

19 April 2024

India | Equity Research | Q4FY24 results review

Just Dial

Internet

Margin improvement beats estimates again; management thinks there is more to come....

Just Dial grew revenues in-line. 340bps QoQ EBITDA margin expansion was ahead of expectations. This was achieved by cutting employee expenses as bottom 10-15% of employees were churned out. This was aided by implementing automation in various parts of the business which contributed to lower manpower requirements. The annualised churn reduced by 300-400bps YoY despite an increase in the proportion of 'monthly' subscriptions aided by low ticket size and auto renewals. Management believes there is still room for margin improvement. We think that stock could re-rate to 14x 1-year forward EV/EBITDA (earlier 12x) given the sustained improvement in operating metrics over FY24. However, meaningful rerating is likely to happen when investors have better clarity on cash utilisation. Maintain **BUY**.

Q4FY24 performance

Revenue in Q4FY24 was INR 2,703mn, up 2.0% QoQ/16.2% YoY (I-Sec: INR 2,767mn). Employee expenses, at INR 1,733mn, were down 2.9% QoQ (up 0.6% YoY). Other expenses were at INR 262mn, up 1.1% QoQ (down 3.2% YoY). EBITDA margin was 26.2% (+340bps QoQ/+1,189bps YoY) and EBITDA was INR 707mn, against I-Sec's INR 723mn estimate. There were no ESOP expenses in Q4FY24. PAT was INR 1,157mn (I-Sec: INR 1,052mn). Collections in Q4FY24 were INR 3,052mn (+13.8% YoY). Web segment traffic increased 8.9% QoQ/25.3% YoY. Paid campaigns grew 3.0% QoQ/8.4% YoY to 583,690. User engagement on the platform (ratings and reviews) continued to grow (+3.5% YoY) to 148mn. Active listings (43.6mn) rose 4.8% QoQ/19.5% YoY.

Management commentary

Management mentioned that 'top 11' cities contributed to 58% of the revenues and 40-41% to the overall traffic. For FY25, management guided for >15% revenue growth and >30% EBITDA growth. They plan to achieve at least half the growth through price hikes. Management believes that price hikes are a 'continuous process' and given that realisations outside of 'top 11' cities are half of 'top 11 cities', there is ample room to hike prices.

Some of the key strategic interventions include 1) automation of processes such as 'banner creation', 'listings and product services' has led to less dependence on workforce.

Financial Summary

Y/E March (INR mn)	FY22A	FY23A	FY24A	FY25E
Net Revenue	6,470	8,448	10,429	12,146
EBITDA	(22)	858	2,165	3,441
EBITDA Margin (%)	(0.3)	10.2	20.8	28.3
Net Profit	708	1,627	3,629	4,978
EPS (INR)	9.3	19.1	42.7	58.6
EPS % Chg YoY	(72.0)	103.6	123.0	37.2
P/E (x)	106.4	52.2	23.6	17.2
EV/EBITDA (x)	-	46.1	18.3	11.5
RoCE (%)	(1.1)	1.3	3.3	5.5
RoE (%)	3.0	4.5	9.4	11.6

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Market Data

Market Cap (INR)	86bn
Market Cap (USD)	1,028mn
Bloomberg Code	JUST IN
Reuters Code	JUST.BO
52-week Range (INR)	1,025 /647
Free Float (%)	26.0
ADTV-3M (mn) (USD)	4.1

Price Performance (%)	3m	6m	12m
Absolute	18.9	33.1	51.6
Relative to Sensex	17.8	22.7	29.9

Previous Reports

16-01-2024: [Q3FY24 results review](#)

22-10-2023: [Q2FY24 results review](#)

'JD self serve' is live and generating a meaningful number of leads. This has also helped automate the eKYC process.

The bottom 10-15% of the workforce which were not yielding results have been replaced to increase productivity. The in-house sales team is required to focus on reaching out to existing customers for upgrading plans. Management stated that they would want to automate as many functions as possible to increase productivity.

The churn (1-year retention rate at 55%) has come down by 300-400bps. This has largely been possible through the auto renewal feature in the 'monthly plan' (56% of active paid campaigns). To increase user engagement, company is focussed on introducing service catalogues and enhancing lead management system for SMEs.

