

<b>BSE SENSEX</b>	<b>S&amp;P CNX</b>
35,388	10,741
Bloomberg	DBCL IN
Equity Shares (m)	183.7
M.Cap.(INRb)/(USDb)	48.7 / 0.7
52-Week Range (INR)	392 / 264
1, 6, 12 Rel. Per (%)	-19/-34/-42
Avg Val, INRm	48.0
Free float (%)	30.2

**CMP: INR265 TP: INR324 (+22%)**
**Buy**
**Financials & Valuations (INR b)**

Y/E Mar	2018	2019E	2020E
Net Sales	23.3	25.2	27.2
EBITDA	5.6	6.2	7.2
PAT	3.2	3.8	4.6
EPS (INR)	17.6	20.5	24.9
Gr. (%)	-13.8	16.4	21.6
BV/Sh (INR)	104.9	120.6	140.7
RoE (%)	18.4	18.2	19.1
RoCE (%)	18.0	17.9	18.8
P/E (x)	15.1	12.9	10.6
P/BV (x)	2.5	2.2	1.9
EV/EBITDA (x)	8.1	6.8	5.4

**Estimate change**
**TP change**
**Rating change**

**Ad revival bodes well; increasing costs pose a challenge, though**

**High opex pulls down PAT:** Consol. revenue grew 10% YoY to INR5.7b (1% miss), led by healthy growth in the Print business. Print ad revenue was up 9% YoY to INR3.4b, driven by a revival in adspend. Moreover, a 14% YoY jump in circulation copies to 5.96m drove 9% YoY growth in circulation revenue to INR1.3b. Radio revenue, too, increased 9% YoY to INR360m. Yet, consol. EBITDA fell 13% YoY to INR979m (18% miss), mainly due to a 16% rise in opex. EBITDA margin contracted 445bp to 17.3%. PAT declined 11% YoY to INR571m (17% miss) due to lower EBITDA, partly offset by lower tax. For FY18, consol. revenue rose 3% to INR23.3b (in-line), while EBITDA/PAT fell 12%/14% to INR5.9b/3.4b (4% miss).

**Concall highlights:** 1) Volumes to account for ~70-80% of total ad revenue growth in FY19. 2) Expect a 12-15% YoY increase in newsprint prices in 1Q/2QFY19. 3) Circulation copies to increase by 6-10% in FY19. 4) FY19 (maintenance) capex to be ~INR500-600m. 5) Management has no plans of any M&A/investment activities.

**Higher newsprint prices to limit earnings growth:** We expect print ad revenue CAGR of 8% over FY18-20, led by a recovery in ad spend and increased spending by government in the run up to a few upcoming state elections (key markets) as well as the general election next year. Furthermore, 6-10% growth in circulation copies and yield improvement are likely to drive 7% CAGR in circulation revenue. Subsequently, we have largely maintained our revenue estimate – consol. revenue CAGR of 8% over FY18-20E. However, the impending rise in newsprint prices (12-15% YoY) and higher circulation copies are expected to pressurize EBITDA. Thus, we have cut our EBITDA/PAT estimate by ~10%/10% for FY19/20. We expect 13%/19% EBITDA/PAT CAGR over FY18-20.

**Valuation view:** We reduce our TP to INR324 (INR420 earlier), ascribing 13x P/E on FY20E EPS of INR25 on account of the cut in EPS and attributing a lower multiple due to cost headwinds. However, a revival in ad growth should bode well. Maintain **Buy**.

**Consolidated - Quarterly Earning Model**

Y/E March	FY17				FY18				FY17	FY18	4Q	Est.
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q				
<b>Net Sales</b>	<b>5,746</b>	<b>5,391</b>	<b>6,273</b>	<b>5,171</b>	<b>5,943</b>	<b>5,683</b>	<b>5,986</b>	<b>5,673</b>	<b>22,580</b>	<b>23,285</b>	<b>5,754</b>	-1.4
YoY Change (%)	21.4	12.7	6.3	1.5	3.4	5.4	-4.6	9.7	10.1	3.1	11.3	
Total Expenditure	3,934	3,876	4,290	4,049	4,079	4,284	4,590	4,694	16,149	17,647	4,561	2.9
<b>EBITDA</b>	<b>1,812</b>	<b>1,515</b>	<b>1,982</b>	<b>1,122</b>	<b>1,864</b>	<b>1,399</b>	<b>1,396</b>	<b>979</b>	<b>6,431</b>	<b>5,638</b>	<b>1,193</b>	-17.9
Margins (%)	31.5	28.1	31.6	21.7	31.4	24.6	23.3	17.3	28.5	24.2	20.7	-348bp
Depreciation	211	216	218	218	220	229	232	243	863	924	232	4.4
Interest	34	6	30	5	16	20	11	20	74	67	26	-22.6
Other Income	41	41	36	51	70	57	39	72	170	238	117	-38.7
<b>PBT</b>	<b>1,608</b>	<b>1,335</b>	<b>1,771</b>	<b>950</b>	<b>1,698</b>	<b>1,207</b>	<b>1,191</b>	<b>789</b>	<b>5,663</b>	<b>4,885</b>	<b>1,053</b>	-25.1
Tax	568	440	590	309	597	421	410	218	1,907	1,645	362	
Rate (%)	35.3	33.0	33.3	32.5	35.1	34.8	34.4	27.6	33.7	33.7	34.4	
Mi & P/L of Asso. Cos.	0	0	0	0	0	0	0	0	0	0	0	
<b>Reported PAT</b>	<b>1,040</b>	<b>894</b>	<b>1,181</b>	<b>642</b>	<b>1,101</b>	<b>787</b>	<b>781</b>	<b>571</b>	<b>3,757</b>	<b>3,240</b>	<b>691</b>	-17.3
<b>Adj PAT</b>	<b>1,040</b>	<b>894</b>	<b>1,181</b>	<b>642</b>	<b>1,101</b>	<b>787</b>	<b>781</b>	<b>571</b>	<b>3,757</b>	<b>3,240</b>	<b>691</b>	-17.3
YoY Change (%)	62.0	57.5	6.6	6.2	5.9	-12.0	-33.9	-11.1	28.6	-13.8	7.6	
Margins (%)	18.1	16.6	18.8	12.4	18.5	13.8	13.0	10.1	16.6	13.9	12.0	

