

Shubh Nivesh



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Dialing up growth with a healthy outlook!

About the stock: Just Dial (JDL) generates revenues from advertisers on various subscription and fee-based packages. JDL is the market leader in local search engine segment in India.

- Reliance Retail Ventures Limited (RRVL) holds a 63.84% stake in JDL.
- Further, JDL's ramp up of B2B platform – "JD Mart" is likely to be a key revenue driver in the long run.

Investment Rationale:

- Laser focus on B2B segment/Pricing lever:** The management has increased focus on the B2B segment which contributes about ~26% to revenues and ~40% to paid campaigns as of H1FY25. The B2B segment offers better monetisation opportunities for the company and the aim is to increase B2B share in revenue to 1/3rd of the revenues. **The company expects a better H2 and aims for revenue growth on the back of volume growth and price hikes (lever to increase it for Tier 2 cities) with focus on higher revenue generating categories and geographies.** We believe that the company's revenue will grow to ₹1,542 crore in FY27E at CAGR of 13.9% between FY24-27E compared to CAGR of 3.2% between FY19-24. Consequently, PAT to grow at CAGR of 16.9% over FY24-27E.
- Margin outperformance continues:** The EBITDA margin came at 28.8% in H1FY25, due to their inherent high operating leverage business model which is aided by cost efficiencies in employee costs and tightly controlled other expenses led by optimisation of communication costs (group synergy from RRVL). Going ahead, the company has guided for >25% EBITDA margins for FY25 which we believe is easily achievable given the operating leverage. **We have baked in EBITDA margins of 28.1%/28.4%/28.7% in FY25E/FY26E/FY27E, respectively vs. 20.8% in FY24.**
- Cash utilisation roadmap – a key positive:** The company's cash & investments stood at ₹4,942 crore (up 15.4% YoY) at the end of H1FY25. One of the key positives of Q1 was, management indication that it is evaluating the possibility of deploying a capital distribution policy with an intention to distribute 100% (or more) of its annual profits in a tax efficient way. **This clarity, shall remove the overhang of excess cash in the balance sheet which has depressed the return ratios.**

Rating and Target Price

- JDL's recent operational changes, increased focus on B2B segment coupled with its intention of crystallizing a capital distribution policy position it well for medium-long term growth.
- We assign BUY rating on the stock and value it at **target price of ₹ 1,360; at 20x P/E on FY27E EPS.**

Justdial™

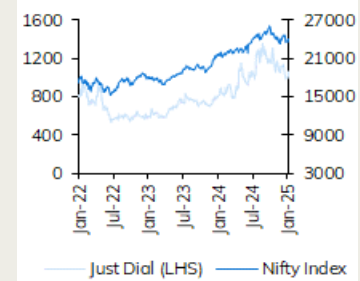
Particulars

Particular	Amount
Market Capitalization (₹ Crore)	9,048
Total Debt(₹ Crore)	-
Cash and Investments (₹ Crore)	4,625
EV (₹ Crore)	4,423
52 week H/L	1395 / 768
Equity capital (₹ Crore)	85
Face value (₹)	10

Shareholding pattern

	Dec-23	Mar-24	Jun-24	Sep-24
Promoter:	74.3	74.3	74.2	74.2
FII	4.9	5.3	7.0	7.8
DII	8.9	8.2	8.9	8.4
Others	11.9	12.2	10.0	9.7

Price Chart



Key risks

- Slower than anticipated growth in paid campaigns and listings;
- Increased competition

Research Analyst

Bhupendra Tiwary, CFA
bhupendra.tiwary@icicisecurities.com

CA Anjini Sharma
anjini.sharma@icicisecurities.com

Deep Thosani
deep.thosani@icicisecurities.com

Key Financial Summary

(₹ crore)	FY22	FY23	FY24	5 year CAGR (FY19-24)	FY25E	FY26E	FY27E	3 year CAGR (FY24-27E)
Net Sales	647	845	1,043	3.2	1,171	1,342	1,542	13.9
EBITDA	(2.2)	86	217	(1.1)	329	381	443	26.9
EBITDA Margins (%)	(0.3)	10.2	20.8		28.1	28.4	28.7	
Net Profit	71	163	363	11.9	543	520	580	16.9
EPS (₹)	8.5	19.3	42.7		63.8	61.1	68.2	
P/E	125.6	55.1	24.9		16.7	17.4	15.6	
RoNW (%)	2.0	4.4	9.0		12.6	11.7	12.5	
RoCE (%)	2.5	5.1	11.2		14.4	14.8	15.7	

Source: Company, ICICI Direct Research

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Buy: >15%

Hold: -5% to 15%;

Reduce: -15% to -5%;

Sell: <-15%



Pankaj Pandey

Head – Research

pankaj.pandey@icicisecurities.com

ICICI Direct Research Desk,
ICICI Securities Limited,
Third Floor, Brillanto House,
Road No 13, MIDC,
Andheri (East)
Mumbai – 400 093
research@icicidirect.com

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Name of the Compliance officer (Research Analyst): Mr. Atul Agrawal

Contact number: 022-40701000 E-mail Address: complianceofficer@icicisecurities.com

For any queries or grievances: Mr. Bhavesh Soni Email address: headsservicequality@icicidirect.com Contact Number: 18601231122

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