

# Just Dial Ltd

One-time assessment

CRISIL IPO Grade 5/5 (Strong)

April 16, 2013

## Grading summary

CRISIL has assigned CRISIL IPO grade '5/5' (pronounced 'five on five') to the proposed IPO of Just Dial Ltd (Just Dial). This grade indicates that the fundamentals of the IPO are strong relative to 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, its future market price or suitability for a particular investor.

Just Dial launched the first phone-based search engine in India. The assigned grade takes into account Just Dial's huge local search database (9.0 mn products and service providers), the largest in India, and a business model which has been difficult to replicate. Its search volume has grown multi-fold courtesy quick service, relevant search results, updated database and technology, leading to a strong brand image. It has successfully grown its paid campaigns by more than four times over FY09-12 to 171,000 in end-FY12 (195,100 in 9MFY13) and enjoys 100% advance payments from its clients, who are mostly micro, small and medium enterprises (MSMEs).

The grade takes cognizance of Just Dial's experienced and proactive management personnel, who have enabled the company to meet users' expectations on two fronts: technology and search content. Having started with only phone-based search, the management has moved with the times to embrace the new-era media of mobile phones (SMS), internet and mobile internet. Further, the company has indigenously developed its technology platform and search algorithm which enable 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 is a key monitorable. As the company grows, maintaining management bandwidth to oversee the growth will 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.

## Grade

CRISIL IPO Grade '5/5': This grade indicates that the fundamentals of the issue are strong relative to 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.

## About the company

- Just Dial was incorporated in 1993 as A&M Communications Pvt. Ltd by Mr V.S.S. Mani. The local search services business was started three years later. Over the years, Just Dial has expanded its operations across India with a strong presence in top 11 large cities to become India's leading local search services player.
- Just Dial provides search services across two main genera: company search – related to any specific or any business need; category search - products or services based on a given classification, location or key words. Having started with live operator-assisted phone (voice) search service, it has subsequently launched internet, mobile-internet and SMS-based services. The search service is free for users; the company generates revenues from paid advertisers who subscribe to its fee-based campaign packages to be given priority ranking in the search results.

## Key milestones

Year	Event
1993	A&M Communications Pvt. Ltd was incorporated
1996	Commencement of local search services in Mumbai with the telephone number - 888 8888
1997	The brand 'Just Dial' was registered
2000	Secondary sale of 50% stake by the promoters to Indiainfo.com Pvt. Ltd
2006	Investment of ₹546.9 mn by SAIF II Mauritius Company Ltd (SAIF)
2006	Change of the company's name from A&M Communications Pvt. Ltd to Just Dial Pvt. Ltd
2007	Launch of the company's website <a href="http://www.justdial.com">http://www.justdial.com</a>
2007	Investment of ₹165.3 mn by Tiger Global Four Holdings and Tiger Global Principals Ltd and second round of investment of ₹40.1 mn by SAIF
2007	Launch of mobile internet and SMS-based search services
2009	Investment of ₹383.5 mn by Sequoia Capital India Investments III (Sequoia Capital), ₹308.8 mn by Tiger group and ₹95.9 mn by SAIF
2011	Investment of ₹166.9 mn by SAPV (Mauritius) and ₹166.9 mn by EGCS Investment Holdings
2012	Investment of ₹3,269.5 mn by Sequoia Capital India Growth Investment Holdings I, SCI Growth Investments II and second round of investment by SAPV (Mauritius).

Source: DRHP

## Issue details

Type of issue	Offer for sale
Shares offered to public	Up to 9,554,307 shares (as per DRHP; may be altered )
As per cent of post issue equity	Not available at the time of grading
Price band	Not available at the time of grading
Lead managers	Citigroup Global Markets India Private Ltd & Morgan Stanley India Company Private Ltd

Source: DRHP, CRISIL Research

## Detailed Grading Rationale

### A. Business Prospects

#### *First-mover advantage and strong brand recall*

Just Dial launched the first phone-based search engine in India. Beginning with just two cities – Mumbai and Delhi – today its services are available across the country. Having initiated search operations via only phone, six years ago it embraced the new-era media of the internet, mobile internet and SMS. Today, Just Dial is the most preferred brand in the local search engine space primarily due to highly satisfactory user experience. Contact numbers for its voice search - 88888 88888 and 6999 9999 - have a strong recall.

#### *Consistent growth in database...*

Just Dial's database lists 9.0 mn businesses as of February 2013 (4.5 mn as of end-FY10), mostly MSMEs. New data is added and updated regularly by 314 employees. To expand its network in existing and new cities, it has appointed resellers to collect data from their respective territories. More than just the scale of its database, Just Dial's ability to consistently keep it updated has been the reason for strong growth in usage of its search services.

Number of MSMEs and contribution to GDP expected to increase: Growth in the number of MSMEs has picked up over FY05-FY12 (CAGR of 18% to 31.2 mn MSMEs) after a modest growth in the previous decade (CAGR of 4% over FY00-FY05). MSMEs' production in terms of gross output has grown steadily from ₹7,094 bn in FY07 to ₹10,958 bn in FY11, at a CAGR of 11.5%.