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**Investors are advised to refer through important disclosures made at the last page of the Research Report.**

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### Valuation and view

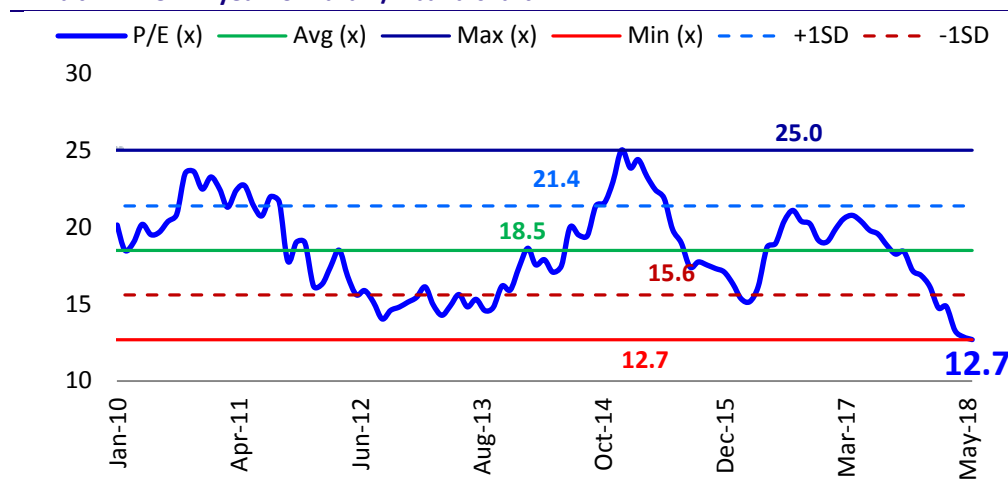
- Resurgence in national and local ad spends coupled with the Govt. spending in the run up to state and general elections should lead to 8% ad revenue CAGR over FY18-20. We expect 7% circulation revenue CAGR over the same period on the back of healthy 6-10% growth in circulation copies (as hinted by management) coupled with yield improvement.
- Subsequently, we expect overall revenue to grow at 8% CAGR over FY18-20. We thus keep our revenue estimates largely intact.
- However, 12-15% increase in newsprint prices, coupled with the increase in circulation copies would aggravate the impact on EBITDA. Subsequently, we have cut our EBITDA/PAT estimates by ~10% for FY19/20. We expect 13%/19% EBITDA/PAT CAGR over FY18-20.
- We expect RoE/RoCE to reach ~19% by FY20.
- The stock trades at a P/E multiple of 18.2x FY19E and 19.1x FY20E.
- We have reduced our TP to INR324 (INR420 earlier), ascribing 13x P/E on FY20E EPS of INR25 on account of the cut in EPS as well as attributing lower multiple due to cost headwinds. However, a revival in ad growth should bode well. Maintain **Buy**.

### Exhibit 1: Valuation summary

Particulars	FY20E
EPS (INR)	25
PE multiple (x)	13
Target Price (INR)	324
CMP (INR)	265
Upside (%)	22%

Source: MOSL, Company

### Exhibit 2: DBCL - 1 year forward P/E band chart



Source: Bloomberg, MOSL

## 4QFY18 earnings call highlights

### Key takeaways

- Volumes should account for ~70-80% of the total ad revenue growth in FY19.
- Expect 12-15% YoY increase in newsprint prices in 1Q/2QFY19.
- Circulation copies should increase by 6-10% in FY19.
- In FY19, (maintenance) capex is expected to be in the range of INR500-600m and management has no plans of any M&A/investment activities.

### 4QFY18/FY18 performance

#### ■ Print Ad business:

- Ad revenue grew 9% YoY in 4QFY18. Of this, 80% was volume driven, while yield improvement accounted for the balance 20%.
- Education, FMCG and BFSI categories witnessed growth in 4QFY18. However, larger categories such as Real Estate are a laggard. Automobiles too remains muted as the expected number of launches didn't happen in 4Q.
- Growth across both national and local ad spending was similar.
- Govt. contribution to overall ad revenue is ~15%.

