

# DB Corp

Relative to Sector: **Outperformer**

**MEDIA**

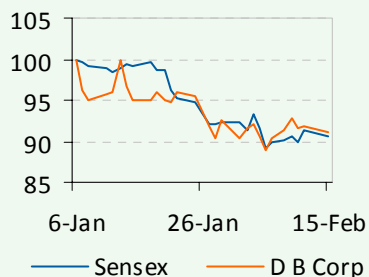
## Stock Data

No. of shares	: 181.5 mn
Market cap	: Rs 41.9bn
52 week high/low	: Rs 275/ Rs 207
Avg. daily vol. (1mth)	: 882,800 shares
Bloomberg code	: DBCL IB
Reuters code	: DBCL.BO

## Shareholding (%)

	Pre IPO	Post IPO
Promoters	: 92.86	86.35
FIs	: 7.14	3.47
MFs / UTI	: -	1.80
Banks / FIs	: -	0.31
Others	: -	8.07

## Relative Performance



Source: ENAM Research, Bloomberg

## Successful expansion driving growth and profitability

## Financial summary

Y/E March	Sales (Rs mn)	PAT (Rs mn)	Consensus EPS* (Rs.)	EPS (Rs.)	Change (YoY %)	P/E (x)	RoE (%)	RoCE (%)	EV/EBITDA (x)	DPS (Rs)
2009	9,490	477	-	2.8	(37)	-	19.5	20.7	-	0.6
2010E	11,096	1,873	10.6	10.3	266	22.4	39.9	34.8	12.4	0.0
2011E	12,496	2,474	12.9	13.6	32	17.0	30.4	34.3	9.7	0.0
2012E	14,012	2,890	15.4	15.9	17	14.5	26.7	33.3	8.7	0.0

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

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# Investment Summary

- ❖ **Vernacular print media advertising growing at a 24% CAGR (2003-08)**
  - ❑ Overall **Print advertising growing at 11% CAGR 2009-13E** unlike the West. Of this, **Vernacular dailies now grabbing greater share of the ad pie vs. English print**, at 54% in 2008 from 40% in 2003
  - ❑ Vernacular advertising also **more resilient in slowdowns due to higher proportion of Local ads (55-60%)**
  - ❑ **English ad rate premium over Hindi has reduced to 9x (12x in 2003)** as 1) advertisers increase focus on tier II and tier III cities and 2) large Hindi players improve the product by investing in increased color capacities
  - ❑ **Large players are geographically consolidating the fragmented vernacular print space**
- ❖ **DB Corp (DBCL) is among the top 3 newspapers in the most no. of states in the Hindi-belt**
  - ❑ 7 newspapers in 48 editions in 3 languages, with presence in 11 states. Diversified presence in radio, internet and activation
  - ❑ One of the few players to have **repeated success and built scale in each of its new markets** due to **focused Entry strategies**:
    - ▶ New launches grabbing the No. 1 spot on day 1 in key mkts in Gujarat and Haryana due to superior research and productisation
  - ❑ This has helped **diversify risk** as its largest state, Rajasthan, accounts for only ~37% of readership and <35% of EBITDA
  - ❑ **Clear focus**: Continues to focus on **key markets in each state** vs.. chasing over-all readership that cannot be monetized
    - ▶ E.g. In Rajasthan (its largest market), it's the overall No. 2 player behind Rajasthan Patrika but is the leader in **key urban markets**
- ❖ **Initiate coverage with sector Outperformer rating with a price target of Rs 286 based on:**
  - ❑ P/E of 18x FY12E EPS of Rs 15.9 at a premium to our 17x target P/E for Jagran Prakashan
  - ❑ Continued investments during the slowdown will now result in higher growth
  - ❑ More diversified readership vs. Jagran helps reduce risk of aggressive competition
- ❖ **Key concerns**: Increase in **newsprint prices** (~40% of costs), aggressive **competition**, execution risk in **new markets**

# Industry evaluation

# Indian Media on a strong growth trajectory

## ❖ Industry to grow at 14% CAGR 2009-13E (vs. 13% 05-09E)

- ❑ Size of Indian media to cross Rs 1 tn in 2013E
- ❑ India ad spends @0.47% of GDP offers headroom for growth
  - ▶ China: 0.54%; UK: 0.95%; US: 1.34%

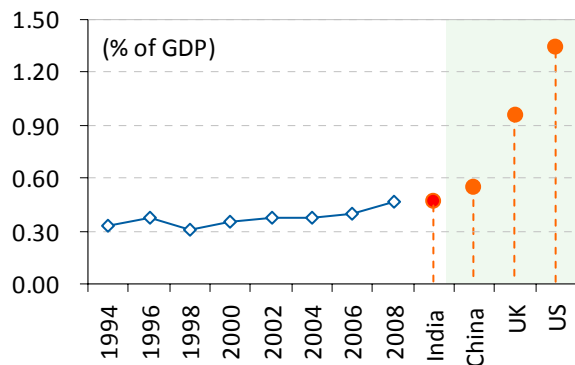
## ❖ Print accounts for the largest share of the ad pie at 48%

- ❑ Despite erosion of its share via new media (internet, gaming, radio), print will continue to command the largest share in 2013E at 45%

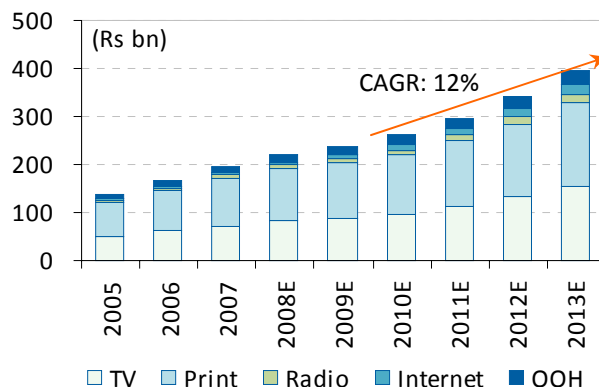
## Indian media to grow at 14% CAGR 2009-13E

(Rs bn)	2009	2010E	2013E	CAGR (%)
Print	183	197	266	10
Television	262	295	472	16
Films	109	117	168	11
Radio	9	10	16	15
Internet	8	11	21	26
Music	7	8	10	9
Out-of-home	17	19	29	13
Gaming	9	13	27	31
Animation	20	23	39	18
<b>Total</b>	<b>628</b>	<b>696</b>	<b>1051</b>	<b>14</b>

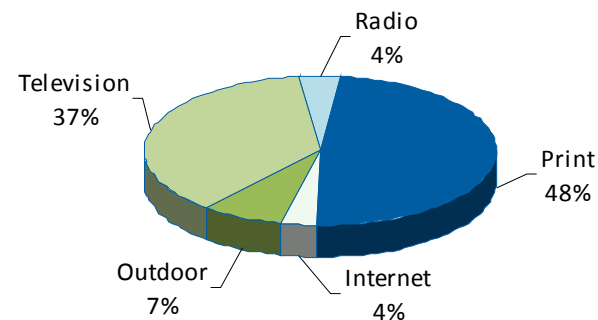
### Ad: GDP ratio rising; headroom remains



