,291	1,387
EBITDA	2,166	3,374	3,671	3,860
Depreciation	462	471	499	531
Less: Interest expense	0	0	0	0
Add: Other income	2,962	3,500	3,074	3,096
Profit before tax	4,666	6,403	6,246	6,425
Prov for tax	1,036	767	1,124	1,285
Less: Other adjustment	0	0	0	0
Reported profit	3,629	5,636	5,122	5,140
Less: Excp.item (net)	0	0	0	0
Adjusted profit	3,629	5,636	5,122	5,140
Diluted shares o/s	85	85	85	85
Adjusted diluted EPS	43	66	60	60
DPS (INR)	0	0	60.2	60.4
Tax rate (%)	22.2	12.0	18.0	20.0

Important Ratios (%)

Year to March	FY24A	FY25E	FY26E	FY27E
Staff cost as % of rev	69.0	60.5	59.4	59.6
S&D as % of rev	0	0	0	0
Depr. as a % of rev.	4.4	4.1	4.1	4.1
EBITDA margin (%)	20.8	29.5	30.1	29.7
Net profit margin (%)	34.8	49.3	41.9	39.6
Revenue Growth (%) YoY)	23.5	9.6	6.9	6.3
EBITDA growth (%) YoY)	152.5	55.8	8.8	5.2
Adj. profit growth (%)	123.0	55.3	(9.1)	0.4

Assumptions (%)

Year to March	FY24A	FY25E	FY26E	FY27E
GDP (YoY %)	6.7	6.0	6.2	6.2
Repo rate (%)	6.5	6.0	5.0	5.0
USD/INR (average)	83.0	84.0	82.0	82.0
Tax rate as % of PBT	22.2	12.0	18.0	20.0
Campaigns	5,83,690.0	6,13,101.6	6,31,694.8	6,44,423.8
Rev./campaign (INR)	17,867.5	18,640.9	19,336.5	20,146.0
Capex (INR mn)	135.4	400.0	400.0	400.0
Payable days	338.6	405.2	444.5	479.3
Cash conversion days	(338.6)	(405.2)	(444.5)	(479.3)

Valuation Metrics

Year to March	FY24A	FY25E	FY26E	FY27E
Diluted P/E (x)	17.8	11.5	12.6	12.6
Price/BV (x)	1.6	1.4	1.4	1.4
EV/EBITDA (x)	8.4	4.0	3.6	3.3
Dividend yield (%)	0	0	7.9	8.0

Source: Company and Nuvama estimates

Balance Sheet (INR mn)

Year to March	FY24A	FY25E	FY26E	FY27E
Share capital	850	850	850	850
Reserves	39,385	45,020	45,020	45,020
Shareholders funds	40,235	45,871	45,871	45,871
Minority interest	0	0	0	0
Borrowings	0	0	0	0
Trade payables	7,146	8,217	9,450	10,868
Other liabs & prov	1,229	1,241	1,254	1,268
Total liabilities	48,610	55,330	56,575	58,006
Net block	1,466	1,395	1,296	1,165
Intangible assets	0	0	0	0
Capital WIP	0	0	0	0
Total fixed assets	1,466	1,395	1,296	1,165
Non current inv	0	0	0	0
Cash/cash equivalent	46,385	51,100	51,360	51,830
Sundry debtors	0	0	0	0
Loans & advances	3	4	5	6
Other assets	755	831	914	1,005
Total assets	48,610	55,330	56,575	58,006

Free Cash Flow (INR mn)

Year to March	FY24A	FY25E	FY26E	FY27E
Reported profit	3,629	5,636	5,122	5,140
Add: Depreciation	462	471	499	531
Interest (net of tax)	0	0	0	0
Others	(582)	(1,486)	(751)	(418)
Less: Changes in WC	(916)	(1,007)	(1,161)	(1,339)
Operating cash flow	2,593	3,614	3,708	3,914
Less: Capex	(135)	(400)	(400)	(400)
Free cash flow	2,458	3,214	3,308	3,514

