

Company Update

CMP	360
Target Price	430
Previous Target Price	480
Upside	19%
Change from Previous	-10%

Market Data

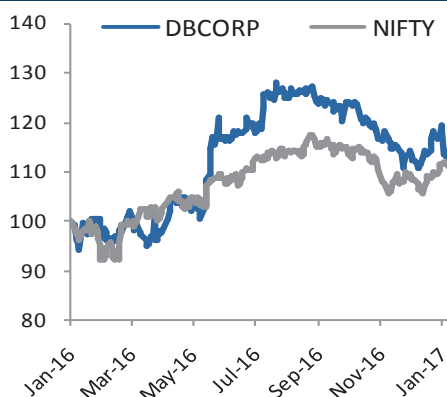
BSE Code	533151
NSE Symbol	DBCORP
52wk Range H/L	448/287
Mkt Capital (Rs Cr)	6,627
Av. Volume(,000)	92
Nifty	8,349

Stock Performance

	1M	3M	12M
Absolute	2.1	-9.7	17.0
Rel.to Nifty	-0.9	-6.1	3.4

Share Holding Pattern-%

	3QFY17	2QFY17	1QFY17
Promoters	69.9	69.9	69.9
Public	30.1	30.1	30.1
Others			
Total	100.0	100.0	100.0

Company Vs NIFTY

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DBCORP's sales for this quarter grew by 6% and EBITDA improved by 5% in Q3FY17. Considering demonetization, these numbers are reasonably good. The company is witnessing recovery in ad spending from all sectors except Real Estate. Management is confident of improving business going forward. After factoring demonetization, we expect ad revenue from printing & publishing for DBCORP to grow by 6% in Q4FY17E considering upcoming Punjab election, expected DAVP rate revision and improvement in general business conditions. We expect radio business to grow by 20% in Q4FY17E considering new frequency launches. If we factor this growth in our numbers, we find company ROE to improve from 22% to 29% (improvement by 664 bps) in FY17E. Considering clean balance sheet with very less debt, improving business conditions and expected improvement in ROE, we still hold positive view on this stock. We recommend to 'BUY' this stock but considering negative impact of demonetization in Q3FY17, we are revising our target price from 480 to 430.

Q3FY17_Result Update

DBCORP's Sales for this quarter grew by 6% YoY to Rs 627 cr led by 5% growth in Printing & publishing revenue. EBITDA has improved by Rs 190 cr to Rs 198 cr, up by 5% YoY. EBITDA margin declined by 54 bps YoY to 31.6% led by 55 bps increase in other expenses. PAT margin improved by 5 bps YoY to 18.83% from 18.77%. PAT for this quarter remained Rs 118 cr, up by 7% YoY.

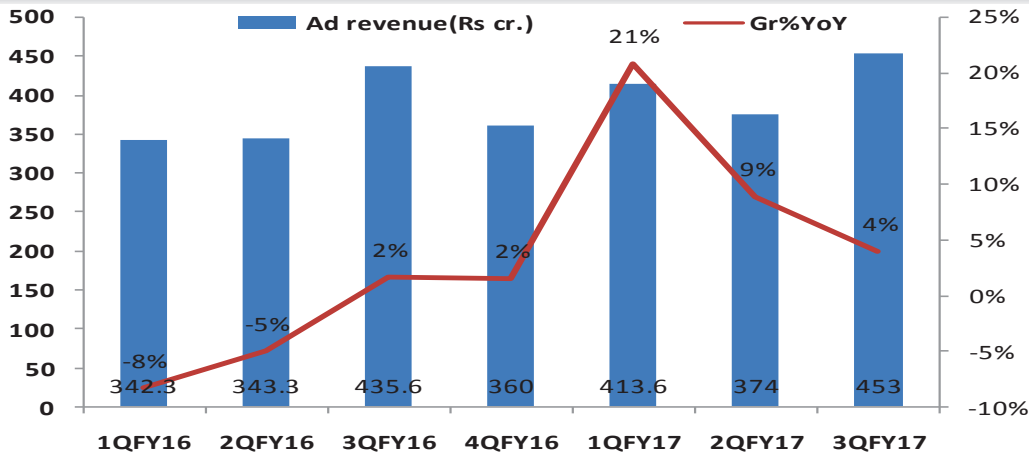
Advertisement revenue for this quarter grew by 4% YoY to Rs 453 cr from 435.6 cr. Circulation revenue grew by 9% YoY to Rs 124 cr from Rs 114 cr led by yield growth from mature market. Advertisement revenue from radio business grew by 12% YoY to Rs 36 cr from Rs 32 cr.