### Industry Ad growth



### Print media dominates the ad pie



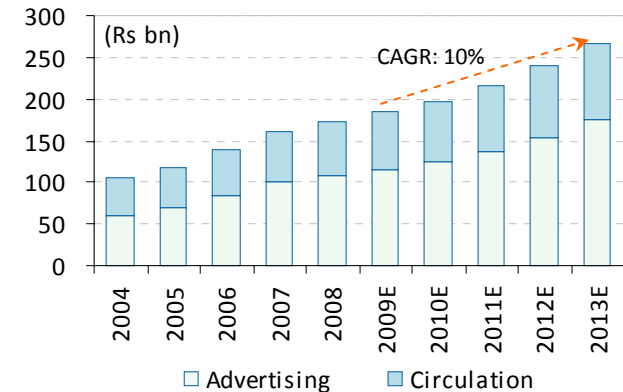
Print media continues to command the largest share of a growing ad pie

# Vernacular print to lead the charge

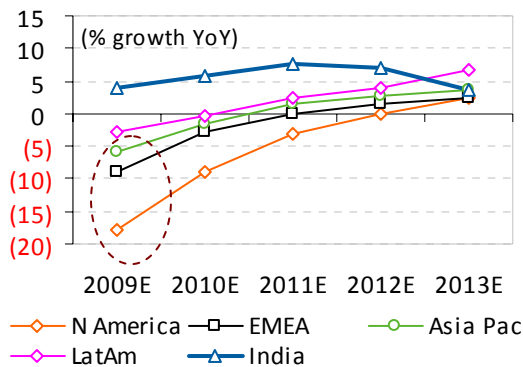
## ❖ Vernacular print media advertising growing at 24% CAGR (2003-08)

- Overall Print advertising to grow at 11% CAGR 2009-13E – higher than Circulation rev growth at 6% due to competitive pressures on cover prices
- Total print (ad+ subscription) market growth strong at 10% CAGR
  - This is unlike the West which is impacted by the shift to internet. Indian Internet subscriber base still small at 1.2% of population, and anecdotally most of this among English-speaking readers
- With local advertising at ~60% of total ad revenue, large Hindi players have been resilient in the slowdown as evident from their Q3FY10 results
- Vernacular print ad share outstripping English driven by Consumption boom in “middle India”- See Appendix I

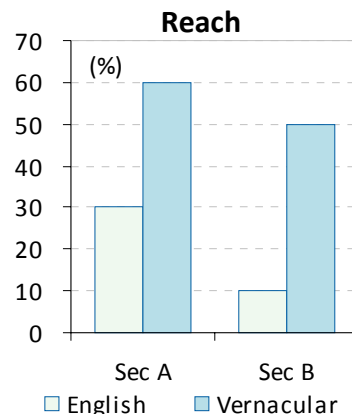
## Indian print media to grow @10% CAGR 2009-13E



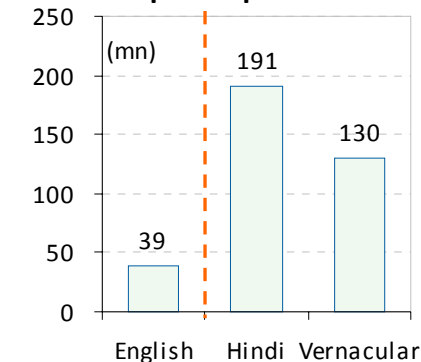
## Print growth in developed markets hit by shift to internet



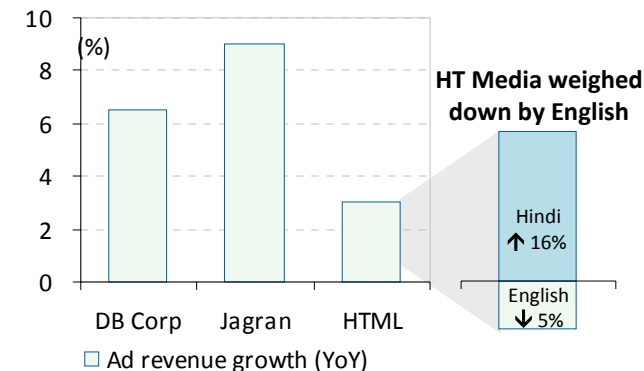
## Regional dailies provide wider reach than English



## Readership of Top 10 dailies



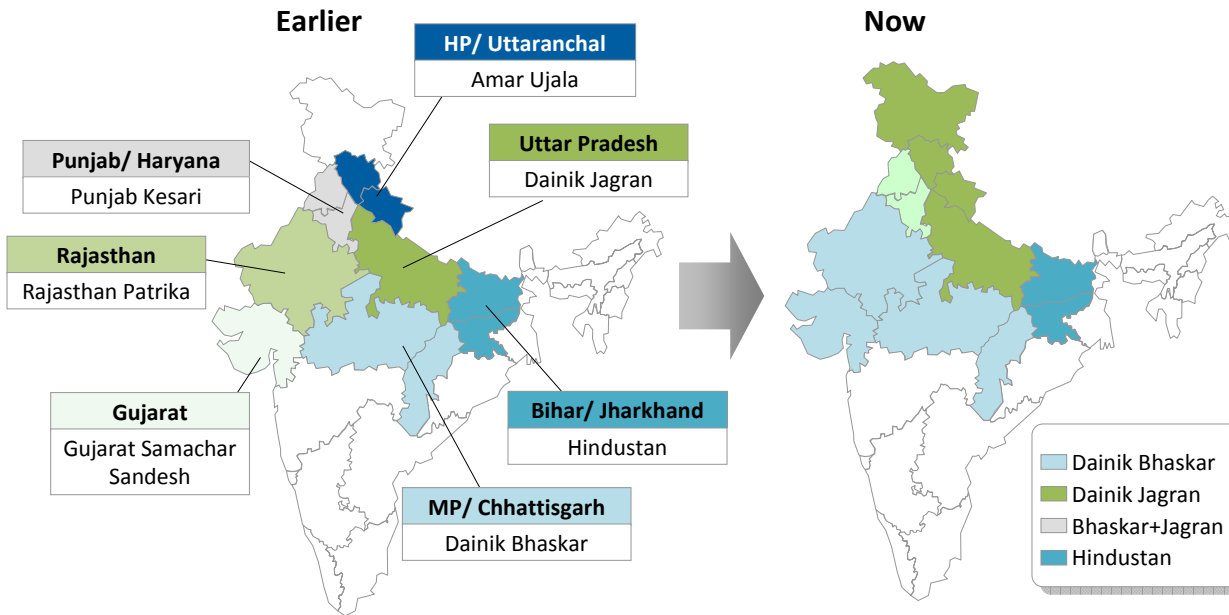
## Q3FY10 ad revenue growth



Print media continues to command the largest share of a growing ad pie

# Large players consolidating the market

Traditional regional dominance waning as a few players gaining scale via expansion...