Key Ratios

Year to March	FY24A	FY25E	FY26E	FY27E
RoE (%)	9.4	13.1	11.2	11.2
RoCE (%)	12.1	14.9	13.6	14.0
Inventory days	nm	nm	nm	nm
Receivable days	0	0	0	0
Payable days	nm	nm	nm	nm
Working cap (% sales)	(62.3)	(65.7)	(71.0)	(77.1)
Gross debt/equity (x)	0	0	0	0
Net debt/equity (x)	(1.2)	(1.1)	(1.1)	(1.1)
Interest coverage (x)	0	0	0	0

Valuation Drivers

Year to March	FY24A	FY25E	FY26E	FY27E
EPS growth (%)	122.8	55.3	(9.1)	0.4
RoE (%)	9.4	13.1	11.2	11.2
EBITDA growth (%)	152.5	55.8	8.8	5.2
Payout ratio (%)	0	0	100.0	100.0

Exhibit 1: Scenario 1 – No dividend payout

INR mn	FY23	FY24	FY25	FY26	FY27	Multiple FY27	Value (INR mn)	Per share (INR)
EBIT	536	1,704	2,903	3,172	3,330			
Tax (%)	13	22	12	18	25			
Core PAT	464	1,325	2,555	2,601	2,497	~3.0	7,863.54	90
Cash	40,801	46,385	51,100	56,611	62,606	1.0	62,605.58	735
Current Value							70,469	825

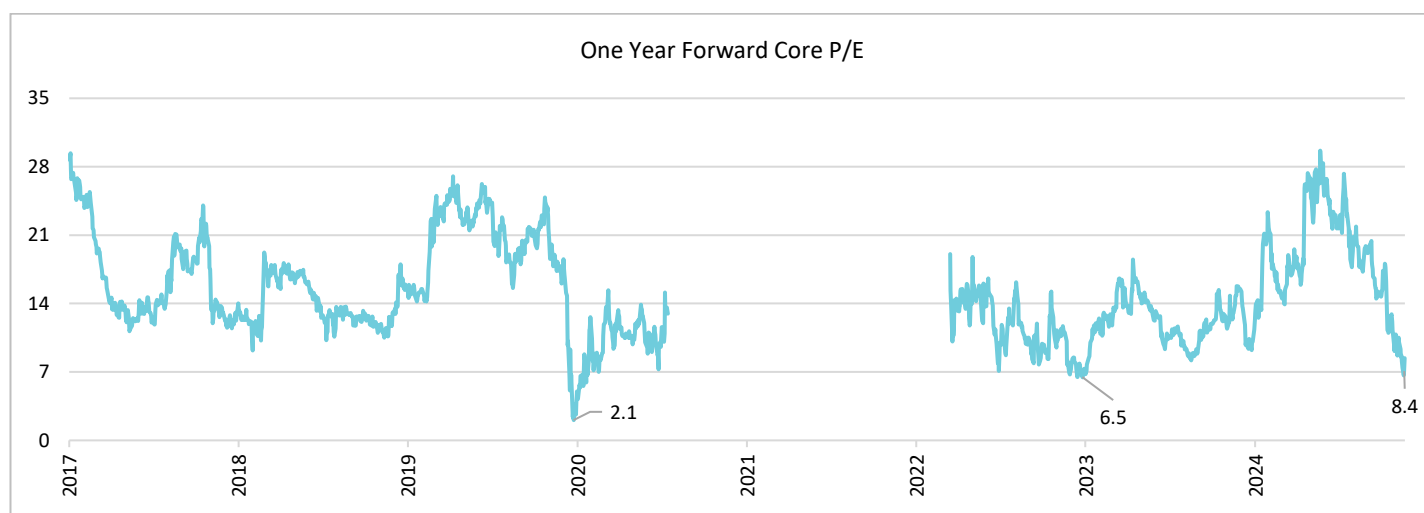
Source: Company, Nuvama Research

Exhibit 2: Scenario 2 – Dividend payout (100% of PAT)

INR mn	FY23	FY24	FY25	FY26	FY27	Multiple FY27	Value (INR mn)	Per share (INR)
EBIT	536	1,704	2,903	3,172	3,330			
Tax (%)	13	22	12	18	25			
Core PAT	464	1,325	2,555	2,601	2,497	7.5	18,728.66	217
Cash	40,801	46,385	51,100	51,360	51,830	1.0	51,829.85	608
Current Value							70,559	825

Source: Company, Nuvama Research

Exhibit 3: One-year forward core PE chart



Source: Company, Nuvama Research

Note: Market Cap is ex-cash, earnings is EBIT post-tax

Note: Period from 15/10/2020 to 14/06/2022 has not been taken due to losses reported by JD during covid.