#### ■ Circulation business:

- Circulation copies grew ~18% in 9 months from ~5.1m copies in Jun-17 to 5.96m copies in Mar-18, majorly led by growth across Bihar, Rajasthan and Gujarat markets.
- Of the total increase in copies, Bihar accounted for ~7 lac copies. The expansion drive in Bihar is completed with presence across 38 districts.
- Gujarat and Rajasthan markets each witnessed ~1-1.5 lac increase in copies. This was despite high cover prices.

- Newsprint price grew 3.7% in 4QFY18.
- Of the total 20% YoY increase in raw material cost, 10% was due to increase in PO, while the balance was due to higher newsprint price and increase in pages.
- Yield for 4QFY18 stood at INR2.63 (v/s INR2.60 in 4QFY17).
- Gross cover price stood at INR4.8 (flat YoY).
- SGA cost is higher due to expense incurred for circulation drive in Bihar, Gujarat and Rajasthan markets.
- FY18 capex stood at INR1,610m. Of this, ~INR300m was done in Bihar (for expansion); INR250m for enhancing the printing facility at Rajasthan, INR200m in MP, and INR200m in Gujarat. Also, INR110m was done for upgrading the IT network.
- Increase in receivable is mainly due to higher Govt. receivables, which are not yet realized.

### Business outlook

#### ■ Print ad business

- Double-digit growth across Real Estate, Automobiles and Education categories should drive double-digit ad revenue.
- In FY19, of total ad revenue growth, ~70-80% will be volume-led, while yield improvement should contribute the balance 20-30%.

- **Circulation business:**
  - Expect 6-10% growth in circulation copies in FY19 (from 5.96m in FY18).
  - In 1QFY19/2QFY19, newsprint prices are expected to increase by 12-15% YoY. However, from 3QFY19, the impact should subside.
  - Management has strategized for capping the cover prices per copy at INR4-5, with a view to increase penetration.
  - Management has no plans to further reduce the pagination to lower the raw material cost.
- **Radio business:** New stations are near to break-even and expect the same to start contributing in FY19.
- Expect INR500-600m (maintenance) capex in FY19.
- Management has no plans for any M&A/investment activities in FY19.
- Management is evaluating better ways to generate value for shareholders out of the high cash balance available.
- IRS 2017 has changed the mind-set that print business in India is growing. Also the ABC report has confirmed the same.
- Management does not expect any immediate benefits from the yield increase on the back of IRS data.
- Next IRS report is expected to come out by Dec-19.

**Exhibit 3: Quarterly Performance (INR m)**

	4QFY17	3QFY18	4QFY18	YoY (%)	QoQ (%)	4QFY18E	v/s est (%)
Advertising revenue (print)	3,097	3,775	3,370	8.8	-10.7	3,544	-4.9
Circulation revenue	1217	1319	1320	8.5	0.1	1304	1.2
Others	857	892	983	14.7	10.2	906	8.5
<b>Revenue</b>	<b>5,171</b>	<b>5,986</b>	<b>5,673</b>	<b>9.7</b>	<b>-5.2</b>	<b>5,754</b>	<b>-1.4</b>
Total operating cost	4,049	4,590	4,694	15.9	2.3	4,561	2.9
<b>EBITDA</b>	<b>1,122</b>	<b>1,396</b>	<b>979</b>	<b>-12.8</b>	<b>-29.8</b>	<b>1,193</b>	<b>-17.9</b>
EBITDA margin (%)	21.7	23.3	17.3	-444bps	-605bps	20.7	-348bps
Depreciation	218	232	243	11.3	4.4	232	4.4
<b>EBIT</b>	<b>904</b>	<b>1,163</b>	<b>737</b>	<b>-18.6</b>	<b>-36.7</b>	<b>961</b>	<b>-23.3</b>
Interest	5	11	20	317.6	80.3	26	-22.6
Other Income	51	39	72	41.7	85.2	117	-38.7
<b>PBT</b>	<b>950</b>	<b>1,191</b>	<b>789</b>	<b>-17.0</b>	<b>-33.8</b>	<b>1,053</b>	<b>-25.1</b>
Tax	309	410	218	-29.4	-46.9	362	-39.9
Tax rate (%)	32.5	34.4	27.6	-486bps	-681bps	34.4	-678bps
<b>PAT</b>	<b>642</b>	<b>781</b>	<b>571</b>	<b>-11.1</b>	<b>-26.9</b>	<b>691</b>	<b>-17.3</b>
<b>Adjusted PAT</b>	<b>642</b>	<b>781</b>	<b>571</b>	<b>-11.1</b>	<b>-26.9</b>	<b>691</b>	<b>-17.3</b>
<b>Operating expenses (INR m)</b>							
Raw material	1,606	1,879	1,935	20.5	3.0	1,904	1.6
Employee	1,052	1,091	1,095	4.1	0.3	1,095	0.0
Others	1,391	1,620	1,664	19.6	2.7	1,562	6.6
<b>Total</b>	<b>4,049</b>	<b>4,590</b>	<b>4,694</b>	<b>15.9</b>	<b>2.3</b>	<b>4,561</b>	<b>2.9</b>