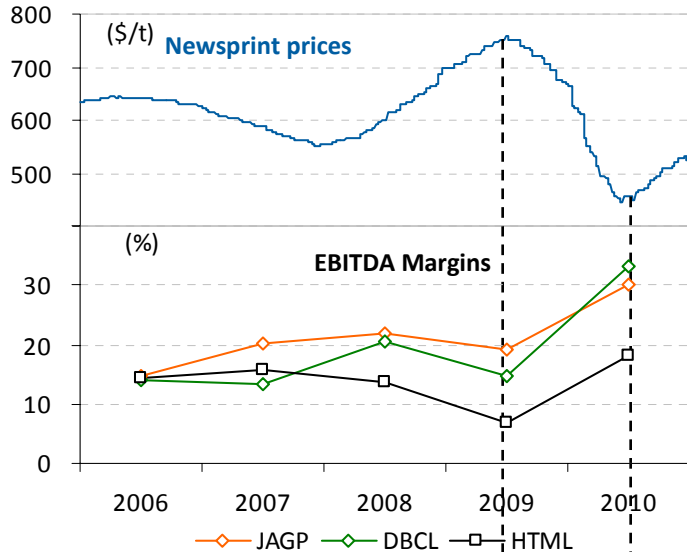
...and launched flanking products

	Flagship	Flanking print	Radio
DBCL	Dainik Bhaskar Divya Bhaskar	DB Star DB Gold Business Bhaskar DNA	My FM
Jagran	Dainik Jagran	City Plus I next	Radio Mantra
HT Media	HT Hindustan	Mint Metro Now (closed operations)	Fever 104

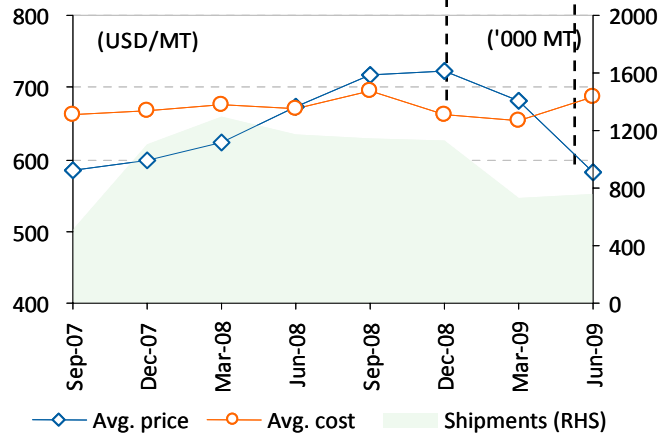
- ❖ Traditionally the print media space has been characterized by regional dominance with large local players thriving within state boundaries
- ❖ Few large operators have now expanded beyond their traditional markets/ languages and achieved scale
- ❖ Players like Dainik Bhaskar have expanded successfully into other geographies (Rajasthan) and languages (Gujarat) by identifying a need-gap and filling it with a more modern format
- ❖ This trend has also resulted in cut-throat competition in markets like Punjab, Haryana and Chandigarh where a battle for dominance has seen cover prices slashed to INR 1 and payback periods extended way beyond the typical 2-3 years

# Industry highly leveraged to newsprint prices

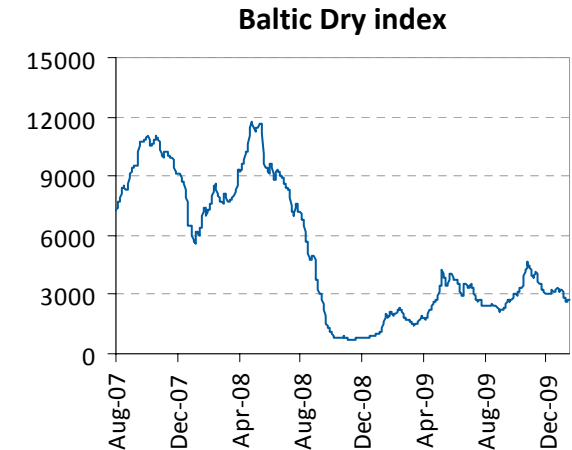
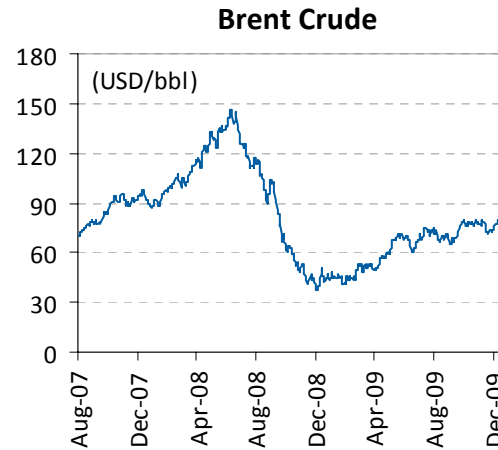
## High impact of newsprint prices on margins



## Abitibi Bowater's back in the red



## Key cost factors have recovered



## Newsprint price below USD 500/ t not sustainable

- Abitibi Bowater, the world's largest producer of newsprint with CY08 capacity of 5 mn MT (~13% of global capacity), raised newsprint prices via monthly increments through CY08.
- However, global newsprint demand continued to decline forcing the company to reduce/idle capacity by 1 mn MT+ in CY09.
- The chart on the left indicates that with consolidation of global capacities, newsprint prices will not remain as low as we have seen in CY09



DB Corp

# DB Corp: Background

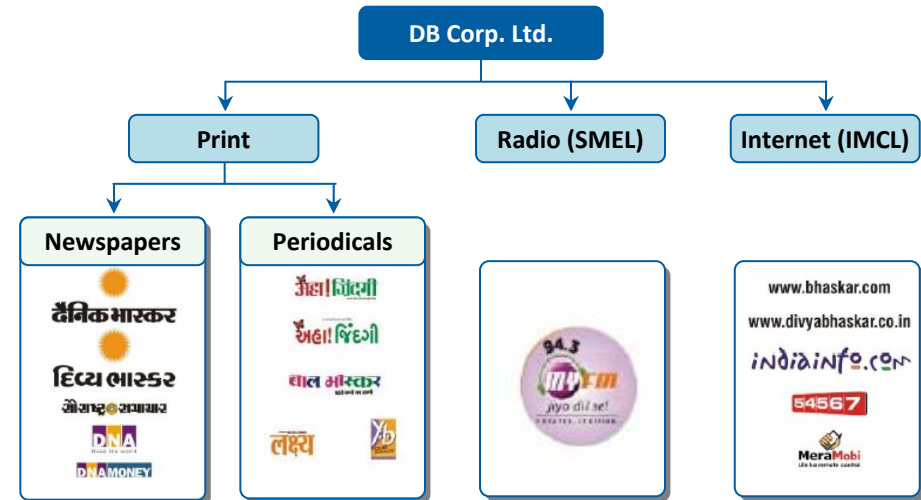
## ❖ Disruptive Print media player that has Entered, Won and Fortified its presence across markets

- ❑ 7 newspapers in 48 editions across 3 languages and with presence in 11 states in India
  - ▶ Flagship dailies, Dainik Bhaskar in Hindi (11.7 mn) + Divya Bhaskar/ Saurashtra Samachar in Gujarati (3.7 mn) have a combined avg daily readership of ~15.4 mn
- ❑ Flanking products in other genres/languages
  - ▶ DNA: Under licensing arrangement with Diligent Media
  - ▶ Tabloids: DB Star (Hindi) and DB Gold (Gujarati)
  - ▶ Business: Business Bhaskar (Hindi)
  - ▶ Periodicals: Aha Zindagi (lifestyle, Hindi), Bal Bhaskar (children's, Hindi), Young Bhaskar (children's, English), Lakshya (career, Hindi)

