



# DB Corp

Relative to sector: **Outperformer**

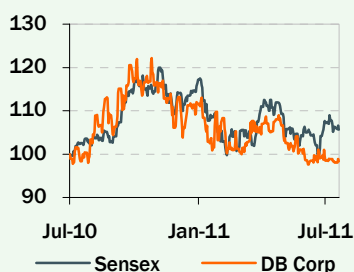
**Chirag Negandhi**

ED & Deputy Head of Research  
Email: chirag.negandhi@enam.com  
Tel: 9122 6754 7618

**Sheetal Malpani**

AVP - Media  
Email: sheetal.malpani@enam.com

**Relative Performance**



Source: Bloomberg, ENAM Research

**Stock data**

No. of shares	: 182 mn
Market cap	: Rs 43.7 bn
52 week high/low	: Rs 307/ Rs 225
Avg. daily vol. (1mth)	: 48,200 shares
Bloomberg code	: DBCL IB
Reuters code	: DBCL.BO

**Shareholding (%) Mar-11 QoQ chg**

Promoters	: 86.1	(0.2)
FIs	: 5.3	(0.1)
MFs / UTI	: 3.2	0.1
Banks / FIs	: 0.0	0.0
Others	: 5.5	0.2

**Financial summary**

Y/E Mar	Sales (Rs mn)	Adj.PAT (Rs mn)	Consensus EPS* (Rs)	EPS (Rs)	Change YoY (%)	P/E (x)	RoE (%)	RoCE (%)	EV/EBITDA (x)
2010	10,615	1,826	-	10.1	256	-	39.5	36.6	-
2011	12,652	2,310	-	12.7	27	-	28.7	34.1	-
2012E	14,572	2,606	14.5	14.3	12	16.6	24.9	31.3	10.0
2013E	16,628	2,974	16.8	16.3	14	14.6	23.1	31.8	8.7

Source: \*Consensus broker estimates, Company, ENAM estimates

**AD REVENUE GROWTH HOLDS THE KEY**

**DB Corp's (DBCL) Q1FY12 results were above expectations led by higher than estimated ad revenue growth.** The co. declared consolidated revenue of Rs 3.54 bn (up 18% YoY), EBITDA of Rs 1 bn (down 12% YoY) and adjusted PAT of Rs 611 mn (down 15% YoY) during Q1FY12. EBITDA margin declined to 28% (vs. 38% in Q1FY11) on account of higher newsprint costs and gestation losses in Jharkhand and Maharashtra.

**Key Highlights**

- **Ad rev** grew 20% YoY (vs. 13% estimated) to Rs 2.83 bn. The growth came primarily from higher ad volumes (70% of incremental growth) and balance through higher ad yield. Regional ad volumes contributed 60% (vs. 57% in Q1FY11) of the total ad volumes.
- **Circulation rev** rose by 6% YoY to Rs 568 mn, driven by new launches in Jharkhand, Jammu and Maharashtra.
- **RM cost** was higher YoY at 33% of revs (vs. 28% in Q1FY11), on account of rising newsprint prices (up 19% YoY) and higher consumption of newsprint due to the new launches in Jharkhand, Jammu and Maharashtra.
- **Bihar launch is now expected in FY13 (vs. our earlier expectation in Q4FY12), given the uncertain macro environment and higher newsprint prices.**

**Outlook and valuation**

We maintain our ad rev growth estimate of 17% CAGR through FY11-FY13. However, rising newsprint prices remain a concern. We have rolled over Bihar launch from Q4FY12E to Q3FY13E and consequently revise our EPS estimates marginally upwards to Rs 14.3 for FY12E (vs. Rs 14 earlier) while maintaining FY13E EPS estimate at Rs 16.3. We maintain our **BUY rating** on the stock with a TP of Rs 277 (P/E of 17x on FY13E EPS), which implies a 16% upside from CMP of Rs 238.