#### *... and innovation in search platforms...*

Just Dial has made the database (listings) more relevant and convenient to use:

- Segmentation of listings through the use of geo-codes to increase the relevance of search results to users' requirements.
- Allowing users the option to search using either voice (39% to total search requests in 9MFY13) or internet (50%) or mobile internet (11%).
- An indigenously-developed algorithm platform provides search results that are relevant to users' requirements and at the same time offer an effective mix of paid and un-paid listings.
- An indigenously-developed platform supports faster turnaround of voice-based searches.
- Each of its eight centers, which support voice-based search, can act as disaster recovery centers for others, if necessary, to ensure continuous support for voice-based searches.
- Reviews and ratings: Just Dial also encourages its users to provide reviews and ratings of products or services used by them. It has already received 23.0 mn reviews and ratings as of end-FY13 (7.4 mn as of end-FY12). Also, its "Tag Your Friend" feature helps users see the ratings and reviews from their friends, effectively creating a social network for sharing user experiences.
- Reverse auction: Users are asked if they want product/service providers to call them for their requirement. If a user opts for the same, he/she gets an SMS with details of offerings from different providers who also call up the user for his/her requirements. This enables the user to make an informed decision without directly reaching out to product or service providers.

- Buy data: Just Dial has used data analytics to leverage its existing database to extract information which enables it to provide structured data to other businesses. It launched the 'buy data' service in February 2012. Through this service, Just Dial enables its clients to download bulk business data for specific categories and geographic areas from its database.
- The company has recently introduced android-based mobile application through which a user can even call the relevant listing while making the search.

***... have resulted in strong growth in usage of services***

The relevance of Just Dial's database to its users is visible from the strong growth in the number of search requests, which have grown ~3x from 82.2 mn in FY09 to 254.3 mn in FY12 (267.2 mn in 9MFY13). The company has been able to keep its spending on sales and promotion low (3.4% of FY11 revenues and 6.5% of FY12 revenues) primarily due to strong word-of-mouth publicity by its users.

***Ability to monetise growth in searches - strong uptick in paid campaigns***

Just Dial's ability to grow the number of searches has also been complemented by its ability to convert free listings into paid listings/campaigns. Searches by users are potential business leads for listings, i.e., the return for their investment in advertising through Just Dial. They can measure business leads generated through Just Dial's search platform through:

- Details of the number of times the respective listing has been part of a search result.
- Reverse auction provides the respective listing with business leads to whom it can directly market and sell the products and services.

Historically, Just Dial has always taken 100% advance for paid campaigns, which has enabled it to operate with negative working capital. As a result, the company's receivables have been extremely low. This signifies its ability to consistently monetise growth across search platforms.

Internet advertising to grow at 34% over 2010-14: CRISIL Research expects advertising spends in 2013 to grow by 12% subject to a revival in the economy. Growth is expected to pick up momentum in the following years and we expect overall ad revenues to grow at 13% CAGR over the next four years to touch ₹553 bn by 2016. Internet advertising is expected to grow much faster at a CAGR of 34% to ₹28 bn in 2014. Search engines, being the largest contributor to internet advertising, are likely to benefit from this growth.

**Table 1: Comparison across advertisement mediums for local advertisements**

Advertisement medium	Local reach	Life-span of an ad	Consumer attention during the ad	Target marketing opportunity	Restriction of ad-inventory	Cost of advertising	Measurability of reach	Measurability of ROI
Newspapers	High	Low	Low	Low	Medium	Low	Medium	Low
Magazines	High	High	Medium	High	Medium	Medium	High	Medium
Television (national)	Medium	High	High	Low	High	High	Medium	Low
Television (regional)	High	High	High	Medium	High	Medium	Medium	Low
Radio	High	Medium	Medium	Medium	High	Low	Medium	Low
Outdoor	Medium	Low	Low	Medium	Medium	Low	Low	Low
Newsletters	High	Low	Medium	High	Low	Medium	Medium	Low
Brochures	High	Low	Medium	Medium	Low	Can be high	Low	Low
Direct mail	High	Low	Medium	High	Low	Can be high	High	Medium
Flyers/inserts	High	Low	Low	Medium	Medium	Low	Medium	Low
Telephone - Call	High	High	High	High	Medium*	High	High	Medium
SMS	High	Low	High	High	Medium*	Low	High	Low
Internet	Medium	Low	Low	High	Low	Low	High	Low
Yellow pages	High	Medium	Medium	Medium	Low	Low	Medium	Low
Search engine - like Google	High	Medium	High	High	Low	Low	High	Low
Local search engine – Online	High	Medium	High	High	Low	Low	High	High
Local search engine - Offline	High	Medium	High	High	Medium	Low	High	High

\* Due to restriction of no. of SMS from one number and applicability of 'do not call' regulation

**Source: CRISIL Research**

Local search engines are more effective than other ad media due to:

**Consumer attention and target marketing opportunity:** Paid campaigns are a part of the search results on specific category of products and services sought by the user, thus there is a 'pull effect' which drives high user attention.