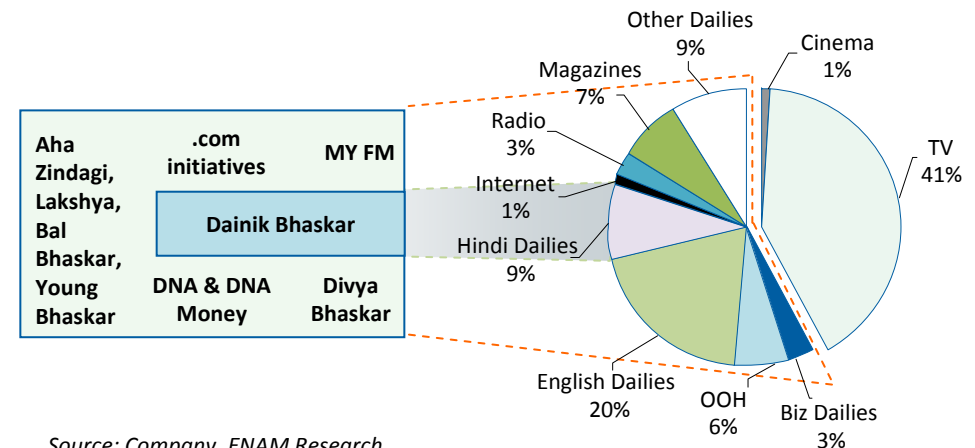
## ❖ A portfolio of diversified media assets

- ❑ Radio: 17 cities under the 'My FM' brand
  - ▶ DBCL has launched radio operations within its newspaper footprint as a complementary tool
- ❑ Ground promotion: DB Aktivation; Internet: [www.bhaskar.com](http://www.bhaskar.com), [www.divyabhaskar.co.in](http://www.divyabhaskar.co.in) and [www.indiainfo.com](http://www.indiainfo.com) ; Short code 54567

## DBCL's Brand portfolio

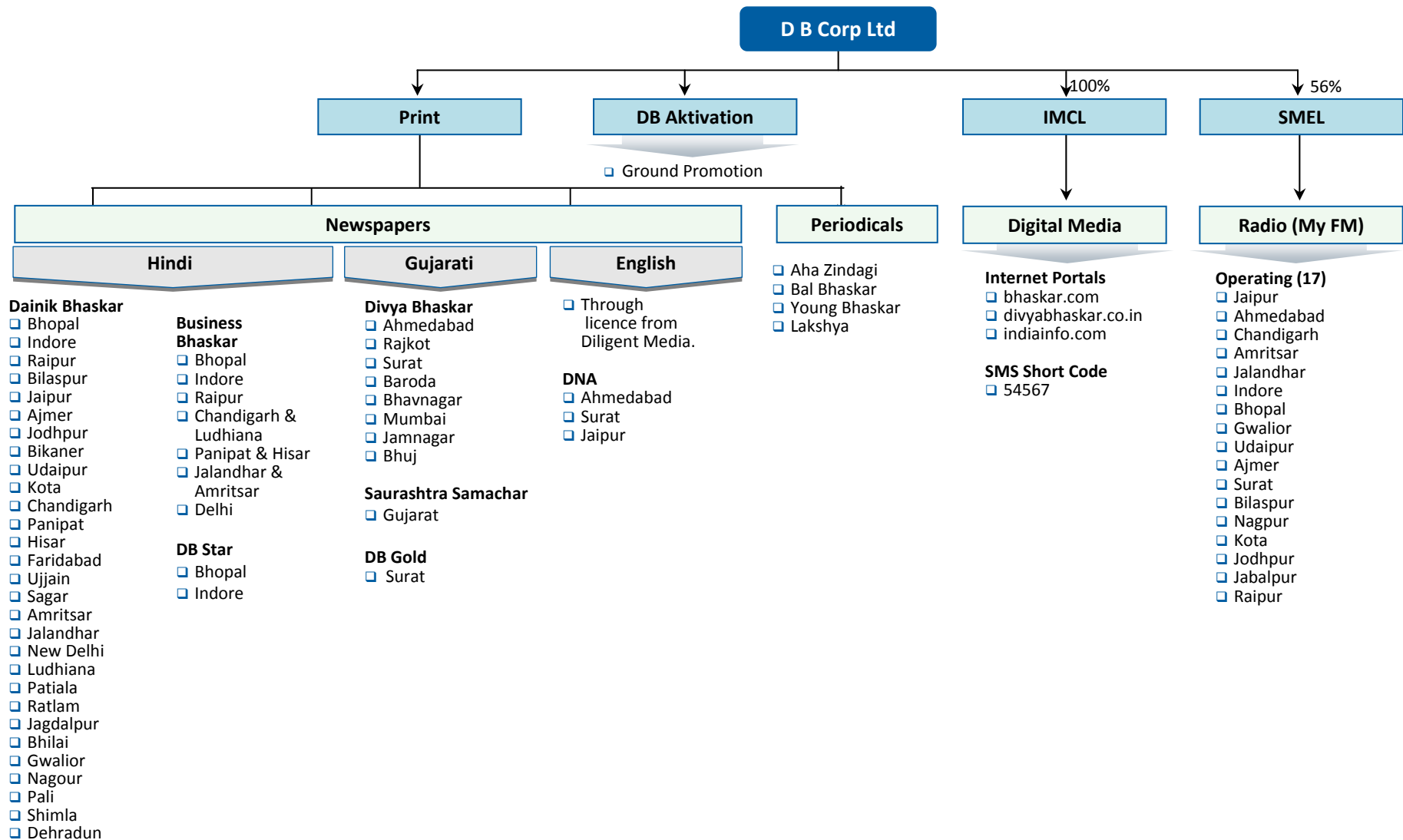


## Catering to a large addressable opportunity



Source: Company, ENAM Research

# DBCL's diversified media portfolio



# Proven execution in expanding reach

## DBCL's entry strategy has led to successful expansion



- ❑ High growth markets with low print penetration
  - ❑ Markets with complacent incumbents
  - ❑ Size should be sufficient to justify entry
    - ▶ Revenue
    - ▶ Profit
    - ▶ Contiguous and Compatible with other markets served
  - ❑ Strong mgmt ability to identify and understand gaps in the market and develop ideas to address these (See Appendix III for details on management team)
- ❑ Market survey
    - ▶ Understanding Reader preferences
    - ▶ Understanding of local advertising opportunity
  - ❑ Sampling
- ❑ Enter with sizeable print runs & distribution comparable to competition
    - ▶ Gives traction with advertisers & distributors
  - ❑ Massive & Innovative Ad-campaigns
    - ▶ Create direct contact points and reader anticipation
  - ❑ Give "More for Less"
    - ▶ All color
    - ▶ Better content & layout
    - ▶ Targeted supplements
    - ▶ Multiple advertising options Radio, OOH, Events
  - ❑ Disruptive Pricing
    - ▶ Low cover price
    - ▶ Advertising driven model