Valuation

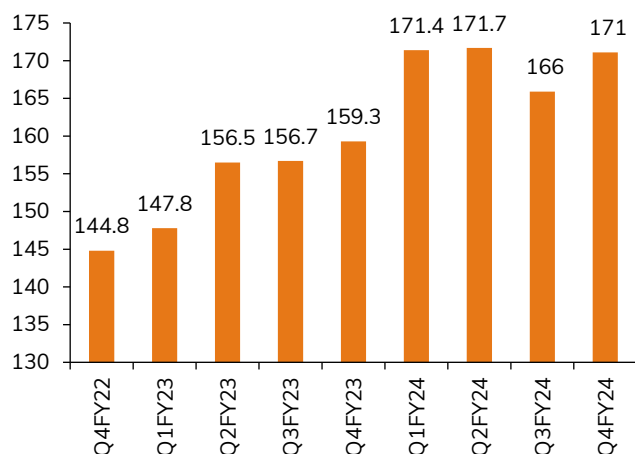
We maintain **BUY** on the stock with a revised target price of INR 1,260 (from INR 1,101) based on 14x 1-year forward EV/EBITDA multiple as we roll over to FY26. Key risks: 1) Delay in launch of new initiatives; and 2) slower-than-expected growth in paid campaigns, listings etc.

Exhibit 1: Q4FY24 review

(in INR mn)	Q4FY24	Q3FY24	Q4FY23	QoQ (%)	YoY (%)	I-sec estimates	Diff.
Net Sales	2,703	2,650	2,325	2.0	16.2	2,767	(2.3)
Employee benefits expenses	1,733	1,785	1,723	(2.9)	0.6	1,756	(1.3)
Other expenses	262	262	271	0.2	(3.2)	288	(9.0)
Total Expenses	1,995	2,047	1,993	(2.5)	0.1	2,044	(2.4)
EBITDA	707	603	332	17.2	113.0	723	(2.2)
EBITDA %	26.2	22.8	14.3	340 bps	1189 bps	26.1	4 bps
Depreciation	118	121	90	(2.6)	31.1	125	(5.6)
EBIT	589	482	242	22.2	143.5	598	(1.5)
Finance Cost	28	22	26	28.1	6.5	22	26.4
Other Income	913	749	742	22.0	23.1	749	21.9
Recurring pre-tax income	1,474	1,209	958	22.0	54.0	1,325	11.3
Taxation	317	289	122	9.6	160.9	273	16.0
Recurring Net Income	1,157	920	836	25.8	38.4	1,052	10.0
Ratios (%)							
EBITDA margin	26.2	22.8	14.3			26.1	
EBIT margin	21.8	18.2	10.4			21.6	
Effective tax rate	21.5	23.9	12.7			20.6	
Net profit margins	42.8	34.7	36.0			38.0	

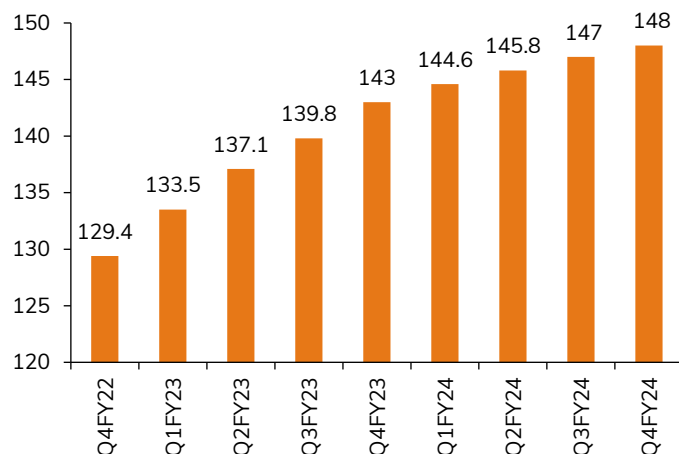
Source: I-Sec research, Company data

Exhibit 2: Quarterly unique visitors (mn)

