



HIGHLIGHTS

- Acquisition of 67% stake by Isha Ambani gave Reliance Retail a much deeper pocket for future expansion.
- Being a debt free company, any recessionary trend can easily be waded by the Company.
- Over the last two quarters, there has been an uptick in the paid subscription as well as unique visitor views.
- Going by the trend, the business is expected to be back to pre-pandemic levels within this financial year itself.



INDUSTRY OUTLOOK

Internet / e-commerce is a fast-evolving industry that receives high levels of interest from private and public investors. In recent years India has experienced a boom in internet and smartphone penetration. The number of internet connections in 2021 boosted significantly to 830 million, driven by the 'Digital India' programme. India's e-commerce sector has changed how business is done in India and has extended various segments of commerce, ranging from B2B, D2C, C2C, and C2B. In 2022, the Indian e-commerce market is predicted to increase by 21.5%, reaching US\$ 74.8 billion.

Along with e-commerce, there is growth in the Indian telecom industry. The Indian telecom industry is the second largest in the world, with a subscriber base of 1.18 billion. The telecom penetration has increased from 44% in 2014 to 59% in 2021, with internet usage's CAGR of 17.6%. With affordable rates, the entry of new technology players, and support from the Government, the sector continues to witness significant growth.

E-commerce with telecom contributes to the growth trajectory of players like Just Dial, Zomato, India Mart, et al.

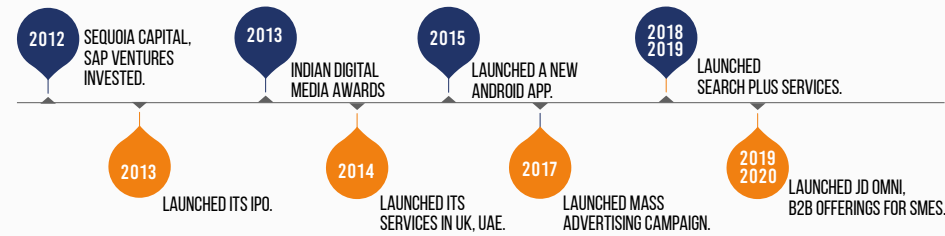


BUSINESS DESCRIPTION

Just Dial Ltd, headquartered in Mumbai, was incorporated in 1996 by V S S Mani. It first launched its web portal in 2007. Since then, the company has evolved into India's no. 1 local search engine related to various products that cater to different users' needs (both B2C & C2C). In fact, it has replaced Yellow Pages. Just Dial offers Pan-India search, search-related, and software services through various platforms, including the internet, mobile internet (mobile website and app), over the telephone, and text, enabling discovery for different medium and small business houses.

Some of the Company's products are JD Mart, a B2B portal for business listings; JD Xperts, On Demand Service needs, such as salon, plumbing, cleaning services, pest control service, fitness and yoga, etc.; JD Omni, a cloud-hosted service and solution for small and medium enterprises; JD Pay: online payment services.

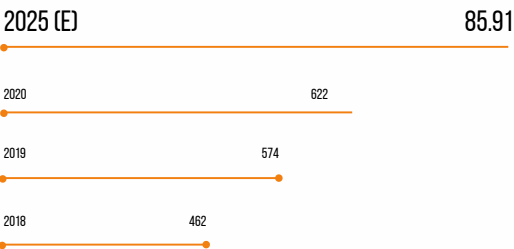
MILESTONE



STOCK QUOTE AND CHART (CURRENCY: INR)

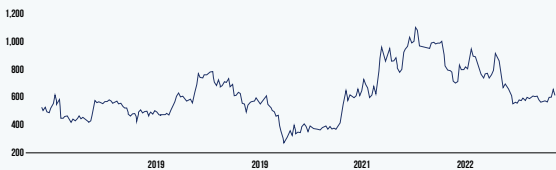
52 WK HIGH/LOW	957.55/520.00	MARKET CAP	52,893.6TCr
VOLUME (MM)	0.19	SHARES OUT. (MM)	84.3
BETA 5Y	0.50	FLOAT %	18.6%
		DILUTED EPS	112.96X