## Expanding product and customer footprint

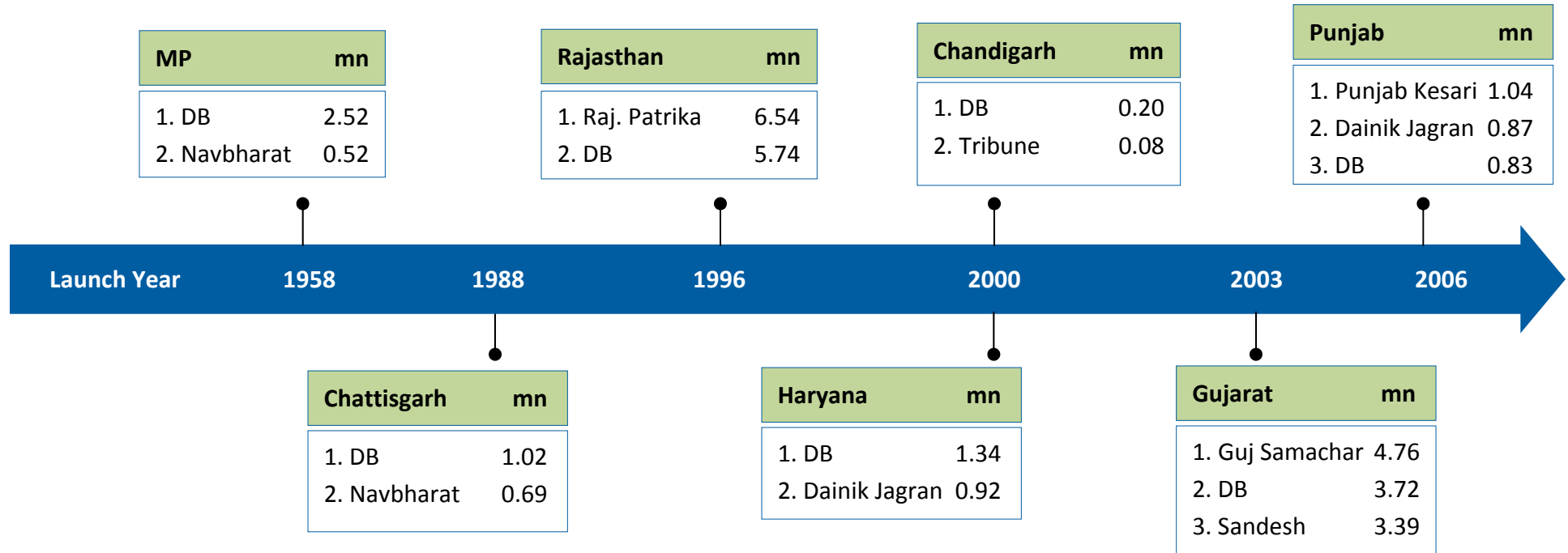
Customer	New	<ul style="list-style-type: none"> <li>❑ Dainik Bhaskar – Rajasthan, Haryana, Punjab</li> <li>❑ Divya Bhaskar – Gujarat</li> <li>❑ DNA Franchisee</li> </ul>
	Old	<ul style="list-style-type: none"> <li>❑ Dainik Bhaskar – Madhya Pradesh, Chattisgarh</li> <li>❑ Radio</li> <li>❑ OOH</li> <li>❑ Events</li> <li>❑ Magazines</li> <li>❑ Tabloids</li> </ul>
		Product
		Old → New

## Few players straddle markets/ languages

Market Diversification	High	<b>Single language-multiple market</b> Dainik Jagran, The Hindu, Deccan Chronicle	<b>Multiple language-multiple market</b> Bennett, Coleman, DBCL, HT Media
	Low	<b>Single language-single market</b> Mumbai Samachar, Sandesh, Malayala Manorama, Eenadu	<b>Multiple language-single market</b> ABP Group, Printers Mysore
		Language Diversification	
		Low	High

# Built significant scale in each of its markets

## Chronology of new market launches and current readership



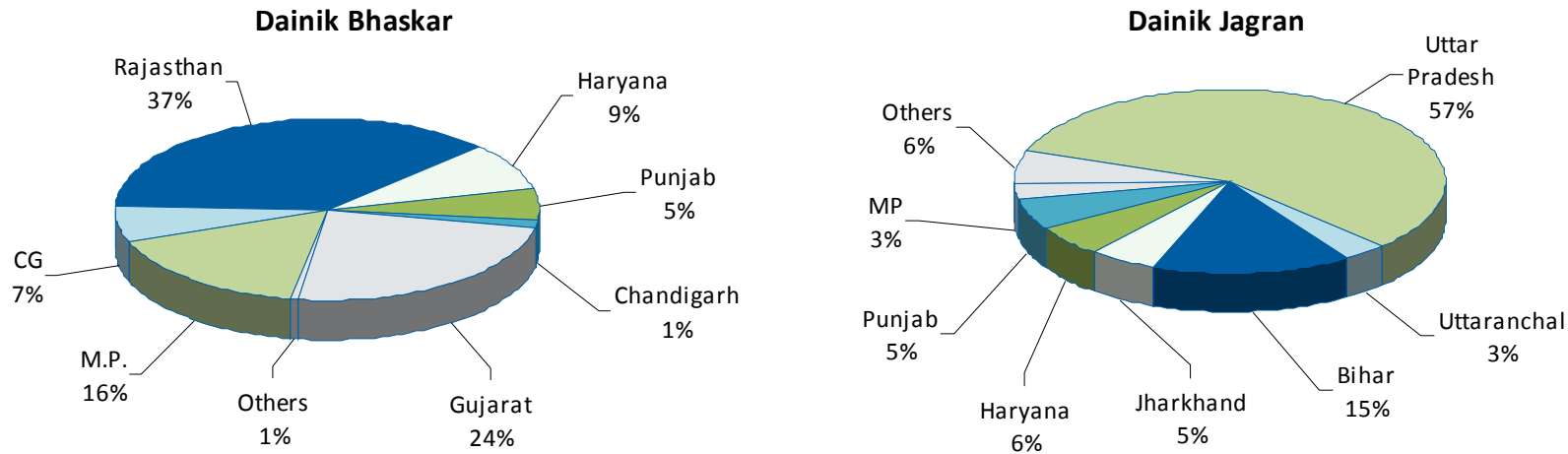
Source: Company, ENAM Research

The ability to successfully tap new markets gives DBCL a significant competitive edge

# Success in new markets helped diversify risk

- ❖ DBCL's success in new markets has helped diversify risk of competition in its home markets
- ❖ Consequently, profitability is also well-diversified, with no state contributing more than 35% of total EBITDA
- ❖ Rajasthan, DBCL's largest state, also contributes the largest share of EBITDA (more than the home markets of MP and CG).