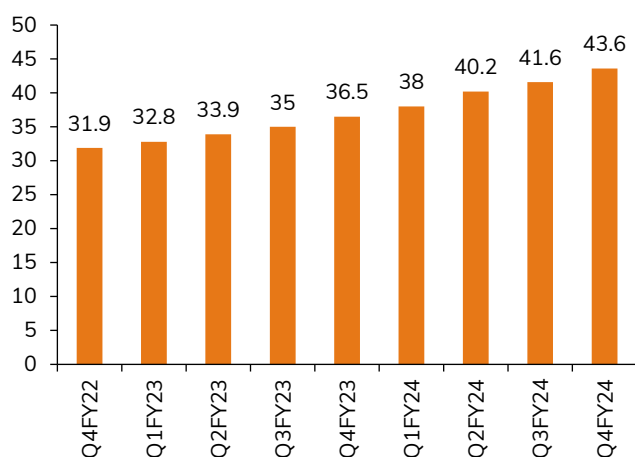


Source: I-Sec research, Company data

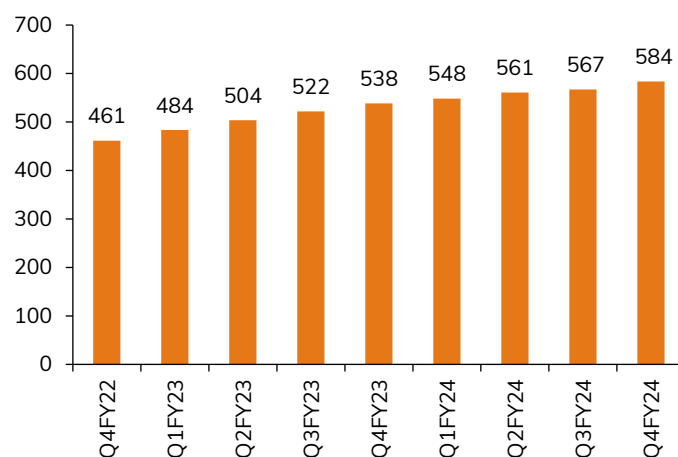
Exhibit 3: Ratings and review (mn)



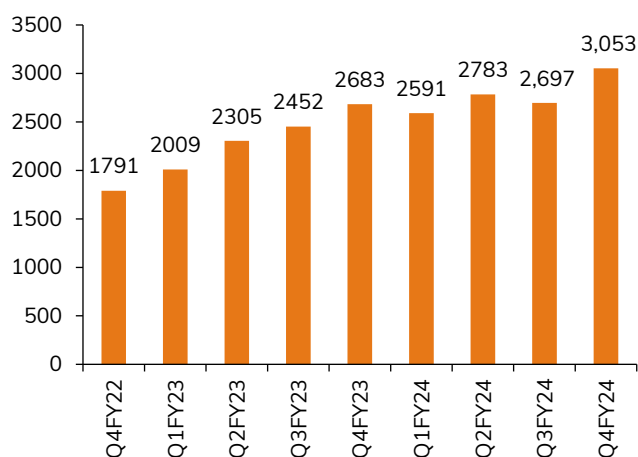
Source: I-Sec research, Company data

Exhibit 4: Active listings (mn)

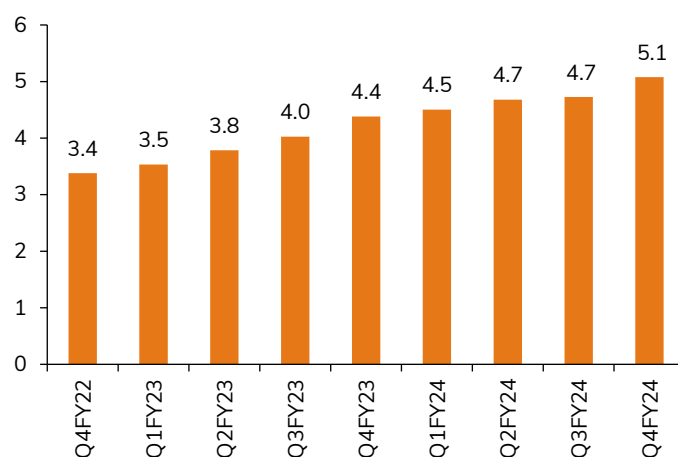
Source: I-Sec research, Company data

Exhibit 5: Active paid campaigns (k)

Source: I-Sec research, Company data

Exhibit 6: Collections (mn)

Source: I-Sec research, Company data

Exhibit 7: Deferred revenue (bn)

Source: I-Sec research, Company data

Exhibit 8: Shareholding pattern

	Jun'23	Sep'23	Dec'23
Promoters	74.3	74.3	74.3
Institutional investors	14.4	14.2	13.8
MFs and other	7.3	7.7	8.8
FIs/Banks/Ins	1.8	1.8	0.1
FIIIs	5.3	5.4	4.9
Others	11.3	11.5	11.9

Source: Bloomberg, I-Sec research

Exhibit 9: Price chart

Source: Bloomberg, I-Sec research

Financial Summary

Exhibit 10: Profit & Loss

(INR mn, year ending March)

	FY22A	FY23A	FY24A	FY25E
Net Sales	6,470	8,448	10,429	12,146
Operating Expenses	6,491	7,590	8,260	8,979
EBITDA	(22)	858	2,165	3,441
EBITDA Margin (%)	(0.3)	10.2	20.8	28.3
Depreciation & Amortization	299	322	473	453
EBIT	(320)	536	1,864	3,498
Interest expenditure	68	77	87	100
Other Non-operating Income	1,222	1,419	2,890	3,400
Recurring PBT	833	1,878	4,667	6,798
Profit / (Loss) from Associates	-	-	-	-
Less: Taxes	125	251	1,030	1,436
PAT	708	1,627	3,637	5,363
Less: Minority Interest	-	-	-	-
Extraordinary (Net)	-	-	-	-
Net Income (Reported)	708	1,627	3,629	4,978
Net Income (Adjusted)	708	1,627	3,629	4,978