**Cost of advertising:** The cost of advertising on local search engines is much lower than that of other media.

**Measurability of reach:** An advertiser can measure the reach of his/her ad across local search platforms such as telephones, SMS and internet.

### ***Avenues of growth: New offerings...***

On the one hand, Just Dial has accumulated a huge database of users and their consumption patterns and on the other, it has an extensive database of product and service providers. It plans to leverage its large database of listing and growing number of searches, taking advantage of the 'pull effect', and offer more services:

- 1. Targeted marketing campaigns:** Just Dial plans to leverage its database to generate targeted marketing data concerning consumer preferences and MSMEs. With the consent of its users, it plans to launch target marketing campaigns for its listings.
- 2. Structured data for business:** Just Dial also plans to use data analytics to leverage its existing user/search data to provide structured data to various businesses, products and services.
- 3. Quick Quotes:** This is another product in the pipeline. It will provide prospective buyers with a price quote from multiple vendors and will be available 24/7. Prospective buyers will also receive real-time updates of revised quotes by vendors through SMS and email. This service is expected to be available on all platforms (voice, SMS, internet and mobile internet).

### *... and geographical penetration*

**Existing cities:** Just Dial plans to expand its reach in cities where it already exists, and where we believe there are more opportunities to be tapped. The majority of its database is across 11 highly populated cities, where population is expected to further increase with higher urbanisation. It plans to market its search offerings to attract new users and increase the usage per user by providing solutions to multiple search requirements.

Just Dial plans to continue to update its search platforms to deliver measurable results to its listings and aggressively grow its first-time paid advertisers by offering specialised packages (along with its existing packages) with different ticket sizes, convert non-premium packages to premium packages and penetrate the existing free listings as ~2.2% of total listings are paid.

**Entering new cities:** Just Dial plans to enter new cities as well. For faster expansion in new cities at a low cost, it has appointed resellers to build databases and increase search usage by brand building.

### *Favourable industry dynamics*

#### **Growth in urbanisation and increase in household income in India expected to continue**

As per McKinsey's report "The 'Bird of Gold': The Rise of India's Consumer Market", the number of middle-class households (annual household income of between ₹0.1 mn and ₹1 mn) is expected to increase in the long term. This and higher urbanisation will drive 1) growth in consumption of goods and services and 2) higher demand for convenience solutions such as local search engines. Hence, the number of users and their usage of search services have huge growth potential.

#### **High telecom penetration, growth in internet and 3G subscribers to aid search engines**

**Telecom:** Search engines such as Just Dial have benefited from the telecom revolution in India, which has been a key enabler for voice-based searches. Over FY05-FY12, tele-density in India grew from 9% to 77% (919 mn subscribers) in FY12. This has been driven by higher telecom penetration, increasing affordability of handsets and calls (call rates down to 30-50 paise/minute). As a result, using search services on the phone has become convenient and affordable. This will drive growth in voice-based search services.

**Internet:** In India, growth in internet (wired dial-up + broadband) connections has lagged that in telecom due to lower penetration of computers and internet services as compared to telecom services. Over FY05-FY11, internet connections have grown at a CAGR of 29% (20 mn in FY11). This growth has predominantly been across MSMEs, and in metros and tier I cities. As per [www.internetworldstats.com](http://www.internetworldstats.com), an international website providing details of internet users across the globe, India has 121 mn internet users and internet penetration (% of population) of 10.2% as of December 2011.

**3G:** CRISIL Research expects 3G subscribers to grow to ~210 mn in FY18 from ~11 mn in FY12. This will be driven by expansion of 3G networks by telecom companies and affordable 3G-enabled handsets and data plans. Strong growth in smart phone/devices users along with affordable data plans will provide a push to searches through mobile internet and applications.

### **Local search services industry has low entry barriers...**

The local search services industry has low entry barriers as any player can:

- Establish a database of product and service providers
- Establish a search platform based on voice, internet, mobile WAP and SMS
- Conduct strong branding, sales and marketing to drive search requests
- Generate revenues through paid listings/campaign ads by providing competitive pricing
- As these factors would require significant initial investment (cash burn), a player with a strong balance sheet and willingness to invest in the initial period can enter and make an impact on the local search services industry.

### **... but Just Dial has been able to grow amidst competition**

While Just Dial started its services in 1996 and has had the first-mover advantage, competition exists. Getit has been present since 1986 and Sulekha.com has been present since 1998. Also, multiple players have been providing yellow page services, and other search engines – such as Google - have been present and popular for years.