## Results update

(Rs mn)	Quarter ended					12 months ended		
	Jun-11	Jun-10	% Chg	Mar-11	% Chg	Mar-12E	Mar-11	% Chg
<b>Net Sales</b>	<b>3,537</b>	<b>2,987</b>	<b>18.4</b>	<b>3,174</b>	<b>11.4</b>	<b>14,572</b>	<b>12,652</b>	<b>15.2</b>
<b>EBITDA</b>	<b>1,003</b>	<b>1,136</b>	<b>(11.7)</b>	<b>793</b>	<b>26.5</b>	<b>4,276</b>	<b>4,033</b>	<b>6.0</b>
Other income	36	43	-	36	(1.0)	172	142	21.1
<b>PBIDT</b>	<b>1,039</b>	<b>1,179</b>	<b>(11.9)</b>	<b>829</b>	<b>25.3</b>	<b>4,448</b>	<b>4,175</b>	<b>6.5</b>
Depreciation	117	104	12.3	111	5.1	470	435	8.1
Interest	27	47	(42.6)	34	(20.6)	89	153	(42.1)
<b>PBT</b>	<b>895</b>	<b>1,028</b>	<b>(12.9)</b>	<b>684</b>	<b>30.9</b>	<b>3,889</b>	<b>3,587</b>	<b>8.4</b>
Tax	284	312	(8.8)	235	20.8	1,283	1,274	0.7
Minority Interest	(1)	(1)	-	(1)	(25.9)	-	3	-
<b>Adjusted PAT</b>	<b>611</b>	<b>717</b>	<b>(14.7)</b>	<b>449</b>	<b>36.0</b>	<b>2,606</b>	<b>2,310</b>	<b>12.8</b>
Extra ordinary income/ (exp.)	-	-	-	-	-	-	274	-
<b>Reported PAT</b>	<b>611</b>	<b>717</b>	<b>(14.7)</b>	<b>449</b>	<b>36.0</b>	<b>2,606</b>	<b>2,584</b>	<b>0.8</b>
No. of shares (mn)	182	182	-	182	-	182	182	-
EBITDA margin (%)	28.3	38.0	-	25.0	-	29.3	31.9	(7.9)
PBIDT margin (%)	29.4	39.5	-	26.1	-	30.5	33.0	(7.5)
<b>EPS - annualized (Rs.)</b>	<b>13.4</b>	<b>15.8</b>	<b>-</b>	<b>9.9</b>	<b>-</b>	<b>14.3</b>	<b>12.7</b>	<b>-</b>

Source: Company, ENAM Research

This document is provided for assistance only and is not intended to be and must not alone be taken as the basis for an investment decision. Nothing in this document should be construed as investment or financial advice, and nothing in this document should be construed as an advice to buy or sell or solicitation to buy or sell the securities of companies referred to in this document. The intent of this document is not in recommendatory nature

Each recipient of this document should make such investigations as it deems necessary to arrive at an independent evaluation of an investment in the securities of companies referred to in this document (including the merits and risks involved), and should consult its own advisors to determine the merits and risks of such an investment. The investment discussed or views expressed may not be suitable for all investors

Enam Securities Private Limited has not independently verified all the information given in this document. Accordingly, no representation or warranty, express or implied, is made as to the accuracy, completeness or fairness of the information and opinions contained in this document

The Disclosures of Interest Statement incorporated in this document is provided solely to enhance the transparency and should not be treated as endorsement of the views expressed in the report. This information is subject to change without any prior notice. The Company reserves the right to make modifications and alternations to this statement as may be required from time to time without any prior approval

Enam securities Private Limited, its affiliates, their directors and the employees may from time to time, effect or have effected an own account transaction in, or deal as principal or agent in or for the securities mentioned in this document. They may perform or seek to perform investment banking or other services for, or solicit investment banking or other business from, any company referred to in this report. Each of these entities functions as a separate, distinct and independent of each other. The recipient should take this into account before interpreting the document

This report has been prepared on the basis of information, which is already available in publicly accessible media or developed through analysis of ENAM Securities Private Limited. The views expressed are those of analyst and the Company may or may not subscribe to all the views expressed therein

This document is being supplied to you solely for your information and may not be reproduced, redistributed or passed on, directly or indirectly, to any other person or published, copied, in whole or in part, for any purpose. Neither this document nor any copy of it may be taken or transmitted into the United State (to U.S. Persons), Canada, or Japan or distributed, directly or indirectly, in the United States or Canada or distributed or redistributed in Japan or to any resident thereof. The distribution of this document in other jurisdictions may be restricted by law, and persons into whose possession this document comes should inform themselves about, and observe, any such restrictions

Neither the Firm, nor its directors, employees, agents or representatives shall be liable for any damages whether direct or indirect, incidental, special or consequential including lost revenue or lost profits that may arise from or in connection with the use of the information.

Copyright in this document vests exclusively with ENAM Securities Private Limited.