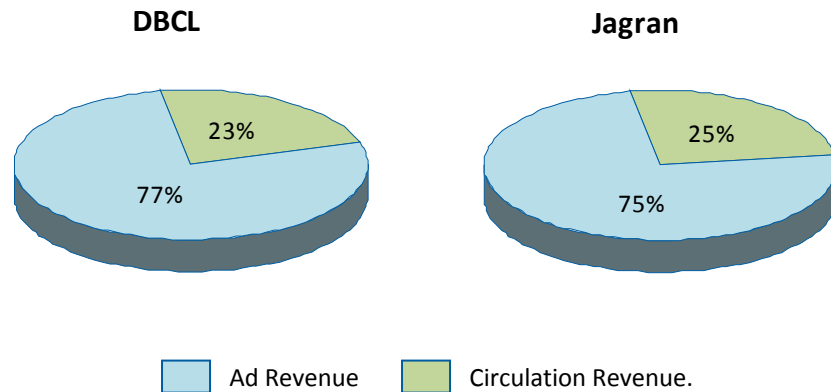
## Readership split shows relatively lower competitive risk for DBCL



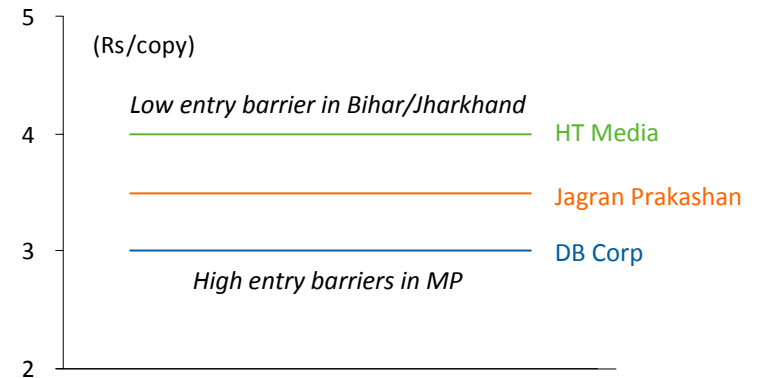
Source: Company, ENAM Research

# High entry barriers ups the ante for entrants

~25% of print revenue vulnerable to direct impact of aggressive new entrants



DBCL's low cover price means higher cash burn for new entrants



Source: Industry, ENAM Research

## ❖ Higher cost of competing for incumbent or new entrants

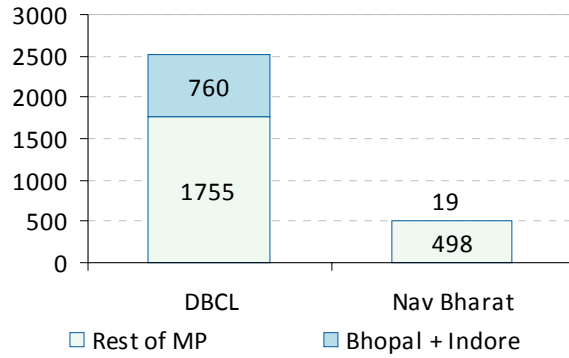
- ❑ DBCL Increased color capacity and continued to invest during the slowdown
- ❑ Large distribution scale difficult to replicate profitably
- ❑ Low cover price extend payback periods and act as a major deterrent to potential new entrants

Diversification of profitability and high entry barriers improves DBCL's risk profile

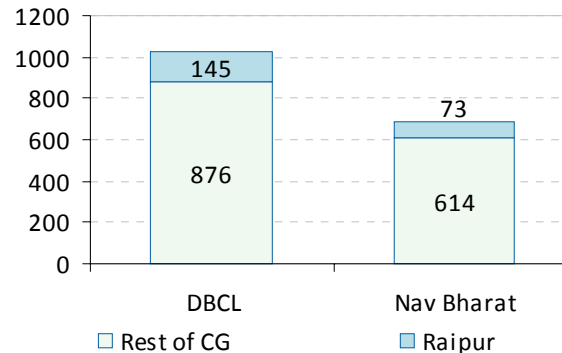
# Focus on readership that can be monetized

DBCL focused on gaining dominance in key urban markets in each state vs. chasing 'numbers-based' leadership

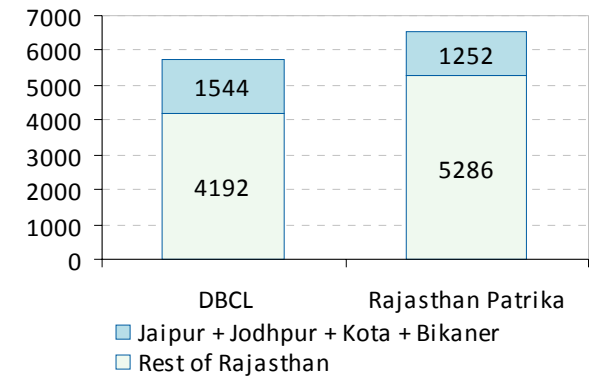
### Madhya Pradesh



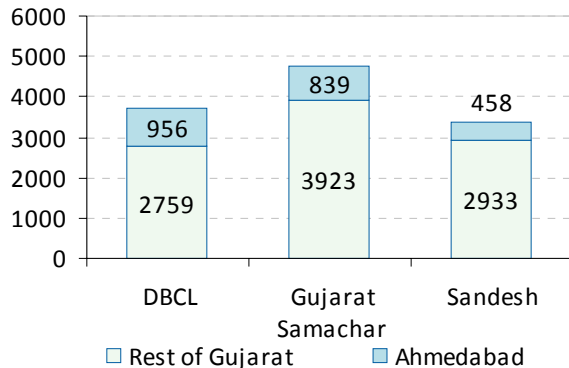
### Chhattisgarh



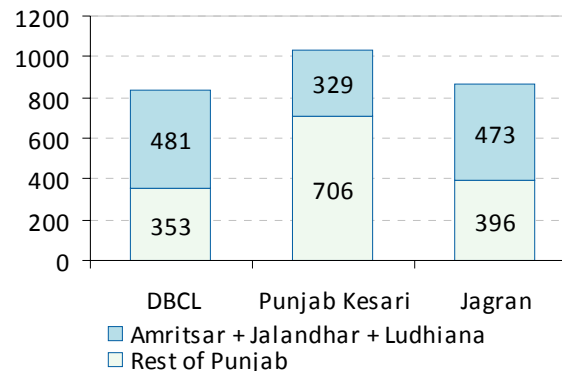
### Rajasthan



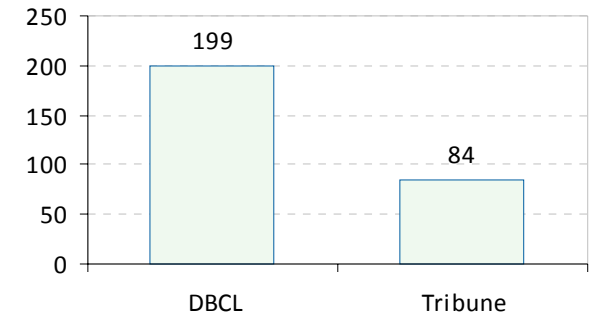
### Gujarat



### Punjab



### Chandigarh



Source: Industry, ENAM Research



# Maturing of editions to boost margins

## ❖ DBCL has demonstrated the ability to build scale and profitability in new markets

- As DBCL's editions mature, increased operating leverage will help boost margins. Except Punjab, all states are profitable at the consolidated level