Exhibit 4: Financial snapshot (INR mn)

Year to March	Q3FY25	Q2FY25	QoQ	Q3FY24	YoY	FY24	FY25E	FY26E	FY27E
Revenues	2,873	2,848	0.9	2,651	8.4	10,429	11,429	12,215	12,983
Total employee cost	1,732	1,745	(0.8)	1,785	(3.0)	7,198	6,919	7,253	7,736
Gross profit	1,142	1,103	3.5	865	31.9	3,231	4,510	4,961	5,247
Gen & admin expenses	276	283	(2.4)	262	5.3	1,066	1,135	1,291	1,387
EBITDA	866	821	5.5	604	43.4	2,166	3,374	3,671	3,860
Depreciation	120	117	2.4	121	(0.9)	462	471	499	531
EBIT	746	703	6.1	483	54.6	1,704	2,903	3,172	3,330
Other Income Net	746	1,112	(32.9)	727	2.6	2,962	3,500	3,074	3,096
PBT	1,492	1,816	(17.8)	1,209	23.4	4,666	6,403	6,246	6,425
Provision for taxation	179	275	(35.0)	289	(38.2)	1,036	767	1,124	1,285
Reported Profit	1,313	1,541	(14.8)	920	42.7	3,629	5,636	5,122	5,140
Adjusted profit	1,313	1,541	(14.8)	920	42.7	3,629	5,636	5,122	5,140
Diluted shares	85	85	0.0	85	0.0	85	85	85	85
Diluted EPS	15.4	18.1	(14.8)	10.8	42.7	42.7	66.3	60.2	60.4
as % of net revenues									
Gross profit	39.7	38.7		32.7		31.0	39.5	40.6	40.4
Gen & admin expenses	9.6	9.9		9.9		10.2	9.9	10.6	10.7
EBITDA	30.1	28.8		22.8		20.8	29.5	30.1	29.7
Adjusted net profit	45.7	54.1		34.7		34.8	49.3	41.9	39.6
Tax rate	12.0	15.1		23.9		22.2	12.0	18.0	20.0