**Table 2: Brief profile of competitors**

Sr No.	Name	Year of inception	Promoter	Platform	Database coverage (cities/towns)*	Listing (mn)	PE investor
1	Getit	1986	Delhi-based TEJ Bandhu group	Voice, online, print	~35	NA	ASTRO group, Helion Venture Partners
2	Just Dial	1996	Mr V.S.S. Mani	Voice, online, SMS, mobile internet	~1,800	~9	SAIF Partners, SAPV (Mauritius), Sequoia Capital India Investments III, EGCS Investment Holdings, Tiger Global Four JD Holdings and Tiger Global Five Indian Holdings
3	Sulekha.com	1998	Mr Satya Prabhakar, Founder and CEO	Online	~60	~2	IMG (New York), Norwest Venture Partners (Palo Alto), Mitsui (Tokyo)
4	Askaila	2007	Mr Kiran Konduri, Mr Shriram Adukoorie	Online, SMS	~1,700	NA	Matrix Partners, Lightspeed Venture Partners, SVB
5	Askme	2011	Television Eighteen India Ltd	Voice, online, print	>525	> 3	NA

\* Search engines may have different geographic classification methodologies, thus their reach may not be fully comparable.

**Source: Industry, CRISIL Research**

### **Just Dial vs local peers**

**Search platforms:** Just Dial's peers have been providing search services across voice, online, print (yellow pages) and SMS platforms. Convenience to users has been the common mantra.

**Reach:** Just Dial has developed a database of product and service providers in various cities and towns. Its voice-based search services are accessible in 250 cities through its main hotline number 6999 9999. These services can also be accessed across India through another hotline number +91 88888 88888. Askaila is present in 1,700 cities/towns and Askme in 525 cities/towns. Network reach - the depth of search coverage across cities where the service provider is present - is more important than the number of cities it operates in. While this information for Just Dial's peers is not available, growth in number of searches in case of Just Dial signifies the depth and relevance of its reach.

**Database:** As most of Just Dial's peers are private players, details of their databases are unavailable. Sulekha.com has a database of ~2 mn listings and Askme's database is more than 3 mn listings. Also, it is difficult to assess as to which database is consistently updated and which one provides relevant search results to users. Growth in number of searches is the only way to gauge the same which, again, is available only in Just Dial's case.

**Performance on the web:** Amongst the Indian websites, www.justdial.com has been ranked 40 in India by www.alexa.com, a provider of details of websites across the globe and their usages across various parameters. Just Dial's ability to grow its online search services is visible from the strong growth in online searches (three-year CAGR of 64% to 124.3 mn in FY12) and mobile internet searches (three-year CAGR of 127% to 23.8 mn in FY12).

**Table 3: Performance on the web\***

Name of the website	Ranks amongst Indian websites	Time spent on the website (min)*	Page views per user*
www.sulekha.com#	51	3.2	3.2
www.asklaila.com	161	2.3	2.8
www.askme.com	784	2.4	2.7
www.getit.in	883	2.4	2.7
<b>www.justdial.com</b>	<b>40</b>	<b>5.5</b>	<b>5.0</b>

\* For the past three months as on 04-Apr-2013

# also provides blog space and specific content related to jobs/careers, movie reviews amongst others.

**Source: www.alexa.com**

**Financial performance:** While Just Dial's peers may have been able to compete with Just Dial, though selectively, their historical financial performance shows that they have not been able to do so profitably. Just Dial's peers have incurred heavy losses in the past. Conversely, Just Dial has been profitable in the past decade. Also, Just Dial has consistently generated free cash flows.

### **International peers with similar business models**

In the international market, there are local search engines which provide services like Just Dial, and across voice, internet and mobile internet platforms.

**Yelp! Inc.**, incorporated in 2004, provides local search services and ratings/reviews (on a five-point scale) for the same across internet and mobile WAP platform in the US, Europe, the UK and many other countries. It also enables interaction amongst its users. It generates revenues through paid ads by local businesses.

**Table 5: Yelp! Inc.'s historical performance**

US \$ mn	2008	2009	2010	2011	9M2012	2008-2011 CAGR (%)
Net revenues	12.1	25.8	47.7	83.3	121.3	90%
Adjusted EBITDA	-5.3	-0.6	-5.7	-11.9	-16.1	NA
Net loss	-5.8	-2.3	-9.7	-16.7	-22.8	NA
<b>Operational matrix</b>						
Reviews (mn)	4.7	8.8	15.1	27.6	33.3	80%
Unique visitors (mn)	15.7	26.1	39.4	71.4	84.0	66%
Local business locations (no's)	25,000	120,000	307,000	N.A	889,000	N.A
Active local business accounts (no's)	4,000	7,000	11,000	21,000	35,500	N.A
Active local business as a % of claimed local business	16.0%	5.8%	3.6%	N.A	N.A	N.A

**Source: Company, CRISIL Research**



In 2005, **Jingle Networks** founded **1800FREE411**, a voice and online local search directory in the US and Canada. It generates revenues by playing a jingle, which is an advertisement, when a user makes a call for his/her local search requirement. It also provides free directory assistance on iPhone and android mobile apps. 1800FREE411 has reported 30 mn unique users a month. In April 2011, Marchex Inc., a US-based digital call advertising and small business marketing company, acquired Jingle Networks for US\$ 62.5 mn. It expects Jingle Networks' revenues to grow by 40% y-o-y to US\$ 26 mn.