Concall Highlights:

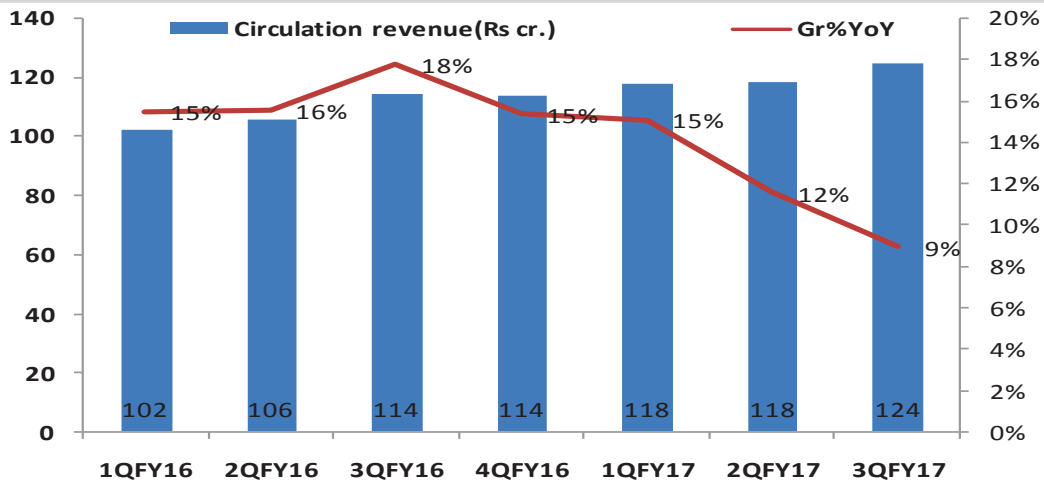
- Radio Business: launch of six new frequencies, now company has 26 live frequencies. New stations will break even in 2-3 yrs.
- DAVP rate hike: No announcement yet. If it happens, government advertisement will grow at strong double digits.
- Contribution from government ad for this quarter remained 12%.
- Sectors performed negatively: Real estate, Health care, FMCG
- Sectors performed positively: Auto, Life Style, BFSI and Government.
- Trade receivables went up by almost 3 days.
- Witnessing recovery in ad spending from all sectors except Real Estate.

	Rs,Cr				
Financials	2013	2014	2015	2016	2017E
Sales	1592	1860	2010	2052	2283
EBITDA	382	504	562	535	698
Net Profit	218	307	316	297	408
EPS	12	17	17	16	22
ROE	21%	27%	25%	22%	29%