<b>Revenue &amp; EBITDA breakup</b>	4QFY17	3QFY18	4QFY18	YoY (%)	QoQ (%)
<b>Print</b>					
Revenue	4,314	5,094	4,690	8.7	-7.9
EBITDA	1,110	1,343	913	-17.8	-32.0
EBITDA margin (%)	25.7	26.4	19.5	-627bps	-690bps
<b>Radio</b>					
Revenue	330	336	360	9.3	7.3
EBITDA	80	97	116	45.0	19.6
EBITDA margin (%)	24.3	28.9	32.2	793bps	331bps

Source: MOSL, Company

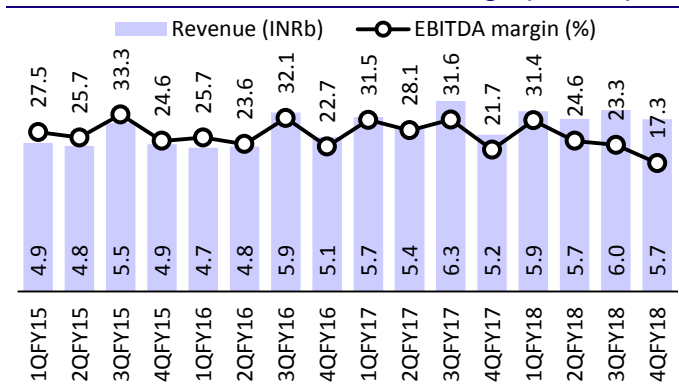
**Exhibit 4: Summary of estimate change (INR b)**

	FY18	FY19E	FY20E
<b>Revenue (INR b)</b>			
Old	23.4	25.6	27.8
Actual/New	23.3	25.2	27.2
Change (%)	-0.3	-1.6	-2.3
<b>EBITDA (INR b)</b>			
Old	5.9	6.9	7.9
Actual/New	5.6	6.2	7.2
Change (%)	-3.7	-9.6	-8.9
<b>EBITDA margin (%)</b>			
Old	25.0	27.0	28.2
Actual/New	24.2	24.8	26.3
Change (bp)	-83.2	-218.6	-189.0
<b>PAT (INR b)</b>			
Old	3.4	4.2	5.1
Actual/New	3.2	3.8	4.6
Change (%)	-3.6	-10.7	-9.7
<b>Adj. EPS (INR)</b>			
Old	18.3	23.0	27.6
Actual/New	17.6	20.5	24.9
Change (%)	-3.6	-10.7	-9.7