ACTIVE INTERNET USERS



SOURCE : KANTAR ICUBE JUNE 2021

NSE: JUSTDIAL SHARE PRICE





FINANCIAL ANALYSIS

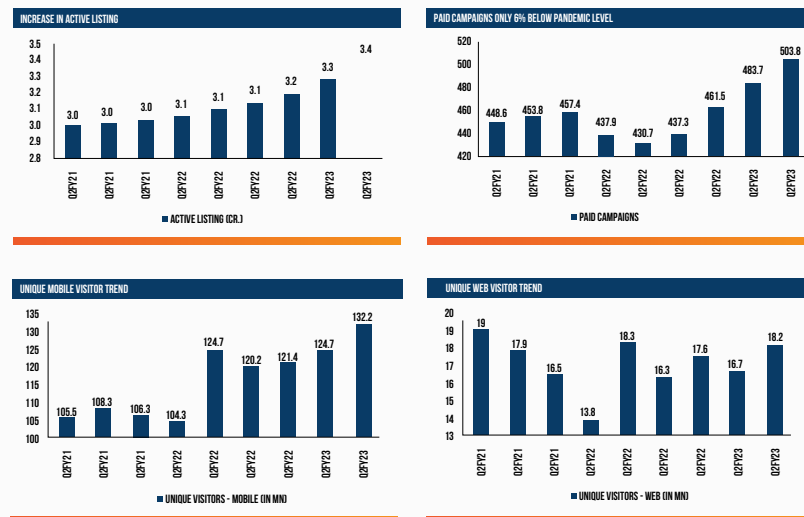
In the last five years, company has gone some structural changes and have shown inconsistent top line and bottom-line figures. The Covid 19 pandemic has caused a huge disruption creating an unprecedented impact, and Just Dial is no exception to it. The company had been performing well pre Covid. Since 2020, the top line has had a hit, and the profitability has also shown significant slippage. This can be attributed to the fact that over the last few years, expenditure on advertisements has significantly reduced. It is seen from the performance of the previous 12 months, the revenue and the profitability have been increasing.

On the liquidity front, the current ratio, as well as the quick ratio of the company, are weak. However, the company is debt free, and the obligations are primarily leased obligations. So, the low current ratio don't have a significant impact. Being, debt free, gives the company sufficient elbow room to raise funding for future growth purposes. On account of its business model, Just Dial is an asset light company, which will act as a catalyst in its expansion requirements.

On the side are the financial ratios of Just Dial Limited for a sneak peek of financial performance over the period of last five years.

As seen from the charts below, it is evident that tboth have increased considerably during the current financial year. The unique visitors on the mobile applications are also resuming at the pre-Covid levels. Going by the forecast given by S&Ps Capital IQ and Bloomberg's Refinitiv, the company's top line is expected to show a sharp rebound over the next couple of years.

Apart from the financial figures, paid campaign and listings are vital attributes.



CURRENT DEVELOPMENTS AND FUTURE EXPECTATIONS

- Financials** – Company's performance from last 2 quarters have been a turn around with a sales growth of 12.21% and 31.59% in Q1 and Q2 of FY23 respectively from a negative 5.13% growth in Q4 FY22. This growth in sales was result of increased paid campaign (up 6.2% QoQ) and increased unique quarterly visitors.

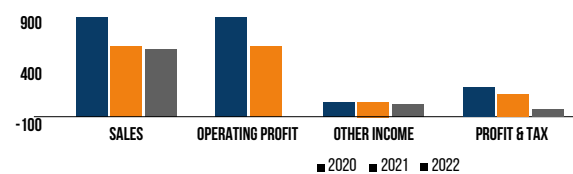
Company has withdrawn all discounts from November and increased prices in certain geographical area and monthly subscriptions. As per management, realizable signup value is around Rs 230-275 Cr which shows increase in core business revenue despite the rate hike. Expense side of the company is also seeing a significant change. Management has targeted an advertising spend of Rs 30 ~ 32 Crore in FY 23. Overall, the upcoming quarter looks positive.



