

March 6, 2019

Company	Sector	CMP	Recommendation	Target	Potential Upside
DB Corp Ltd.	Publishing	194	BUY	215	11%

Key Stock Data

BSE Script Code	DBCORP
NSE Script Code	DBCORP
No. of shares	18.4
FV (Rs.)	10
MCAP (Rs.)	3383 Crs
MCAP (\$)	48 Crs
52 Week High	Rs. 347
52 week Low	Rs. 152
Time Frame	6 months

DBCORP is a leading media conglomerate with strong focus on the fast growing tier II and III cities. It publishes 7 newspapers with Dainik Bhaskar 40 editions, Divya Bhaskar 7 editions, & Dainik Divya Marathi 7 editions, ~208 sub editions in 4 languages (Hindi, Gujarati, Marathi and English), 3 magazines, 30 radio stations and 4 online properties. Apart from print segment, the company is also present in radio and digital segments. In radio, it operates through its brand 'MY FM 94.3'. DBCL also has presence in the online news portal - dainikbhaskar.com, divyabhaskar.com and dailybhaskar.com are the company's online news portal.

Investments Rationale**1. Strong set of 3QFY19 numbers**

DBCORP reported decent set of numbers with top-line increasing 11% Y-o-Y and 13% Q-o-Q to Rs. 660 Crs in 3QFY19 as against Rs. 593 Crs in 3QFY18 on a bottom-line of Rs. 75 Crs in 3QFY19 which grew by 63% Q-o-Q but ge-grew by 4% Y-o-Y. EBITDA margins contracted by 243 bps Y-o-Y but expanded by 534 bps Q-o-Q. EBITDA margin contraction was on account of increase in newsprint cost.

2. Reduction in newsprint cost to aid EBITDA

News print cost prices have cooled down by 40% from its peak and the management expects the news print cost to stabilize at current levels. This cooling of news print cost will result in higher operating profits which in-turn will lead to expansion of EBITDA Margins further.

Outlook & Valuations

With nearing election period we feel advertisement revenues will go up in the print segment followed by reduction in print cost will boost operating performance of the company. DBCORP is currently trading at attractive valuations of mere 9.18x FY20E pe, we would like to allot a PE multiple of 10.2x FY20E PE to arrive at a target price of Rs. 215 per share.

Key Financial

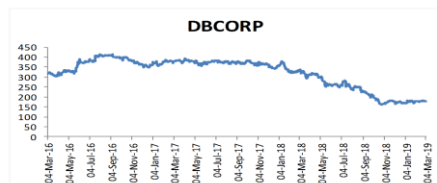
Amt in Crs

Source : BSE Website and company research

Particulars	FY16 A	FY17 A	FY18 A	FY19 E	FY20 E
Total Revenue	2049	2258	2328	2444	2591
EBITDA	534	642	564	637	725
PAT	292	374	323	348	389
EPS	15.8	20.27	17.61	18.93	21.12
PE	12.27	9.57	11.02	10.24	9.18

Shareholding Pattern

Promoters	71.62%
DII's	1.93%
FII's	18.63%
Others	7.82%

3 years Price Chart

Source: All above data from BSE Website and Capital Line

Analyst Stock Rating	
Ratings	Expected absolute returns over 6 months
BUY	>10%
HOLD	5-10%
SELL	<5%

Note: Our target price is within 6 months perspective. Returns stated in the rating scale are our internal benchmark.

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