Source: Bloomberg, MOSL

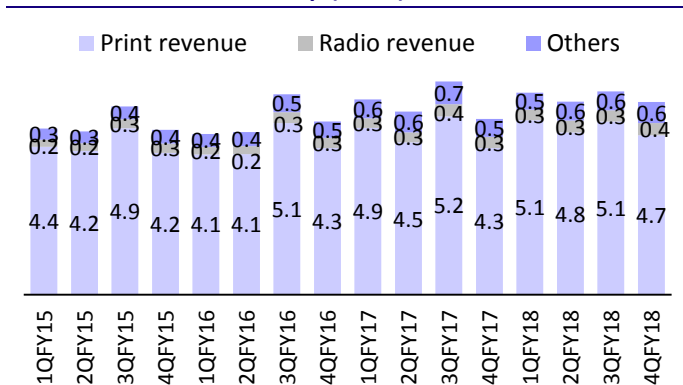
**Story in charts**

**Exhibit 5: Consol. revenue and EBITDA margin (INR b, %)**



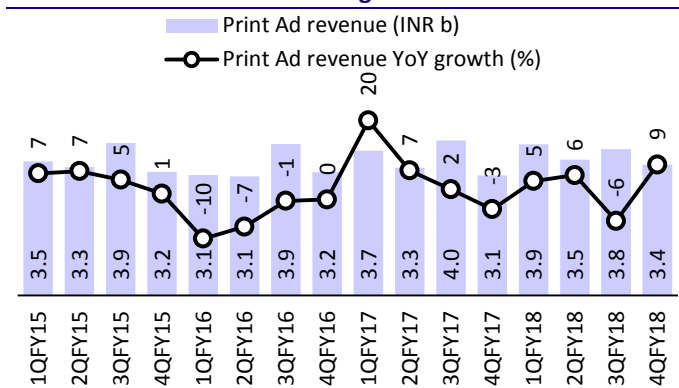
Source: MOSL, Company

**Exhibit 6: Revenue break-up (INR b)**



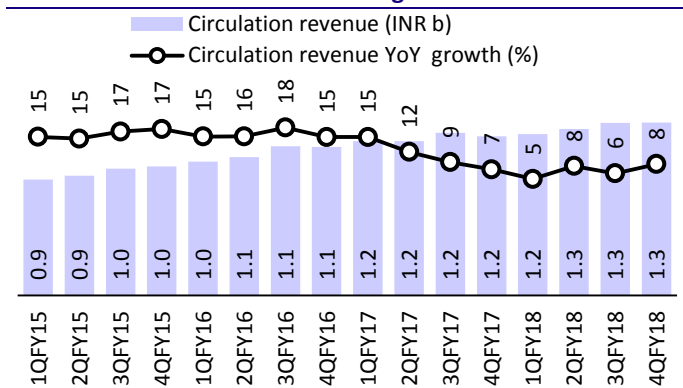
Source: MOSL, Company

**Exhibit 7: Print ad revenue and growth trend**



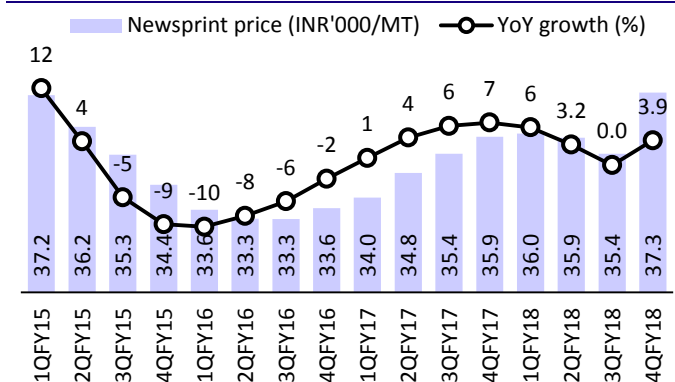
Source: MOSL, Company

**Exhibit 8: Circulation revenue and growth trend**



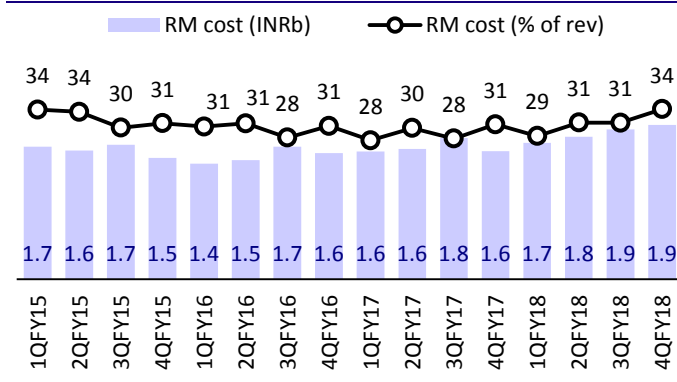
Source: MOSL, Company

**Exhibit 9: Newsprint price and YoY growth**



Source: MOSL, Company

**Exhibit 10: RM cost trend**



Source: MOSL, Company

**Exhibit 11: DB Corp: A Snapshot**

	FY13	FY14	FY15	FY16	FY17	FY18	FY19E	FY20E
<b>Print ad revenue (INR b)</b>	<b>11.3</b>	<b>13.3</b>	<b>13.9</b>	<b>13.3</b>	<b>14.1</b>	<b>14.6</b>	<b>15.8</b>	<b>17.1</b>
YoY (%)	6	17	5	-5	6	3	9	8
<b>Circulation revenue (INR b)</b>	<b>2.8</b>	<b>3.2</b>	<b>3.8</b>	<b>4.4</b>	<b>4.8</b>	<b>5.1</b>	<b>5.5</b>	<b>5.9</b>
YoY (%)	16	15	16	16	11	7	7	7
<b>Total revenue (INR b)</b>	<b>15.9</b>	<b>18.6</b>	<b>20.1</b>	<b>20.5</b>	<b>22.6</b>	<b>23.3</b>	<b>25.2</b>	<b>27.2</b>
YoY (%)	9	17	8	2	10	3	8	8
<b>EBITDA (INR b)</b>	<b>3.8</b>	<b>5.0</b>	<b>5.6</b>	<b>5.3</b>	<b>6.4</b>	<b>5.6</b>	<b>6.2</b>	<b>7.2</b>
YoY (%)	6	33	12	-5	20	-12	11	15
<b>EBITDA margin (%)</b>	<b>23.6</b>	<b>26.9</b>	<b>28.0</b>	<b>26.1</b>	<b>28.4</b>	<b>24.2</b>	<b>24.8</b>	<b>26.3</b>
<b>Revenue mix (%)</b>								
Print ad revenue	71	71	69	65	63	62	63	63
Circulation revenue	18	17	19	21	21	22	22	22
Other	11	11	12	14	16	15	15	15

Source: MOSL, Company

## Financials and Valuations

### Consolidated - Income Statement

(INR Million)

