

**Company Update**

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

**Market Data**

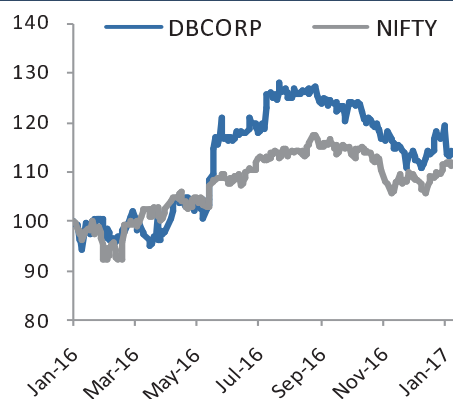
BSE Code	533151
NSE Symbol	DBCORP
52wk Range H/L	448/287
Mkt Capital (Rs Cr)	6,627
Av. Volume(,000)	92
Nifty	8,349

**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.

	2013	2014	2015	2016	2017E
<i>Financials</i>					
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%