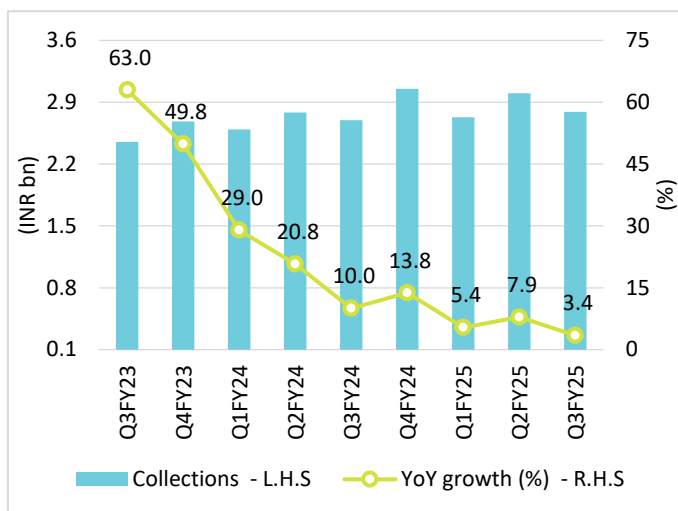
Source: Company, Nuvama Research

Exhibit 5: Key operating metrics

Particulars	Q3FY22	Q4FY22	Q1FY23	Q2FY23	Q3FY23	Q4FY23	Q1FY24	Q2FY24	Q3FY24	Q4FY24	Q1FY25	Q2FY25	Q3FY25
Listings ('000)	31,400	31,900	32,800	33,900	35,000	36,500	38,000	40,200	41,600	43,600	44,900	46,200	47,500
QoQ growth(%)	1.3	1.6	2.8	3.4	3.2	4.3	4.1	5.8	3.5	4.8	3.0	2.9	2.8
YoY growth(%)	4.0	4.9	7.2	9.4	11.5	14.4	15.9	18.6	18.9	19.5	18.2	14.9	14.2
Campaigns ('000)	437.3	461.5	483.7	503.8	521.9	538.2	548.3	560.8	567.0	583.7	591.7	598.4	601.1
QoQ growth(%)	1.5	5.5	4.8	4.2	3.6	3.1	1.9	2.3	1.1	3.0	1.4	1.1	0.4
YoY growth(%)	(3.6)	0.9	10.5	17.0	19.3	16.6	13.4	11.3	8.6	8.4	7.9	6.7	6.0
Campaigns as % of listings	1.4	1.4	1.5	1.5	1.5	1.5	1.4	1.4	1.4	1.3	1.3	1.3	1.3