Y/E March	FY13	FY14	FY15	FY16	FY17	FY18	FY19E	FY20E
<b>Total Income from Operations</b>	<b>15,923</b>	<b>18,598</b>	<b>20,096</b>	<b>20,493</b>	<b>22,580</b>	<b>23,285</b>	<b>25,157</b>	<b>27,177</b>
Change (%)	8.8	16.8	8.1	2.0	10.2	3.1	8.0	8.0
Newsprint cost (RM consumed)	5,446	6,323	6,479	6,186	6,609	7,307	8,076	8,540
Employees Cost	2,795	3,025	3,457	3,909	4,258	4,364	4,670	4,996
Other Expenses	3,922	4,246	4,537	5,050	5,291	5,976	6,172	6,480
<b>Total Expenditure</b>	<b>12,163</b>	<b>13,595</b>	<b>14,474</b>	<b>15,145</b>	<b>16,158</b>	<b>17,647</b>	<b>18,917</b>	<b>20,017</b>
% of Sales	76.4	73.1	72.0	73.9	71.6	75.8	75.2	73.7
<b>EBITDA</b>	<b>3,760</b>	<b>5,003</b>	<b>5,622</b>	<b>5,349</b>	<b>6,422</b>	<b>5,638</b>	<b>6,239</b>	<b>7,160</b>
Margin (%)	23.6	26.9	28.0	26.1	28.4	24.2	24.8	26.3
Depreciation	581	643	881	853	863	924	1,025	1,061
<b>EBIT</b>	<b>3,179</b>	<b>4,360</b>	<b>4,741</b>	<b>4,496</b>	<b>5,559</b>	<b>4,714</b>	<b>5,214</b>	<b>6,099</b>
Int. and Finance Charges	80	75	76	138	74	67	40	40
Other Income	213	239	257	241	170	238	514	856
<b>PBT bef. EO Exp.</b>	<b>3,313</b>	<b>4,524</b>	<b>4,923</b>	<b>4,599</b>	<b>5,654</b>	<b>4,885</b>	<b>5,688</b>	<b>6,914</b>
EO Items	0	149	0	0	0	0	0	0
<b>PBT after EO Exp.</b>	<b>3,313</b>	<b>4,673</b>	<b>4,923</b>	<b>4,599</b>	<b>5,654</b>	<b>4,885</b>	<b>5,688</b>	<b>6,914</b>
Total Tax	1,132	1,606	1,759	1,678	1,907	1,645	1,915	2,328
Tax Rate (%)	34.2	34.4	35.7	36.5	33.7	33.7	33.7	33.7
<b>Reported PAT</b>	<b>2,181</b>	<b>3,066</b>	<b>3,163</b>	<b>2,921</b>	<b>3,748</b>	<b>3,240</b>	<b>3,772</b>	<b>4,586</b>
<b>Adjusted PAT</b>	<b>2,181</b>	<b>2,917</b>	<b>3,163</b>	<b>2,921</b>	<b>3,757</b>	<b>3,240</b>	<b>3,772</b>	<b>4,586</b>
Change (%)	7.9	33.7	8.4	-7.7	28.6	-13.8	16.4	21.6
Margin (%)	13.7	15.7	15.7	14.3	16.6	13.9	15.0	16.9

### Consolidated - Balance Sheet

(INR Million)

Y/E March	FY13	FY14	FY15	FY16	FY17	FY18	FY19E	FY20E
Equity Share Capital	1,834	1,835	1,836	1,837	1,839	1,840	1,840	1,840
Total Reserves	8,457	9,633	11,045	12,138	14,105	17,451	20,337	24,037
<b>Net Worth</b>	<b>10,291</b>	<b>11,467</b>	<b>12,882</b>	<b>13,975</b>	<b>15,944</b>	<b>19,291</b>	<b>22,177</b>	<b>25,877</b>
Minority Interest	11	0	0	0	0	0	0	0
Total Loans	1,574	1,506	1,236	1,373	809	449	449	449
Deferred Tax Liabilities	834	885	832	813	781	804	804	804
<b>Capital Employed</b>	<b>12,709</b>	<b>13,859</b>	<b>14,949</b>	<b>16,161</b>	<b>17,534</b>	<b>20,544</b>	<b>23,431</b>	<b>27,130</b>
Gross Block	10,299	11,854	12,416	13,964	14,948	16,785	17,385	17,985
Less: Accum. Deprn.	2,816	3,350	4,258	5,047	5,865	6,788	7,813	8,874
<b>Net Fixed Assets</b>	<b>7,483</b>	<b>8,503</b>	<b>8,158</b>	<b>8,917</b>	<b>9,083</b>	<b>9,997</b>	<b>9,572</b>	<b>9,111</b>
Goodwill on Consolidation	0	0	0	19	19	19	19	19
Capital WIP	900	22	45	459	214	213	213	213
<b>Total Investments</b>	<b>807</b>	<b>724</b>	<b>685</b>	<b>440</b>	<b>271</b>	<b>359</b>	<b>359</b>	<b>359</b>
<b>Curr. Assets, Loans &amp; Adv.</b>	<b>7,136</b>	<b>8,446</b>	<b>10,157</b>	<b>9,679</b>	<b>11,255</b>	<b>13,767</b>	<b>16,546</b>	<b>20,843</b>
Inventory	1,299	1,732	1,402	1,675	1,987	1,599	2,428	2,568
Account Receivables	3,083	3,280	3,450	3,773	4,180	5,418	4,684	5,060
Cash and Bank Balance	1,190	1,133	1,780	900	1,752	3,219	6,286	10,031
Loans and Advances	1,564	2,300	3,526	3,330	3,336	3,530	3,148	3,184
<b>Curr. Liability &amp; Prov.</b>	<b>3,617</b>	<b>3,837</b>	<b>4,097</b>	<b>3,353</b>	<b>3,309</b>	<b>3,811</b>	<b>3,279</b>	<b>3,415</b>
<b>Net Current Assets</b>	<b>3,519</b>	<b>4,609</b>	<b>6,061</b>	<b>6,326</b>	<b>7,946</b>	<b>9,956</b>	<b>13,267</b>	<b>17,428</b>
<b>Appl. of Funds</b>	<b>12,709</b>	<b>13,859</b>	<b>14,949</b>	<b>16,161</b>	<b>17,534</b>	<b>20,544</b>	<b>23,431</b>	<b>27,130</b>