RATIOS

FOR THE FISCAL PERIOD ENDING	2018	2019	2020	2021	2022
PROFITABILITY					
RETURN ON ASSETS %	6.0%	8.3%	8.2%	4.1%	(0.7%)
RETURN ON CAPITAL %	8.5%	12.3%	11.7%	5.5%	(0.8%)
RETURN ON EQUITY %	15.2%	20.9%	23.8%	16.8%	3.0%
MARGIN ANALYSIS					
GROSS MARGIN %	41.8%	42.9%	43.0%	33.2%	20.7%
EBITDA MARGIN %	20.8%	25.6%	26.3%	20.5%	(3.2%)
NET INCOME MARGIN %	18.3%	23.2%	28.6%	31.7%	10.9%
ASSET TURNOVER					
TOTAL ASSET TURNOVER	0.6X	0.6X	0.6X	0.4X	0.2X
FIXED ASSET TURNOVER	5.1X	6.5X	6.4X	4.4X	4.8X
SHORT TERM LIQUIDITY					
CURRENT RATIO	0.3X	0.3X	0.2X	0.3X	0.4X
QUICK RATIO	0.2X	0.1X	0.2X	0.2X	0.3X
CASH FROM OPS. TO CURR. LIAB.	0.5X	0.6X	0.4X	0.3X	0.1X
LONG TERM SOLVENCY					
TOTAL DEBT/EQUITY	0.0%	0.4%	5.9%	5.0%	1.6%
TOTAL DEBT/CAPITAL	0.0%	0.4%	5.6%	4.7%	1.6%
EBIT/INTEREST EXP.	NA	NM	30.5X	21.5X	NM

VALUES IN CR.



PROFIT & LOSS STATEMENT

	Q2FY23	Q2FY23	YOY (%)	Q2FY23	QOQ (%)
REVENUE	205.3	156.0	31.6	185.6	10.6
EMPLOYEE EXPENSES	162.5	118.8	36.8	149.0	9.1
GROSS MARGIN	42.8	37.2	15.0	36.7	16.8
EBITDA MARGIN %	20.8	23.9	-301 BPS	19.7	110 BPS
OTHER EXPENSES	25.8	16.5	56.6	28.3	(8.7)
EBITDA	17.0	20.7	(18.1)	8.4	102.5
EBITDA MARGIN (%)	8.3	13.3	-502 BPS	4.5	376 BPS
DEPRECIATION & AMORTISATION	7.7	7.2	7.7	7.0	10.5
EBIT	9.3	13.6	(31.7)	1.4	558.2
EBIT MARGIN (%)	4.5	8.7	-419 BPS	0.8	376 BPS
OTHER INCOME (LESS INTEREST)	55	34.0	61.6	(61.3)	(189.7)
PBT	64	47.6	35.0	(59.8)	(207.3)
TAX PAID	12	9.9	22.2	(11.5)	(205.1)
PAT	52	37.7	38.3	(48.4)	(207.9)

- Business** – India's digital penetration in the MSME sector is very low (as per some estimates, only ~1.5%), which means there is an untapped opportunity. Contributing ~29% of India's GDP and 40% of all exports, MSME sector has over 63 million units employing over 120 million. The continued increase in the paid campaigns, can be one of the primary vital drivers of the company's success in the future in B2B segment, JD Mart. Post Covid 19, the government are giving special emphasis on the development and growth of MSMEs in India. In line with this effort, the Open Network for Digital Commerce (ONDC) programme has been launched to digitalize MSMEs. Impact of this program on the success of Justdial is yet to be evaluated by the management on overall basis. Currently, Just Dial is India's leading local search engine that connects over 31 million MSME businesses to their customers. Such instances of digitalization and inclination of the government to move towards the digital economy mode, shows that we can see boost in near future in the customer base.

