

Company Overview

DB Corp. Limited (DBCL) is one of India's leading print media companies, which started operations in 1958 with the launch of its first edition of Hindi newspaper in Bhopal, Madhya Pradesh. Currently, the company publishes three newspapers with fifty-seven editions in three languages, i.e., Hindi, Gujarati and Marathi across 14 states in India. DBCL's newspaper portfolio includes Dainik Bhaskar (DB- 43 editions), Divya Bhaskar (8 editions), and Divya Marathi (6 editions). Besides newspapers, DBCL also publishes certain periodicals, namely, Bal Bhaskar, Young Bhaskar, Madhurima, Rasrang, Kalash, Dharma Darshan, and Navrang, along with its newspapers. DBCL has 51 printing units in the states of Rajasthan, Gujarat, Chandigarh, Punjab, Haryana, Himachal Pradesh, Madhya Pradesh, Chhattisgarh, Jharkhand, Maharashtra and Bihar. DBCL also has radio licenses for 30 cities across seven states, under the brand name 'My FM'. Apart from printing, publishing and radio businesses, DBCL also has a presence in the digital media with four portals and three mobile apps.

Investment Rationale

Known brand and market leader, with strong traction in mobile app downloads

DBCL is one of the leading print media groups amongst national dailies in terms of readership. DBCL's flagship newspaper, Dainik Bhaskar, is India's most widely read Hindi newspaper. Dainik Bhaskar has maintained its leadership position in the legacy markets. The company's App has registered a tremendous growth from 2 million in January 2020 to more than 13 million in May 2023. They are one of the highest-rated Hindi and Gujarati news apps with tens of millions of downloads. Moreover, they can achieve the best retention in the market due to the best user experience. As per Comscore Mobile Metrix Media Trend, Dainik Bhaskar is the no. 1 news publisher App in India.

Robust performance in circulation and advertisement almost at pre-COVID levels

DBCL's performance was severely impacted in FY21 due to COVID, which continued in FY22. The circulation and advertising revenues have both improved and now almost reached the pre-COVID levels. The company's print business has registered a strong 24% YoY growth for the last five quarters. Advertisers, including education, real estate, government, jewellery and health, have remained steadfast in their preference to use print as their preferred medium.

Valuation and Outlook

The Indian newspaper industry is witnessing a significant upswing in advertising across various segments. Reputed agencies such as CRISIL peg this growth at about 15% to 17%. The print media continues to hold value for new-age digital sectors also. Due to DBCL's savings from the cost optimization measures and the benefit from softening of newsprint prices, the company is likely to yield significant benefits in the forthcoming quarters. The company has been working on its digital business to increase its loyal monthly active user base across its applications. Through its ongoing initiatives at the Radio division - MY FM, they are working towards building planned visibility, delivering compelling content which will ultimately drive revenue growth. **Thus, we give the stock a "Buy" rating. On the valuation front, we value the company based on 28x of FY23 earnings and arrived at a target price of INR 266 (17% upside from CMP) with a 12 months investment horizon**

Stock Rating

BUY	HOLD	SELL
> 15%	-5% to 15%	< -5%

Sector Outlook

Positive

Stock

CMP (INR)	230
Target Price (INR)	266
NSE Symbol	DBCORP
BSE Code	533151
Bloomberg	DBCL IN
Reuters	DBCL.BO

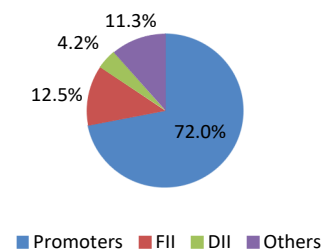
Key Data

Nifty	19,533
52WeekH/L(INR)	255 / 89
O/s Shares (Mn)	178
Market Cap (INR bn)	41
Face Value (INR)	10

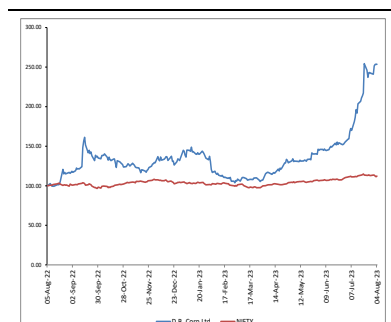
Average volume

3 months	5,96,160
6 months	4,05,890
1 year	5,83,490

Share Holding Pattern (%)



Relative Price Chart



D.B.CORP Ltd.

Key Financials

YE March (Rs. millions)	FY17	FY18	FY19	FY20	FY21	FY22	FY23
Revenue	22,580	23,112	24,627	22,238	15,077	17,685	21,292
<i>Revenue Growth (Y-o-Y)</i>		2.4%	6.6%	(9.7%)	(32.2%)	17.3%	20.4%
EBIDTA	6,422	5,638	5,042	4,815	3,048	3,028	3,221
<i>EBIDTA Growth (Y-o-Y)</i>		(12.2%)	(10.6%)	(4.5%)	(36.7%)	(0.6%)	6.4%
Net Profit	3,748	3,240	2,738	2,750	1,414	1,426	1,691
<i>Net Profit Growth (Y-o-Y)</i>		(13.6%)	(15.5%)	0.4%	(48.6%)	0.8%	18.6%
Diluted EPS	21.1	18.2	15.4	15.4	7.9	8.0	9.5
<i>Diluted EPS Growth (Y-o-Y)</i>		(13.6%)	(15.5%)	0.4%	(48.6%)	0.8%	18.6%

Key Ratios

EBIDTA margin (%)	28.4%	24.4%	20.5%	21.7%	20.2%	17.1%	15.1%
NPM (%)	16.6%	14.0%	11.1%	12.4%	9.4%	8.1%	7.9%
RoE (%)	23.5%	16.8%	15.0%	16.4%	7.8%	7.6%	8.7%
RoCE (%)	38.9%	28.6%	26.9%	26.1%	16.2%	15.9%	16.3%

Valuation Ratios

P/E (x)	10.9x	12.6x	15.0x	14.9x	28.9x	28.7x	24.2x
EV/EBITDA	6.2x	6.8x	8.0x	8.6x	12.6x	11.9x	12.4x
P/BV (x)	2.6x	2.1x	2.2x	2.4x	2.2x	2.2x	2.1x
Market Cap. / Sales (x)	1.8x	1.8x	1.7x	1.8x	2.7x	2.3x	1.9x

Source: Company, BP Equities Research



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Disclaimer Appendix**Analyst (s) holding in the Stock : Nil****Analyst (s) Certification:**

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