Source Company data, I-Sec research

Exhibit 11: Balance sheet

(INR mn, year ending March)

	FY22A	FY23A	FY24A	FY25E
Total Current Assets	722	715	3,797	9,953
of which cash & cash eqv.	233	156	2,850	8,318
Total Current Liabilities & Provisions	4,012	5,076	5,236	6,359
Net Current Assets	(3,290)	(4,361)	(1,440)	3,594
Investments	38,107	40,646	40,646	40,646
Net Fixed Assets	1,336	1,823	1,880	2,074
ROU Assets	-	-	-	-
Capital Work-in-Progress	-	-	-	-
Total Intangible Assets	-	-	-	-
Other assets	88	111	290	531
Deferred Tax Assets	76	72	72	72
Total Assets	36,317	38,290	41,448	46,916
Liabilities				
Borrowings	-	-	-	-
Deferred Tax Liability	367	368	368	368
provisions	-	-	-	-
other Liabilities	535	568	-	-
Equity Share Capital	34,862	36,671	40,308	45,670
Reserves & Surplus	-	-	-	-
Total Net Worth	34,862	36,671	40,308	45,670
Minority Interest	-	-	-	-
Total Liabilities	36,317	38,290	41,448	46,916

Source Company data, I-Sec research

Exhibit 12: Quarterly trend

(INR mn, year ending March)

	Jun-23	Sep-23	Dec-23	Mar-24
Net Sales	2,470	2,606	2,650	2,703
% growth (YOY)	33.1	27.0	19.7	16.2
EBITDA	367	488	603	707
Margin %	14.9	18.7	22.8	26.2
Other Income	814	579	749	913
Net Profit	834	718	920	1,157

Source Company data, I-Sec research

Exhibit 13: Cashflow statement

(INR mn, year ending March)

	FY22A	FY23A	FY24A	FY25E
Operating Cashflow	390	1,788	411	2,879
Working Capital Changes	426	1,970	1,441	4,314
Capital Commitments	(145)	(499)	(530)	(646)
Free Cashflow	0	(2)	-	-
Other investing cashflow	(21,720)	(1,135)	2,746	3,230
Cashflow from Investing Activities	(21,865)	(1,634)	2,216	2,584
Issue of Share Capital	-	-	-	-
Interest Cost	-	-	-	-
Inc (Dec) in Borrowings	-	-	-	-
Dividend paid	-	-	-	-
Others	21,093	(231)	67	6
Cash flow from Financing Activities	21,093	(231)	67	6
Chg. in Cash & Bank balance	(382)	(77)	2,694	5,469
Closing cash & balance	233	156	2,850	8,318

Source Company data, I-Sec research

Exhibit 14: Key ratios

(Year ending March)

	FY22A	FY23A	FY24A	FY25E
Per Share Data (INR)				
Reported EPS	9.5	19.3	42.9	58.6
Adjusted EPS (Diluted)	9.3	19.1	42.7	58.6
Cash EPS	13.5	23.1	48.5	58.6
Dividend per share (DPS)	-	-	-	-
Book Value per share (BV)	467.0	435.4	475.6	538.8
Dividend Payout (%)	-	-	-	-
Growth (%)				
Net Sales	(4.2)	30.6	25.4	22.0
EBITDA	(101.4)	(4,088.4)	172.5	69.1
EPS (INR)	(72.0)	103.6	122.1	47.4
Valuation Ratios (x)				
P/E	106.4	52.2	23.5	16.0
P/CEPS	74.8	43.6	20.8	14.7
P/BV	2.2	2.3	2.1	1.9
EV / EBITDA	-	40.1	13.8	6.8
P / Sales	10.3	8.9	7.1	5.9
Dividend Yield (%)	-	-	-	-
Operating Ratios				
Gross Profit Margins (%)	22.1	22.9	32.5	40.1
EBITDA Margins (%)	(0.3)	10.2	22.1	30.6
Effective Tax Rate (%)	15.0	13.4	22.1	21.1
Net Profit Margins (%)	10.9	19.3	34.3	41.5
NWC / Total Assets (%)	(9.1)	(11.4)	(3.5)	7.7
Net Debt / Equity (x)	(1.1)	(1.1)	(1.1)	(1.1)
Net Debt / EBITDA (x)	1,783.3	(47.6)	(18.6)	(12.4)
Profitability Ratios				
RoCE (%)	(1.1)	1.3	3.7	6.3
RoE (%)	3.0	4.5	9.4	12.5
RoIC (%)	3.2	4.7	9.6	12.7
Fixed Asset Turnover (x)	4.8	4.6	5.6	6.2
Inventory Turnover Days	-	-	-	-
Receivables Days	13	8	109	258
Payables Days	206	235	183	180

Source Company data, I-Sec research

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