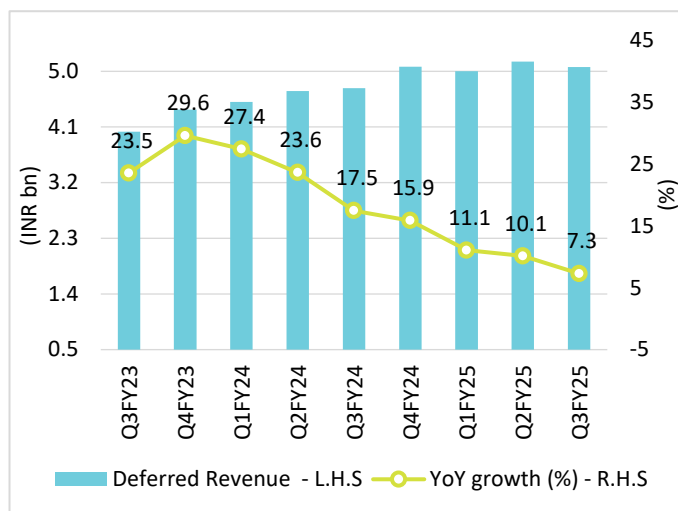
Source: Company, Nuvama Research

Exhibit 6: Collections trend



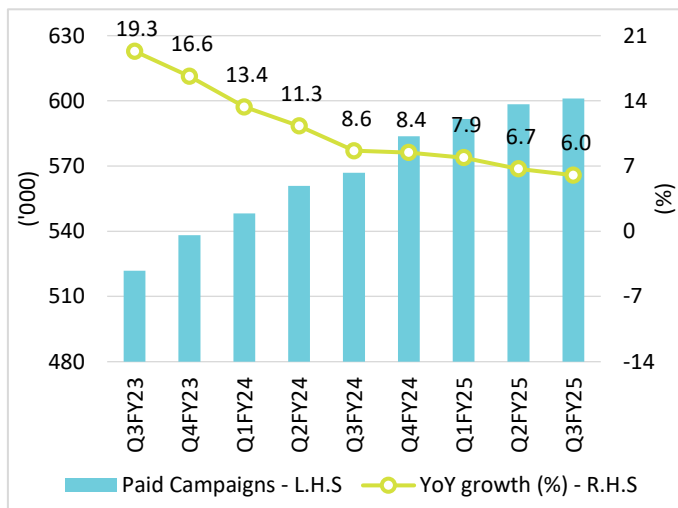
Source: Company, Nuvama Research

Exhibit 7: Deferred revenue trend



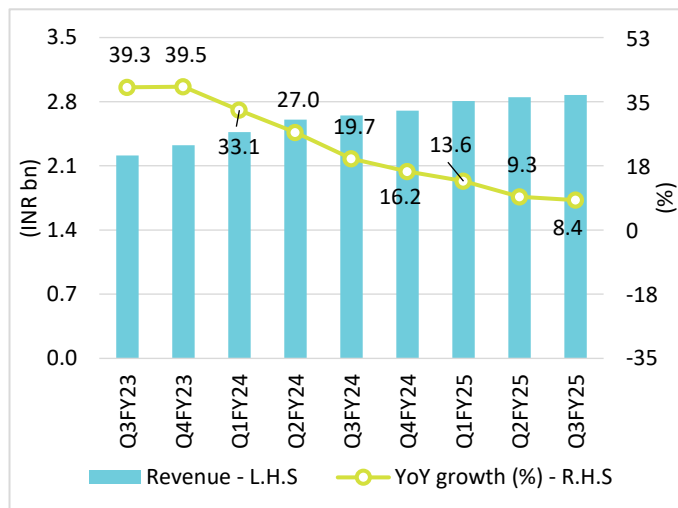
Source: Company, Nuvama Research

Exhibit 8: Paid campaigns' trend



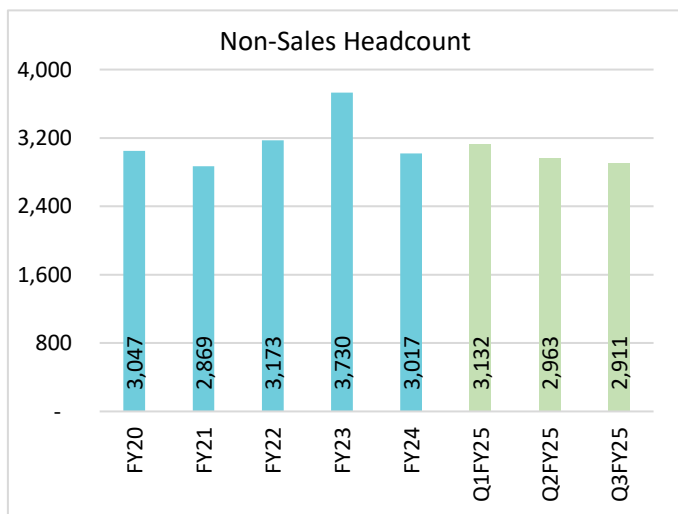
Source: Company, Nuvama Research

Exhibit 9: Growth in revenue mirrors paid campaign's growth



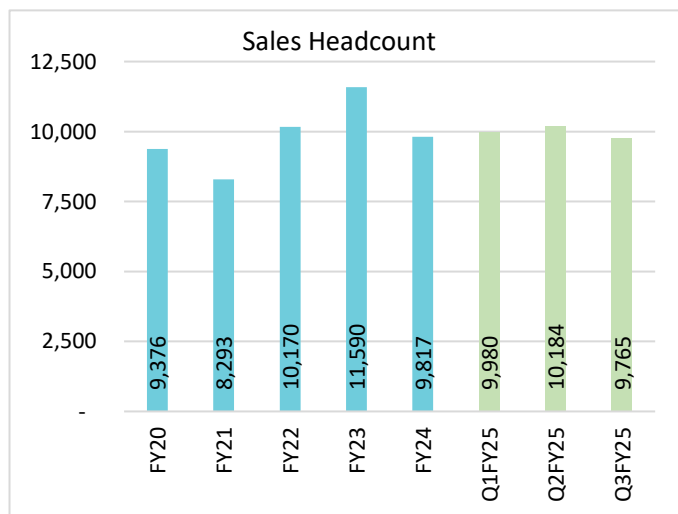
Source: Company, Nuvama Research

Exhibit 10: Non-sales headcount



Source: Company, Nuvama Research

Exhibit 11: Sales headcount



Source: Company, Nuvama Research

Company Description

Just Dial is a classifieds search company. It provides local services for India through multiple platforms such as internet, mobile internet, over the telephone (voice) and text (SMS). As of Q2FY24, the company is running ~0.56mn campaigns for paid advertisers and has 40.2mn listings. The company has also launched JDMart, its B2B offering and undertaken new product initiatives like JDXprt (for on demand services like salon, plumbing, cleaning) and JD Shopping (an e-commerce platform). Reliance Retail acquired ~67% of the company in Sep-21 via mix of private placement, secondary share sale and open offer.

Investment Theme

Just Dial is yet to show complete recovery from the pandemic impact as the paid campaigns continue to remain below pre-covid levels. Consistency in collections and paid campaigns growth remain key. Company's B2B offering JD Mart has not shown any meaningful traction after more than a year of launch. The other new initiatives like JDXprt and JD Shopping are currently in nascent stages and we are sceptical on their success considering company's poor track record.