## Google remains a key threat

The world's largest search engine - Google - has been present in India for many years, providing search services and navigation services through Google maps. Providing local search services in any country is passé for a global player such as Google. In India, it introduced interactive voice response (IVR)-based local search service in Hyderabad in April 2008. However, it was unable to achieve scale, making the business unviable. As a result, it closed this service in December 2010.

A comparison of Google India and Just Dial's FY12 financials highlights that the latter's revenues were ~22% of Google India's revenues (includes software development, IT-enables services and advertisement revenue through 'Adwords program'). Globally, Google's search services are based on technology while the search market in India requires collection and maintenance of database through feet-on-street and voice-based search option. Hence, the probability of Google re-entering the local search market is low but any such move by Google is a key monitorable.

**Table 6: Google India vs Just Dial**

(₹ mn)	Google India Private Ltd				Just Dial Ltd			
	CY08 12 month	FY10 15 month	FY11 12 month	FY12 12 month	FY09 12 month	FY10 12 month	FY11 12 month	FY12 12 month
Operating income	6,649	7,793	8,520	11,622	859	1,309	1,839	2,621
PAT	1,448	980	1,374	1,507	69	184	288	523
PAT Margin (%)	21.8%	12.6%	16.1%	13.0%	8.0%	14.1%	15.7%	20.0%

Source: Industry, Company, CRISIL Research

## LTE technology and affordable smart devices could provide users more online options

LTE technology is likely to provide a boost to data usage. This may attract domestic and international companies to provide mobile applications for local search services which could potentially be another big competition for Just Dial. While Just Dial continues to keep pace with new technologies (such as android-based applications), competition from newer applications and its ability to compete with them remains a monitorable.

## Experienced management but bandwidth is a monitorable

Just Dial's management, led by Mr Mani, has been proactive in consistently meeting customer expectations both on technology and search content. The company has been able to demonstrate stronger execution capabilities in the local search market than peers driven by a strong top management. For future growth, the company will have to ramp-up its senior and second line of management. Also, the company is heavily dependent on Mr Mani for strategic planning.

In Q2FY12, Just Dial demerged its US operations under Just Dial Global Pvt. Ltd (JD Global), which is owned by its promoters and Sequoia Capital. Currently, Just Dial's promoters, Mr Mani and Mr V. Krishnan, play an important role in the strategic planning and operations of Just Dial. JD Global provides local search services in the US as Just Dial provides in India. If JD Global's operations take away significant management bandwidth of Just Dial, it could adversely impact the latter's core operations in India.

## B. Financial Performance

Just Dial's revenues increased at 39% CAGR over FY08-FY12 to ₹2,621 mn in FY12 (₹2,645 mn in 9MFY13). The strong revenue growth was driven by growth in paid listings/campaigns which grew more than four times to 171,000 in FY12 from 40,500 in FY09 (195,100 listings in 9MFY13).

Employee cost is the largest cost for Just Dial. As a percentage of revenues, it declined to 49.9% in FY12 from 60.5% in FY08 as employee cost is not linear to revenues. Similarly, Just Dial's other operating costs, also not linear to revenues, declined - as a percentage of revenues - to 24.4% in FY12 from 34.5% in FY08. As a result, EBITDA margin increased to 25.7% in FY12 from 5.0% in FY08. As Just Dial's business is not capital intensive and it does not have net debt, improvement in EBITDA margin has led to an improvement in PAT margin. PAT margin increased to 20% in FY12 from 2.4% in FY08. Also, RoE improved to 53.6% in FY12 from 6.7% in FY08.

### Financial performance snapshot

Particulars	Unit	FY08	FY09	FY10	FY11	FY12	9MFY13#
Operating income	₹ mn	696	859	1,309	1,839	2,621	2,645
EBITDA	₹ mn	35	76	297	454	673	735
EBITDA margin	%	5.0%	8.8%	22.7%	24.7%	25.7%	27.8%
Net profit	₹ mn	17	69	184	288	523	471
Net profit margin	%	2.4%	8.0%	14.1%	15.7%	20.0%	17.8%
RoCE	%	3.1%	8.7%	45.3%	49.2%	59.3%	N.A
RoE	%	6.7%	17.3%	34.4%	36.8%	53.6%	N.A
Basic EPS*	₹	(0.7)	0.3	2.7	4.7	9.4	7.2
No. of equity shares (FV of ₹10)*	mn	0.9	0.9	0.9	51.9	51.9	69.4
Net worth	₹ mn	366	439	638	932	1,034	N.A
Net asset value per share*	₹	5.9	7.1	10.3	14.9	15.9	N.A
Current ratio	Times	1.2	1.3	1.5	1.4	1.3	N.A
Debt/equity ratio	Times	0	0	0	0	0	N.A

Figures have been reclassified as per CRISIL's standards

\* Adjusted for bonus shares issued in FY11 in the ratio 55:1.

