

April 16, 2013
Mumbai

CRISIL Research assigns IPO grade '5/5' to Just Dial Ltd

CRISIL has assigned a CRISIL IPO Grade "5/5" (pronounced "five on five") to the proposed initial public offer (IPO) of Just Dial Ltd (Just Dial). This grade indicates that the fundamentals of the IPO are 'strong' relative to the other listed equity securities in India. However, this grade is not an opinion on whether the issue price is appropriate in relation to the issue fundamentals. The grade is not a recommendation to buy, sell or hold the graded instrument, or a comment on the graded instrument's future market price or its suitability for a particular investor.

The assigned grade reflects Just Dial's strong position and brand in the local search market across India. Leveraging its first mover advantage in the field of phone-based search, Just Dial has build up India's largest local search database (of ~9.0 mn products and service providers) and a business model which competitors have found difficult to replicate. Its search volume has grown multi-fold due to quick service, relevant search results, updated database and technology. Over FY09-12, it has successfully increased its paid campaigns by more than four times to 171,000 (195,100 in 9MFY13) and enjoys 100% advance payments from its clients, who are mostly micro, small and medium enterprises.

The grade takes cognizance of Just Dial's experienced and proactive management personnel, who have guided the company to meet users' expectations on two fronts: technology and search content. Having started with only phone-based search service, the management moved with the times and introduced new-era media of mobile phones (SMS), internet and mobile internet. Further, the company has indigenously developed its technology platform and search algorithm which enables it to provide search results that are relevant to users' requirements. The number of search requests across all search platforms was 254.3 mn in FY12 (267.2 mn in 9MFY13), up from 82.2 mn in FY09.

While Just Dial has consistently innovated itself and stayed ahead of competitors, any aggressive move by larger players such as Google India and its impact on Just Dial is a key monitorable. As the company expands, maintaining management bandwidth to oversee the growth could be a challenge, particularly in the backdrop of expansion in the US and Canada through a different promoter entity. Also, Just Dial has to keep itself abreast of new technologies and new applications to stay ahead of the pack.

Just Dial has grown its revenues at a four-year CAGR of 39% to ₹2,621 mn in FY12 and improved its PAT margin to 20% in FY12 from 2.4% in FY08. Accordingly, RoE improved to 53.6% in FY12 from 6.7% in FY08. It reported EPS of ₹9.4 in FY12. The company is debt-free with a negative working capital cycle.

About the company and the issue

Just Dial was incorporated in 1993 by Mr. V.S.S. Mani (MD & CEO) as A&M Communications Pvt. Ltd and started providing free local search services in 1996. Mr. V.S.S Mani has 25 years of experience in the field of media and local search services. Just Dial provides search services across two main genera: company search - a specific or any business; category search - product or service based on a given classification. The company generates revenues from paid advertisers who subscribe to its fee-based campaign packages where subscribers of the packages are given priority ranking in search results. The company has received funding from SAIF II Mauritius Company Ltd, Tiger Global Four Holdings, Tiger Global Principals Limited, SAPV (Mauritius) and EGCS Investment Holdings.

The proposed IPO is in the form of an offer of sale of 9,554,307 shares (as per DRHP; may be altered) which represent 13.8% of the company's total shares.

About CRISIL IPO Grading

CRISIL IPO (Initial Public Offering) grading is an opinion on the fundamentals of the graded issue that reflects CRISIL's independence and expertise. This opinion is expressed as a relative assessment in relation to other listed equity securities in India. The assessment is based on a grading exercise carried out by industry specialists from CRISIL Research. A CRISIL IPO Grade 5/5 indicates strong fundamentals and a CRISIL IPO Grade 1/5 indicates poor fundamentals. CRISIL IPO Grading reflects its assessment of the graded company's equity fundamentals as distinct from an assessment of debt fundamentals. A CRISIL IPO Grade should not be

construed to mean a comment on the price of the graded security nor is it a recommendation to invest or not to invest in the graded security.