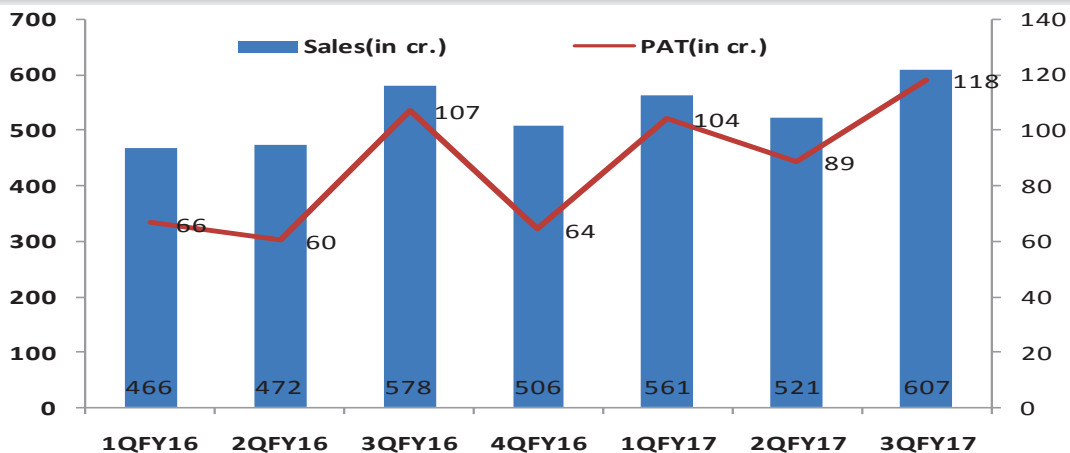
Ad revenue and growth YoY %



Circulation Revenue and growth YoY%



Sales and PAT (in cr.)



Financials Snap Shot

INCOME STATEMENT

	FY14	FY15	FY16	FY17E
Revenue	1860	2010	2052	2283
Other Income	24	26	28	15
Total Revenue	1884	2035	2080	2298
EBITDA	504	562	535	698
EBITDA Margin (%)	27.1%	28.0%	26.1%	30.6%
Depreciation	64	88	88	86
EBIT	463	500	476	532
Interest	8	8	9	10
Extraordinary items	-3	0	0	0
PBT	452	492	466	617
Tax	146	176	169	209
Tax Rate (%)	32%	36%	36%	34%
Reported PAT	307	316	297	408
Dividend Paid	139	166	242	331
No. of Shares	18	18	18	18

RATIOS

	FY14	FY15	FY16	FY17E
EPS	16.7	17.2	16.1	22.2
Book Value	62.5	70.2	73.3	77.5
DPS	7.6	9.1	13.2	18.0
Payout (incl. Div. Tax.)	45%	53%	82%	81%
Valuation(x)				
P/E	15.8	18.3	22.3	16.2
Price / Book Value	4.2	4.5	4.9	4.6
Dividend Yield (%)	2.5%	2.5%	3.1%	4.2%
Profitability Ratios				
RoE	26.7%	24.6%	22.0%	28.7%
RoCE	38.0%	37.3%	34.6%	37.3%
Turnover Ratios				
Asset Turnover (x)	1.1	1.1	1.0	1.1
Debtors (No. of Days)	65.4	63.6	69.7	64.0
Inventory (No. of Days)	34.5	25.9	30.2	26.0
Creditors (No. of Days)	22.2	22.4	21.3	21.0
Net Debt/Equity (x)	0	0	0	0

BALANCE SHEET

	FY14	FY15	FY16	FY17E
Share Capital	183	184	184	184
Reserves	963	1105	1163	1240
Net Worth	1147	1288	1347	1424
Long term Debt	73	51	27	3
Short term Debt	54	48	87	87
Deferred Tax	89	83	84	84
Capital Employed	1219	1339	1373	1427
Net Fixed Assets	825	818	935	849
Capital WIP	2	0	0	0
Non Current Investments	72	69	69	69
Inventory	173	140	167	163
Debtors	328	345	386	400
Cash & Bank Balances	113	177	90	208
Trade payables	111	121	118	131
Provisions	95	105	121	117
Net Current Assets	227	260	206	352
Total Assets	1770	1905	2000	2051

CASH FLOW STATEMENT

	FY14	FY15	FY16	FY17E
OP/(Loss) before Tax	452	492	466	617
Depreciation	64	88	88	86
Interest	-4	-6	-7	-10
Direct Taxes Paid	-104	-150	-169	-175
(Inc)/Dec in Wkg Cap	0	0	0	0
CF from Op. Activity	248	425	335	483
Capit. expend. on f. assets	-63	-106	-114	-200
Sale of fixed assets	2	1	1	1
CF from Inv. Activity	-92	-153	-182	0
Inc/(Dec) in Net Worth	0	0	0	0
Inc / (Dec) in Debt	-26	-25	-27	-24
Interest Paid	-4	-6	-7	-10
Divd Paid (incl Tax)	-139	-166	-243	-331
CF from Fin. Activity	-178	-165	-240	-365
Inc/(Dec) in Cash	-9	67	-87	118
Add: Opening Balance	120	0	177	90
Closing Balance	110	67	90	208