Since FY21, Just Dial is expanding its product in niche segments by offering logistics, financing, insurance, and payment facilities. This will help the company have two revenue streams, one majorly subscription-based and the other transaction-linked.

Operating Performance:

- Mobile traffic contribution witnessed a growth of 148 bps Y-o-Y to 83.8%, considering average quarterly unique visitors

- 144.8 million unique visitors for the quarter ended March 31, 2022

- ~1.5 million listings were added to our database during the year and the total active listings reached 31.9 million as of FY22, a growth of about 4.9% Y-o-Y

- Total active paid campaigns as on March 31, 2022 stood at 461,495.

- Recent Events** - In July 2021 Reliance Retail bought a majority stake in Just Dial and since then there has been major turnaround in the company. Expansion of Reliance Retail across different sector can bring synergy. Also, deep Pocket of Reliance group enable the company to take more aggressive steps to achieve its targeted growth. Since September 2021 promoters holding in the company has been more than double (76.98% vs 35.32%) showing how much serious they are with company goal and mission by bringing more skin in the game.

Future Expectations - Currently the stock is trading at a 112.7x its last earning,

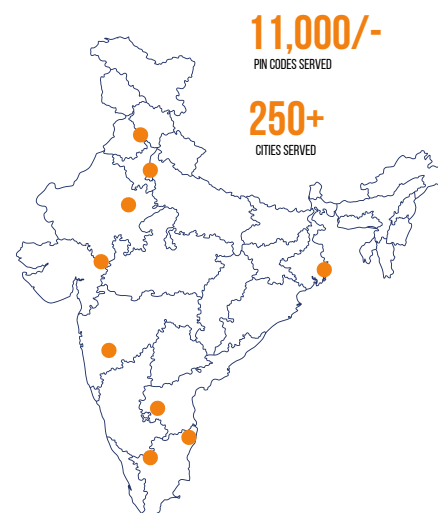
- way above one-year median PE of 78.2x. A quick turnaround in the profitability of the company is the need of the hour. However, this report does not see much of a resistance in reaching the pre covid levels soon because Just Dial already has a strong customer base. Further capital infusion by Reliance, will align Just Dial with the vision of Reliance Retail and this could prove to be a major breakthrough for the company near future.

Regardless of the contingent nature of investment by Reliance Retail, the fact that Government is stressing upon digitalization, the suitability and applicability of Justdial is expected to increase and provide a strong economic moat.

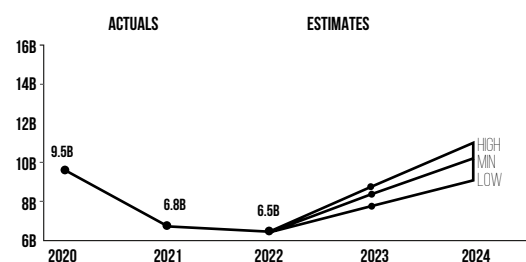
There is an overall positive outlook for the Company backed by strong earnings growth and a history of surpassing consensus estimates. The latest reporting in Oct 2022 wherein the Company announced quarterly EPS of Rs.6.14 per share, there was a positive surprise of 226.1% as the reported EPS was above the consensus EPS of Rs.1.88. The Company has strong fundamentals including high profit margin and low debt levels. The current ratio of the Company is at five years' high while the gross margin has been higher than industry group peers for the last five years. The projected revenue level is also strong as seen from the graph aside. The Company is well placed to capitalize on this growing demand with its B2B and B2C platforms leading to expected revenue growth with a CAGR of 21% in FY22-25E.



EXPANSION OF JUST DIAL IN INDIA



JUST DIAL'S ANNUAL REVENUE



	2022	2023
MEAN	8.4B	10.2B
HIGH	8.7B	11.0B
LOW	7.8B	9.1B
FORCASTED GROWTH	29.3%	57.7%
# OF ANALYSIS	7	7



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