E: MOSL Estimates

## Financials and Valuations

### Ratios

Y/E March	FY13	FY14	FY15	FY16	FY17	FY18	FY19E	FY20E
<b>Basic (INR)</b>								
<b>EPS</b>	<b>11.9</b>	<b>15.9</b>	<b>17.2</b>	<b>15.9</b>	<b>20.4</b>	<b>17.6</b>	<b>20.5</b>	<b>24.9</b>
Cash EPS	15.0	19.4	22.0	20.5	25.1	22.6	26.1	30.7
BV/Share	56.0	62.4	70.0	76.0	86.7	104.9	120.6	140.7
DPS	5.5	7.2	7.7	11.0	8.3	1.0	4.0	4.0
Payout (%)	53.7	50.7	53.9	83.2	48.7	6.8	23.5	19.3
<b>Valuation (x)</b>								
P/E			15.4	16.7	13.0	15.1	12.9	10.6
Cash P/E			12.1	12.9	10.6	11.7	10.2	8.6
P/BV			3.8	3.5	3.1	2.5	2.2	1.9
EV/Sales			2.4	2.4	2.1	2.0	1.7	1.4
EV/EBITDA			8.5	9.1	7.4	8.1	6.8	5.4
Dividend Yield (%)	1.6	2.0	2.9	4.1	3.1	0.4	1.5	1.5
FCF per share	10.1	8.5	19.2	7.7	15.2	10.7	18.9	20.7
<b>Return Ratios (%)</b>								
RoE	22.3	26.8	26.0	21.8	25.1	18.4	18.2	19.1
RoCE	19.2	24.3	23.7	20.4	23.7	18.0	17.9	18.8
RoIC	21.5	26.3	25.0	21.3	24.8	19.5	20.8	24.4
<b>Working Capital Ratios</b>								
Fixed Asset Turnover (x)	1.5	1.6	1.6	1.5	1.5	1.4	1.4	1.5
Asset Turnover (x)	1.3	1.3	1.3	1.3	1.3	1.1	1.1	1.0
Inventory (Days)	30	34	25	30	32	25	35	34
Debtor (Days)	71	64	63	67	68	85	68	68
Creditor (Days)	54	48	46	21	34	41	20	20
<b>Leverage Ratio (x)</b>								
Current Ratio	2.0	2.2	2.5	2.9	3.4	3.6	5.0	6.1
Interest Cover Ratio	39.8	57.8	62.7	32.5	74.6	70.4	129.1	151.0
Net Debt/Equity	0.0	0.0	-0.1	0.0	-0.1	-0.2	-0.3	-0.4

### Consolidated - Cash Flow Statement

Y/E March	FY13	FY14	FY15	FY16	FY17	FY18	FY19E	FY20E
<b>(INR Million)</b>								
OP/(Loss) before Tax	3,313	4,524	4,923	4,599	5,654	4,885	5,688	6,914
Depreciation	581	642	881	853	863	924	1,025	1,061
Interest & Finance Charges	105	75	76	138	74	67	40	40
Direct Taxes Paid	-1,041	-1,501	-1,686	-1,747	-1,941	-1,645	-1,915	-2,328
(Inc)/Dec in WC	-618	-1,277	-95	-552	-1,187	-519	-245	-416
<b>CF from Operations</b>	<b>2,338</b>	<b>2,463</b>	<b>4,099</b>	<b>3,292</b>	<b>3,464</b>	<b>3,711</b>	<b>4,593</b>	<b>5,271</b>
Others	74	122	154	119	-149	90	-514	-856
<b>CF from Operating incl EO</b>	<b>2,412</b>	<b>2,585</b>	<b>4,253</b>	<b>3,411</b>	<b>3,315</b>	<b>3,801</b>	<b>4,079</b>	<b>4,415</b>
(Inc)/Dec in FA	-547	-1,017	-715	-1,991	-525	-1,837	-600	-600
<b>Free Cash Flow</b>	<b>1,866</b>	<b>1,568</b>	<b>3,538</b>	<b>1,420</b>	<b>2,789</b>	<b>1,965</b>	<b>3,479</b>	<b>3,815</b>
(Pur)/Sale of Investments	-782	10	0	55	400	-88	0	0
Others	567	15	-801	107	100	247	523	865
<b>CF from Investments</b>	<b>-762</b>	<b>-992</b>	<b>-1,515</b>	<b>-1,828</b>	<b>-25</b>	<b>-1,678</b>	<b>-77</b>	<b>265</b>
Issue of Shares	8	15	23	12	18	1	0	0
Inc/(Dec) in Debt	-646	-233	-331	90	-572	-360	0	0
Interest Paid	-68	-37	-58	-121	-56	-67	-40	-40
Dividend Paid	-1,119	-1,395	-1,685	-2,430	-1,827	-221	-886	-886
<b>CF from Fin. Activity</b>	<b>-1,824</b>	<b>-1,650</b>	<b>-2,051</b>	<b>-2,449</b>	<b>-2,436</b>	<b>-647</b>	<b>-926</b>	<b>-926</b>
<b>Inc/Dec of Cash</b>	<b>-174</b>	<b>-57</b>	<b>687</b>	<b>-867</b>	<b>854</b>	<b>1,476</b>	<b>3,076</b>	<b>3,754</b>
Opening Balance	1,364	1,190	1,093	1,767	898	1,743	3,210	6,277
<b>Closing Balance</b>	<b>1,190</b>	<b>1,133</b>	<b>1,780</b>	<b>900</b>	<b>1,752</b>	<b>3,219</b>	<b>6,286</b>	<b>10,031</b>