\* Net asset value per share has been derived after retrospective adjustment of bonus issue and outstanding financial instruments

# 9MFY13 numbers are unconsolidated numbers; rest are consolidated numbers

**Source: DRHP, Company, CRISIL Research**

## C. Management Capabilities and Corporate Governance

Just Dial's top management is headed by promoter Mr V. S. S. Mani (MD and CEO). Along with his friends, he had co-founded a local search engine – Askme in 1989. Later, he transferred his stake in Askme to his friends. Prior to this, he worked for the yellow pages of United Database India Pvt. Ltd. Currently he holds 30.54% stake in Just Dial.

Mr V. Krishnan, promoter and executive director, has been associated with the company since its inception. He has 20 years of experience in strategic planning and execution. Just Dial has an experienced senior management team. Mr Sandipan Chattopadhyay, CTO, has been associated with Just Dial since January 1, 2009. He has 16 years of experience in technology. Prior to this, he was associated with E Dot Solutions India Pvt. Ltd. Mr Ramkumar Krishnamachari, CFO, has been associated with Just Dial since August 8, 2010. He has 22 years of experience in finance and accounting, and has worked with Royal Sundaram General Insurance Allied Company Ltd. Mr Koora Srinivas, deputy CFO and SVP - HR, has been associated with the company since December 1, 1999 and has 13 years of experience in finance and accounting. Mr Shreos Roy Chowdhury is the chief technical architect of the company. He has been with Just Dial since September 21, 2010 and has 16 years of experience in technology. Prior to this, he was associated with Reliance Big Entertainment Pvt. Ltd. The senior management is supported by an experienced and professional second line of management who, according to the company, have been associated with it since long.

The independent directors, though newly inducted, have a strong corporate background. The board consists of eight directors including three independent directors. Mr B. Anand, chairman, joined the company's board as an independent director in August 2011. Currently, he is the CFO Trafigura India Private Ltd. Mr Sanjay Bahadur joined the board as an independent director in August 2011. He has 29 years of experience in the field of construction. He is currently the CEO - global constructions and chemicals division - of Pidilite Industries Ltd. Mr Malcolm Monterio joined the board as an independent director in August 2011. He is the CEO of DHL Express, South Asia and a member of the DHL Asia Pacific management board. Mr Ravi Adusumalli represents SAIF Partners and has been on Just Dial's board since October 2006. He has 17 years of experience in the field of finance and investment. He is currently a managing partner and heads the India office of SAIF Partners. Mr Shailendra Jit Singh represents Sequoia Capital and has been on Just Dial's board since June 2012. He has 13 years of experience in the field of investment and financial services and is currently the managing director of Sequoia Capital India Advisors Private Ltd.