Media Contacts	Analytical Contacts
<p>Priyadarshini Roy Communications and Brand Management CRISIL Limited Tel: +91-22- 3342 1812 Mobile: +91- 9819742778 Fax: +91-22- 3342 3001 E-mail: priyadarshani.roy@crisil.com</p> <p>Jyoti Parmar Communications and Brand Management CRISIL Limited Tel: +91-22- 3342 1835 Fax: +91-22- 3342 3001 E-mail: jyoti.parmar@crisil.com</p>	<p>Mukesh Agarwal President CRISIL Research Tel: +91-22- 3342 3035 E-mail: mukesh.agarwal@crisil.com</p> <p>Mohit Modi Director, Equity Research CRISIL Research Tel: +91-22- 4254 2860 E-mail: mohit.modi@crisil.com</p>

About CRISIL Limited

CRISIL is a global analytical company providing ratings, research, and risk and policy advisory services. We are India's leading ratings agency. We are also the foremost provider of high-end research to the world's largest banks and leading corporations.

About CRISIL Research

CRISIL Research is India's largest independent and integrated research house. We provide insights, opinions, and analysis on the Indian economy, industries, capital markets and companies. We are India's most credible provider of economy and industry research. Our industry research covers 70 sectors and is known for its rich insights and perspectives. Our analysis is supported by inputs from our network of more than 4,500 primary sources, including industry experts, industry associations, and trade channels. We play a key role in India's fixed income markets. We are India's largest provider of valuations of fixed income securities, serving the mutual fund, insurance, and banking industries. We are the sole provider of debt and hybrid indices to India's mutual fund and life insurance industries. We pioneered independent equity research in India, and are today India's largest independent equity research house. Our defining trait is the ability to convert information and data into expert judgements and forecasts with complete objectivity. We leverage our deep understanding of the macroeconomy and our extensive sector coverage to provide unique insights on micro-macro and cross-sectoral linkages. We deliver our research through an innovative web-based research platform. Our talent pool comprises economists, sector experts, company analysts, and information management specialists.

CRISIL PRIVACY NOTICE

CRISIL respects your privacy. We use your contact information, such as your name, address, and email id, to fulfill your request and service your account and to provide you with additional information from CRISIL and other parts of The McGraw-Hill Companies, Inc. you may find of interest.

For further information, or to let us know your preferences with respect to receiving marketing materials, please visit www.crisil.com/privacy. You can view McGraw-Hill's Customer Privacy Policy at http://www.mcgrawhill.com/site/tools/privacy/privacy_english.

Last updated: March 07, 2013

Disclaimer

A CRISIL IPO Grading is a one-time assessment and reflects CRISIL's current opinion on the fundamentals of the graded equity issue in relation to other listed equity securities in India. A CRISIL IPO Grading is neither an audit of the issuer by CRISIL nor is it a credit rating. Every CRISIL IPO Grading is based on the information provided by the issuer or obtained by CRISIL from sources it considers reliable. CRISIL does not guarantee the completeness or accuracy of the information on which the grading is based. A CRISIL IPO Grading is not a recommendation to buy / sell or hold the graded instrument; it does not comment on the issue price, future market price or suitability for a particular investor.

CRISIL is not responsible for any errors and especially states that it has no financial liability whatsoever to the subscribers / users / transmitters / distributors of CRISIL IPO Gradings. For information on any IPO grading assigned by CRISIL, please contact 'Client Servicing' at +91-22-33423561, or via e-mail: clientservicing@crisil.com.

For more information on CRISIL IPO Gradings, please visit <http://www.crisil.com/ipo-gradings>

This press release is transmitted to you for the sole purpose of dissemination through your newspaper / magazine / agency. The Press release may be used by you in full or in part without changing the meaning or context thereof but with due credit to CRISIL. However, CRISIL alone has the sole right of distribution of its Press Releases for consideration or otherwise through any media including websites, portals etc.