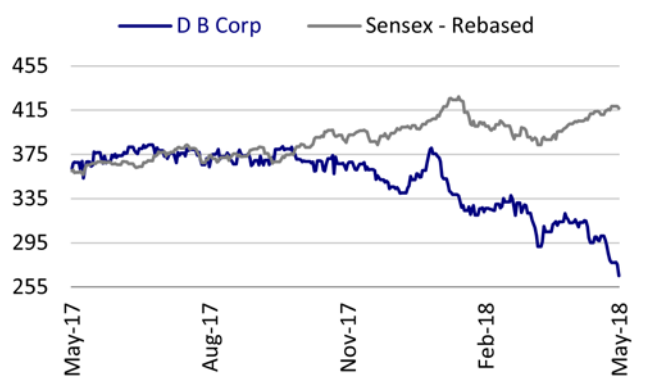


## Corporate profile

### Company description

D B Corp Ltd (DBCL), one of the largest print media companies of India, publishes 8 newspapers with 65 editions, 199 sub editions in 4 multiple languages (Hindi, Gujarati, English and Marathi) across 13 states in India. Flagship newspapers Dainik Bhaskar (in Hindi) established in 1958, Divya Bhaskar and Saurashtra Samachar (in Gujarati) have a combined readership of ~20 million. Other business interests also span the radio segment through the brand "My FM" Radio station with presence in 7 states and 17 cities, and a strong online presence in internet portals.

### Exhibit 1: Sensex rebased



Source: MOSL/Bloomberg

### Exhibit 2: Shareholding pattern (%)

	Mar-18	Dec-17	Mar-17
Promoter	69.8	69.8	69.9
DII	3.5	6.0	6.4
FII	17.6	16.7	18.4
Others	9.1	7.4	5.4

Note: FII Includes depository receipts Source: Capitaline

### Exhibit 3: Top holders

Holder Name	% Holding
NALANDA INDIA EQUITY FUND LIMITED	9.5
ICICI PRUDENTIAL LIFE INSURANCE COMPANY LIMITED	2.9
AZIM PREMJI TRUST	1.4
GOVERNMENT OF SINGAPORE	1.4
HDFC TRUSTEE CO LTD-A/C HDFC MID - CAPOPPORTUNITIES FUND	1.3

Source: Capitaline

### Exhibit 4: Top management

Name	Designation
Sudhir Agarwal	Managing Director
Pawan Agarwal	Deputy Managing Director
Anita Gokhale	Company Secretary

Source: Capitaline

### Exhibit 5: Directors

Name	Name
Anupriya Acharya	Ashwani Kumar B Singhal
Harish Bijoor	Piyush Pandey
Girish Agarwal	

\*Independent

### Exhibit 6: Auditors

Name	Type
Gupta Navin K & Co	Statutory
K G Goyal & Associates	Cost Auditor
Makarand M Joshi & Company	Secretarial Audit
Price Waterhouse Chartered Accountants LLP	Statutory
S R Batliboi & Associates LLP	Statutory

Source: Capitaline

### Exhibit 7: MOSL forecast v/s consensus

EPS (INR)	MOSL forecast	Consensus forecast	Variation (%)
FY19	20.5	22.5	-8.9
FY20	24.9	25.8	-3.4

Source: Bloomberg

Explanation of Investment Rating	
<b>Investment Rating</b>	<b>Expected return (over 12-month)</b>
BUY	>=15%
SELL	< - 10%
NEUTRAL	> - 10 % to 15%
UNDER REVIEW	Rating may undergo a change
NOT RATED	We have forward looking estimates for the stock but we refrain from assigning recommendation

\*In case the recommendation given by the Research Analyst becomes inconsistent with the investment rating legend, the Research Analyst shall within 28 days of the inconsistency, take appropriate measures to make the recommendation consistent with the investment rating legend.

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