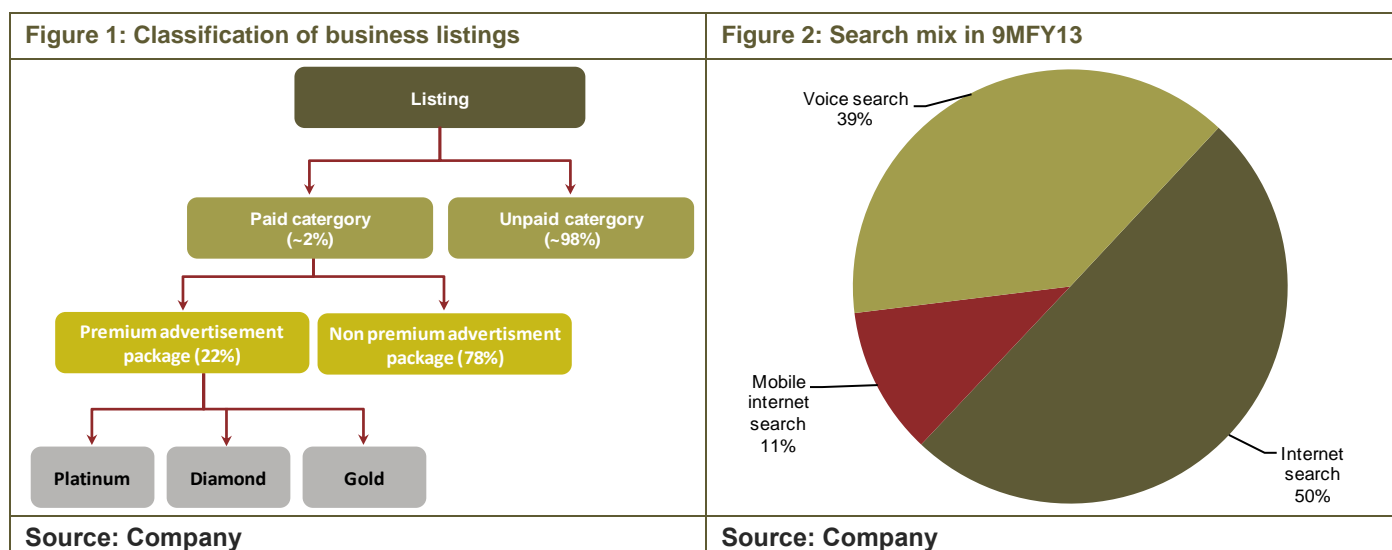
## Annexure I

### Business Model

**Searches by users:** Users contact Just Dial when they require contact details of a business or service provider. Just Dial reciprocates fast with updated but free information from its business listings. The number of search requests has increased to 254.3 mn in FY12 from only 82.2 mn in FY09 (267.2 mn in 9MFY13). Just Dial launched its internet and mobile internet platform in FY07; the number of searches on these later-added platforms have grown much faster than the growth in over-all searches and constituted ~61% of total searches in 9MFY13.

In addition to contact details of business listings, Just Dial also provides access to user reviews and ratings, enabling new users to take informed decisions. It also provides ‘reverse auction’ service through which a user, at the time of the search, can place a request for quotes for multiple business listing for his/her product or service requirement.

**Paid advertisers:** Just Dial has been able to monetise the growth in searches on its platforms by converting business listings into paid listings. Out of its database of 9.0 mn listings as of February 2013, 195,100 were paid listings (up from 40,500 paid listings in FY09). It provides annual and long-term membership to its paid advertisers on advance payment on a monthly or annual basis. Paid advertisers can opt for premium or non-premium advertisement packages. Premium advertisement packages (platinum, diamond and gold membership packages) allow preferential listing of these advertisers ahead of non-premium and free listing.



### Demerger of global operations

Just Dial had started its global search services business through its subsidiary JD Global. In FY11, it cancelled ~525,000 shares (totaling ₹5.25 mn) held by it in JD Global and invested ₹725 mn in cumulative redeemable (optionally convertible) preference shares. Thus, JD Global ceased to be a subsidiary of Just Dial and the balance shares were held by Just Dial’s promoters and Sequoia Capital. In Q2FY12, Just Dial demerged its investment in JD Global and issued equity shares to Just Dial’s shareholders. This resulted in write-down of ₹725 mn in the value of investments and net worth on Just Dial’s balance sheet. Post this transaction, Just Dial’s promoters hold 48.25% in JD Global and the balance shares are held by other existing shareholders of Just Dial.

Just Dial has also signed a service agreement with JD Global for providing IT infrastructure and support services to the latter at arm’s length basis. Just Dial has also entered into a licence agreement with JD USA (subsidiary of JD Global) for using Just Dial’s brand for an annual licence fee of 1% of net revenues.

## Annexure II: Profile of the Directors

Name of directors	Age	Designation	Date of joining	Qualification	Previous employment	Other directorships
Mr B. Anand	49	Chairman & Independent Non-Executive Director	2-Aug-11	Bachelor's degree in commerce from Nagpur University and an associate member of ICAI	Vedanta Resource, Motorola India Private Ltd, Credit Lyonnais Bank SA, HSBC Bank plc, Infrastructure Leasing & Financial Services Ltd and Citibank	<ol style="list-style-type: none"> <li>1. Future Ventures India Ltd</li> <li>2. Staples Future Office Products Private Ltd</li> <li>3. Nagarjuna Oil Corporation Ltd</li> <li>4. TER Commodities Trading Private Ltd</li> </ol>
Mr V.S.S. Mani	47	Managing Director	Since inception	Discontinued Bachelor's degree in commerce from Delhi University after completing two years; undertook articleship under a member of the ICAI	United Database India Private Ltd	<ol style="list-style-type: none"> <li>1. Just Dial Global Private Ltd</li> <li>2. Just Dial Inc., US</li> <li>3. Superstar Ventures Private Ltd</li> </ol>
Mr Ramani Iyer	44	Non-Independent, Non-Executive Director	28-Oct-05	Diploma in hotel management	20 years of experience; associated with Just Dial since inception and responsible for overall strategic planning and execution	<ol style="list-style-type: none"> <li>1. Just Dial Global Private Ltd</li> </ol>
Mr V. Krishnan	42	Non-Independent, Executive Director	28-Oct-05	Discontinued Bachelor's degree in commerce from Delhi University after completing two years	20 years of experience; associated with Just Dial since inception and responsible for overall strategic planning and execution	<ol style="list-style-type: none"> <li>1. Just Dial Global Private Ltd</li> </ol> Trusteeships: <ol style="list-style-type: none"> <li>1. Just Dial Private Ltd Employees Group Gratuity Scheme</li> </ol>
Mr Ravi Adusumalli	37	Non-Independent Non-Executive Director	9-Oct-06	Bachelor's degree in economics and government from Cornell University, US	Managing partner and heads India office of SAIF Partners. Prior to joining SAIF Partners, he was associated with Mobius Venture Capital	<ol style="list-style-type: none"> <li>1. TV18 Home Shopping Network Ltd</li> <li>2. Fatpipe Networks India Ltd</li> <li>3. One97 Communications Ltd</li> <li>4. Just Dial Global Private Ltd</li> <li>5. Make My Trip (India) Private Ltd</li> <li>6. Make My Trip Ltd (Mauritius)</li> <li>7. A2 Media Private Ltd</li> <li>8. Brainbees Solutions Private Ltd</li> <li>9. TV 18 HSN Holdings Ltd</li> <li>10. Robemall Apparels Private Ltd</li> <li>11. Le Travenues Technology Private Ltd</li> <li>12. Proptiger Realty Private Ltd</li> <li>13. Cybernet-Slash Support Inc</li> </ol>