Key Risks

- Slowdown in economy
- Increasing competition in internet space
- Meaningful progress with monthly plan implementation
- Turnaround by Reliance Retail leading to better growth than anticipated

Additional Data

Management

CEO	V.S.S. Mani
CFO	Abhishek Bansal
Chairman	B Anand
Chief Product Officer	Vishal Parikh
Auditor	Deloitte Haskins and Sells

Holdings – Top 10*

	% Holding		% Holding
Reliance Retail	63.84	DSP Investment	1.82
VSS Mani	7.61	Hara Global Cap	1.03
Quant Money Man	4.42	Vanguard Group	0.93
Anita Mani	2.26	Nalanda India E	0.65
Nippon Life Ind	1.95	Wasatch Advisor	0.64

*Latest public data

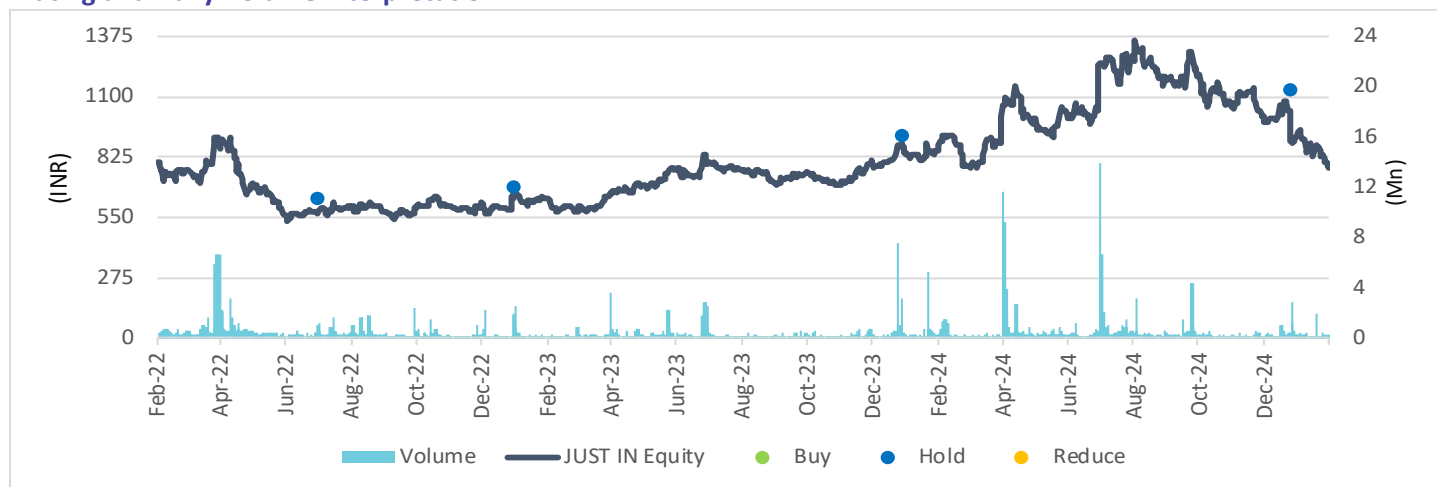
Recent Company Research

Date	Title	Price	Reco
11-Jan-25	Growth stagnation persists; <i>Result Update</i>	1035	Hold
11-Oct-24	Growth momentum loses more steam; <i>Result Update</i>	1309	Hold
18-Jul-24	Margin surprises; collections disappoint; <i>Result Update</i>	1035	Hold

Recent Sector Research

Date	Name of Co./Sector	Title
05-Feb-25	Info Edge	Strong margin improvement; <i>Result Update</i>
30-Jan-25	PB Fintech	Core growth intact; <i>Result Update</i>
21-Jan-25	IndiaMART	Subscriber churn puzzle remains unsolved; <i>Result Update</i>

Rating and Daily Volume Interpretation



Source: Bloomberg, Nuvama research

Rating Rationale & Distribution: Nuvama Research

Rating	Expected absolute returns over 12 months	Rating Distribution
Buy	15%	229
Hold	<15% and >-5%	61
Reduce	<-5%	26

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Abneesh Roy

Head of Research Committee

Abneesh.Roy@nuvama.com