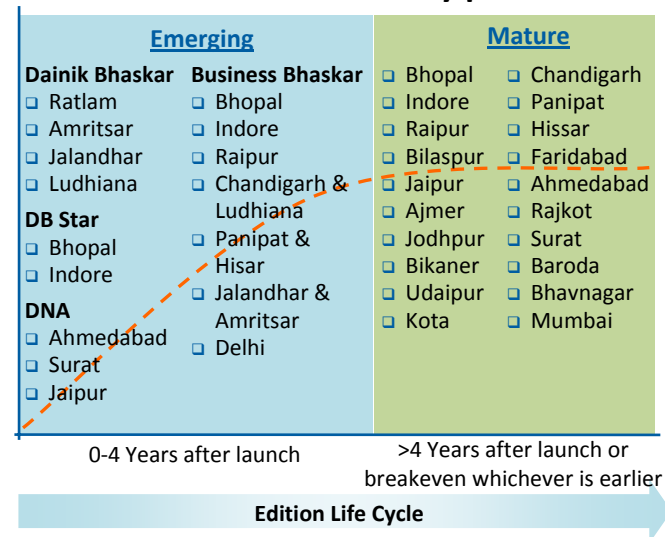
## ❖ Through the slowdown, DBCL continued to invest rationally in expanding its footprint

- Investments (~Rs 3 bn) during the slowdown in new editions and increasing color printing capacity
  - Launched new editions in existing markets and entered a new state – Himachal Pradesh
  - Launched 7 editions of Business Bhaskar and 2 of DB Star.
  - We expect DBCL's profit growth to outpace the industry as these investments begin to pay off

## ❖ Initial losses on every additional edition launched will have a lower impact on the larger profit base

- Improvement in free cash flow will help sustain organic expansion without significant additional leverage

DBCL: Edition maturity profile



## FY09 performance of emerging vs. mature editions

(Rs mn)	Emerging	Mature	Total
Ad revenue	502.8	6,476.3	6,979.1
Circulation revenue	238.0	1,913.0	2,150.9
<b>Total revenue</b>	<b>740.8</b>	<b>8,389.3</b>	<b>9,130.1</b>
Newsprint cost	664.4	3,410.0	4,074.4
Other opex	608.9	3,023.0	3,631.9
<b>Total operating cost</b>	<b>1,273.3</b>	<b>6,433.0</b>	<b>7,706.3</b>
<b>EBITDA</b>	<b>(532.5)</b>	<b>1,956.2</b>	<b>1,423.7</b>
<i>EBITDA margin (%)</i>	<i>(72)</i>	23	16

Source: Company

# Benefits of high operating leverage to kick in

(Rs mn)	Dec-08	Dec-09
<b>Total Revenue</b>	<b>2,650.7</b>	<b>2,814.0</b>
Consumption of raw materials	1,127.0	844.9
Other exp	403.7	376.0
General & admin exp	459.3	494.9
Selling & Distribution exp	153.4	139.2
<b>Total operating exp</b>	<b>2,142.2</b>	<b>1,855.0</b>
<b>EBITDA</b>	<b>508.5</b>	<b>959.0</b>
<i>EBITDA Margin</i>	<i>19%</i>	<i>34%</i>
Other income	25.0	21.6
<b>PBIDT</b>	<b>533.5</b>	<b>980.7</b>
Depn. & amort	73.6	106.2
<b>PBIT</b>	<b>459.8</b>	<b>874.5</b>
Interest cost (net)	141.5	88.8
<b>PBT</b>	<b>318.4</b>	<b>785.7</b>
Provision for tax	142.1	296.9
Minority interest	(27.7)	(16.7)
<b>Adj PAT</b>	<b>203.9</b>	<b>505.6</b>

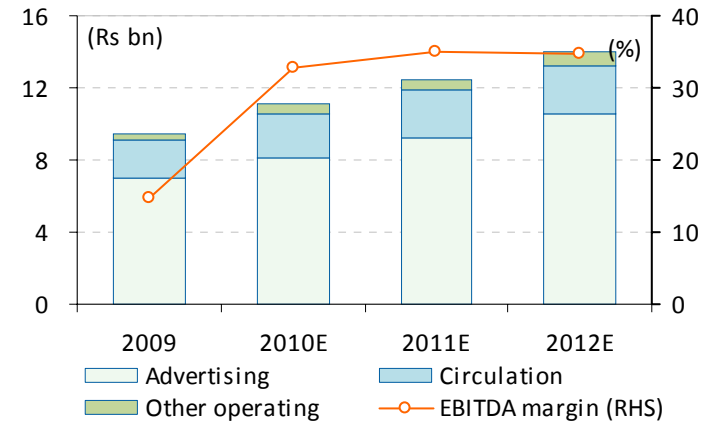
Ad rev +6% YoY

Lower newsprint prices + Cost controls

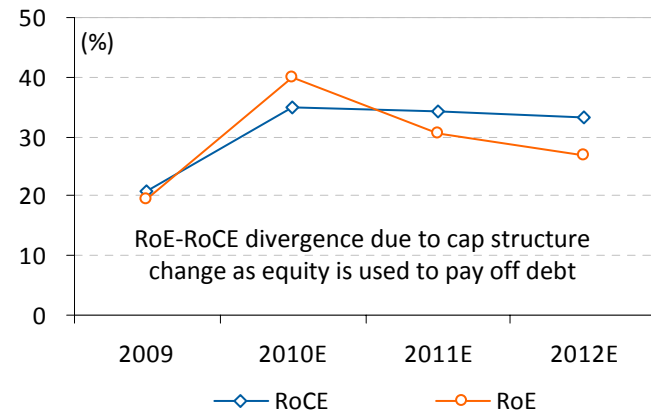
Debt to be reduced further from IPO funds

Reduction in losses of the radio business

FY09-12E CAGR – Ad 15%; Circ 8%



Strong return on capital



Source: ENAM Research

## ❖ Newsprint volatility

- ❑ Newsprint accounted for ~44% of DBCL's FY09 revenue and is the single largest cost item.
- ❑ While Newsprint prices have corrected sharply from ~USD 950/tonne (H1CY09) to ~USD 500/tonne any sustained hike in newsprint prices could significantly impact margins, as competition will make it difficult to pass on the cost to readers or advertisers
  - ▶ Newsprint prices have already begun strengthening but DBCL has contracts in place till end-Q1FY11

## ❖ Competition – encroaching each others markets and falling cover prices

- ❑ DBCL may have to cut cover prices in some of its markets to match any aggression by competitors.
  - ▶ With extended payback periods in Punjab for both DBCL and Jagran as well the initial signs of competitive pressures building in UP for Jagran, this remains a key concern in the medium term
  - ▶ DBCL's diversified profit streams and low cover prices will help deter aggressive launches within its markets

## ❖ Execution risks in expansion

- ❑ DBCL is looking at launching new editions/ entering new geographies (Bihar/ Jharkhand). DBCL's new initiatives carry an inherent execution risk.
- ❑ The company has aggressive rollout plans in print media, radio, internet portals and digital OOH advertising segments, delays in which may have a negative impact on earnings and profitability.
- ❑ Further, while expanding its footprint further in the Hindi belt, Dainik Bhaskar will face formidable competition in Dainik Jagran, Amar Ujala and Hindustan. Its performance in these markets will need to be closely monitored.