Name of directors	Age	Designation	Date of joining	Qualification	Previous employment	Other directorships
Mr Malcolm Monterio	59	Independent Non-Executive Director	2-Aug-11	Bachelor's degree in electrical engineering from the Indian Institute of Technology, Mumbai and post-graduate degree in business management from the Indian Institute of Management, Ahmedabad	Chief executive officer of DHL Express, South Asia and a member of the DHL Asia Pacific Management Board	<ol style="list-style-type: none"> <li>1. Blue Dart Express Ltd</li> <li>2. DHL Express (Singapore) Private Ltd</li> </ol>
Mr Sanjay Bahadur	50	Independent, Non-Executive Director	2-Aug-11	Bachelor's degree in civil engineering from Delhi College of Engineering	Chief executive officer of Pidilite Industries Ltd. Previously worked with Larsen & Toubro Ltd, Aeon's Construction Products Ltd, Unitech Prefab Ltd and ACC Concrete Ltd	<ol style="list-style-type: none"> <li>1. Building Envelope Systems India Ltd</li> <li>2. Aaktech Construction Private Ltd</li> <li>3. Unitech Ltd</li> <li>4. Dr. Fixit Institute of Structural Protection &amp; Rehabilitation</li> <li>5. NRCA Roofing India Private Limited; and</li> </ol>
Mr Shailendra Jit Singh	36	Non-Independent, Non-Executive Director	21-Jun-12	Master's degree in business administration from Harvard Business School, B. Tech in chemical engineering from IIT, Mumbai	13 years of experience in the field of investment and financial services. He is currently the managing director of Sequoia Capital India Advisors Pvt. Ltd. Prior to this, he was a strategy consultant at Bain & Company, New York	<ol style="list-style-type: none"> <li>1. Accelyst Solutions Pte Ltd</li> <li>2. Druva Software Private Ltd</li> <li>3. Flight Raja Travels Private Ltd</li> <li>4. Free Culture Pte Ltd</li> <li>5. Practo Technologies Private Ltd</li> <li>6. Mu Sigma Inc</li> <li>7. Pine Labs Private Ltd</li> <li>8. SCIOinspire Inc</li> <li>9. Sequoia Capital India Advisors Private Ltd</li> <li>10. Sourcebits Pte Ltd</li> </ol>

Source: Company, DRHP

## Our Capabilities

### Making Markets Function Better

#### Economy and Industry Research

- Largest team of economy and industry research analysts in India
- Coverage on 70 industries and 139 sub-sectors; provide growth forecasts, profitability analysis, emerging trends, expected investments, industry structure and regulatory frameworks
- 90 per cent of India's commercial banks use our industry research for credit decisions
- Special coverage on key growth sectors including real estate, infrastructure, logistics, and financial services
- Inputs to India's leading corporates in market sizing, demand forecasting, and project feasibility
- Published the first India-focused report on Ultra High Net-worth Individuals
- All opinions and forecasts reviewed by a highly qualified panel with over 200 years of cumulative experience

#### Funds and Fixed Income Research

- Largest and most comprehensive database on India's debt market, covering more than 14,000 securities
- Largest provider of fixed income valuations in India
- Value more than ₹33 trillion (USD 650 billion) of Indian debt securities, comprising 85 per cent of outstanding securities
- Sole provider of fixed income and hybrid indices to mutual funds and insurance companies; we maintain 12 standard indices and over 80 customised indices
- Ranking of Indian mutual fund schemes covering 71 per cent of average assets under management and ₹4.7 trillion (USD 94 billion) by value
- Retained by India's Employees' Provident Fund Organisation, the world's largest retirement scheme covering over 50 million individuals, for selecting fund managers and monitoring their performance

#### Equity and Company Research

- Largest independent equity research house in India, focusing on small and mid-cap companies; coverage exceeds 100 companies
- Released company reports on all 1,401 companies listed and traded on the National Stock Exchange; a global first for any stock exchange
- First research house to release exchange-commissioned equity research reports in India
- Assigned the first IPO grade in India

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