# Financials and valuation

# Company Financial

## Profit & Loss (Rs. mn)

Y/E March	2009	2010E	2011E	2012E
<b>Print Ad. Revenues</b>	<b>6,979</b>	<b>8,134</b>	<b>9,271</b>	<b>10,566</b>
Circulation Revenues	2,131	2,430	2,564	2,695
Other operating income	380	532	661	751
<b>Total income</b>	<b>9,490</b>	<b>11,096</b>	<b>12,496</b>	<b>14,012</b>
Cost of goods sold	6,862	6,250	6,926	7,928
Advt/Sales/Distrn O/H	1,275	1,382	1,416	1,501
<b>Operating Profit</b>	<b>1,353</b>	<b>3,464</b>	<b>4,154</b>	<b>4,583</b>
Other income	228	251	503	503
<b>PBIDT</b>	<b>1,581</b>	<b>3,715</b>	<b>4,656</b>	<b>5,086</b>
Depreciation	290	424	434	444
Interest	510	524	499	372
Other pretax	0	0	0	0
<b>Pre-tax profit</b>	<b>781</b>	<b>2,768</b>	<b>3,724</b>	<b>4,269</b>
Tax provision	423	941	1,266	1,409
(-) Minority Interests	(118)	(46)	(16)	(30)
Associates	0	0	0	0
<b>Adjusted PAT</b>	<b>477</b>	<b>1,873</b>	<b>2,474</b>	<b>2,890</b>
E/o income / (Expense)	(1)	0	0	0
<b>Reported PAT</b>	<b>476</b>	<b>1,873</b>	<b>2,474</b>	<b>2,890</b>

## Key ratios (%)

Y/E March	2009	2010E	2011E	2012E
<b>Sales growth</b>	<b>9.5</b>	<b>16.0</b>	<b>12.0</b>	<b>12.1</b>
<b>OPM</b>	<b>14.8</b>	<b>32.8</b>	<b>35.1</b>	<b>34.6</b>
Oper. profit growth	(20.8)	156.1	19.9	10.3
COGS / Net sales	72.3	56.3	55.4	56.6
Overheads/Net sales	13.4	12.5	11.3	10.7
Depreciation / G. block	6.2	5.5	5.5	5.4
Net wkg.cap / Net sales	0.1	0.1	0.2	0.2
Net sales / Gr block (x)	2.1	1.7	1.5	1.6
<b>RoCE</b>	<b>20.7</b>	<b>34.8</b>	<b>34.3</b>	<b>33.3</b>
Debt / equity (x)	1.9	0.7	0.4	0.2
Effective tax rate	54.1	34.0	34.0	33.0
<b>RoE</b>	<b>19.5</b>	<b>39.9</b>	<b>30.4</b>	<b>26.7</b>
Payout ratio (Div/NP)	20.8	0.0	0.0	0.0
<b>EPS (Rs.)</b>	<b>2.8</b>	<b>10.3</b>	<b>13.6</b>	<b>15.9</b>
EPS Growth	(37.0)	265.6	32.1	16.8
CEPS (Rs.)	4.5	12.7	16.0	18.4
DPS (Rs.)	0.6	0.0	0.0	0.0

Source: ENAM Research

# Company Financial

## Balance sheet (Rs. mn)

Y/E March	2009	2010E	2011E	2012E
<b>Total assets</b>	<b>7,690</b>	<b>12,344</b>	<b>13,790</b>	<b>15,675</b>
Gross block	4,695	7,745	7,962	8,184
Net fixed assets	3,763	6,389	6,172	5,950
CWIP	2,708	0	0	0
Investments	238	238	238	238
Wkg. cap. (excl cash)	530	1,842	2,126	4,499
Cash / Bank balance	452	3,876	5,254	4,989
Others/Def tax assets	0	0	0	0
<b>Capital employed</b>	<b>7,690</b>	<b>12,344</b>	<b>13,790</b>	<b>15,675</b>
Equity capital	1,688	1,815	1,815	1,815
Reserves	796	5,087	7,561	10,451
Borrowings	4,814	4,705	3,605	2,600
Others	393	737	809	809

## Cash flow (Rs. mn)

Y/E March	2009	2010E	2011E	2012E
<b>Sources</b>	<b>2,817</b>	<b>2,660</b>	<b>1,880</b>	<b>2,330</b>
Cash profit	695	2,595	2,964	3,305
(-) Dividends	99	0	0	0
Retained earnings	596	2,595	2,964	3,305
Issue of equity	184	173	16	30
Borrowings	2,037	(109)	(1,100)	(1,005)
Others	0	0	0	0
<b>Applications</b>	<b>2,817</b>	<b>2,660</b>	<b>1,880</b>	<b>2,330</b>
Capital expenditure	3,138	342	217	222
Investments	170	0	0	0
Net current assets	(501)	1,312	284	2,373
Change in cash	10	1,006	1,379	(265)

Source: ENAM Research

## Attractively priced vs. Indian peers

(INR mn)	HT Media	DB Corp	Jagran Prakashan
<b>CMP</b>	145	231	120
<b>Mkt Cap (Rs mn)</b>	34,078	41,948	36,095
<b>Sales</b>			
2009	13,466	9,110	8,234
2010E	14,686	10,564	9,338
2011E	16,377	11,834	10,967
2012E	18,213	13,261	12,361
<b>EBITDA</b>			
2009	943	1,353	1,570
2010E	2,639	3,464	2,809
2011E	3,289	4,154	3,619
2012E	3,508	4,583	4,197
<b>Net Income</b>			
2009	200	477	920
2010E	1,361	1,873	1,684
2011E	1,636	2,474	2,260
2012E	1,755	2,890	2,714
<b>EPS (INR)</b>			
2009	0.9	2.8	3.1
2010E	5.8	10.3	5.6
2011E	7.0	13.6	7.5
2012E	7.5	15.9	9.0
<b>PE (x)</b>			
2009	9.5	-	9.9
2010E	25.0	22.4	21.4
2011E	20.8	17.0	16.0
2012E	19.4	14.5	13.3
<b>EV / EBITDA (x)</b>			
2009	5.8	-	6.5
2010E	13.9	12.3	13.0
2011E	11.2	9.7	9.8
2012E	10.4	8.6	8.0

- ❖ **Initiate coverage with sector Outperformer rating with a price target of Rs 286 based on:**
  - ❑ P/E of 18x FY12E EPS of Rs 15.9 at a premium to our 17x target P/E for Jagran Prakashan
  - ❑ Continued investments during the slowdown will now result in higher growth
  - ❑ More diversified readership vs. Jagran helps reduce risk of aggressive competition

### EPS sensitivity to newsprint prices

Avg. Newsprint price in FY12E (USD/t)	630	650	670	690	710
FY12E EPS	16.9	16.4	15.9	15.5	15
Value per share @ P/E of 20x	304	295	286	279	270

# International peer comparison

Developed market valuations reflect stagnation in print media growth; Asian peers to lag Indian regional print growth

	Gannett Co	RCS MediaGroup	New York Times Co	Trinity Mirror	Singapore Press Holdings	Star Publications	Global Sources
<b>CMP</b>	<b>15</b>	<b>2</b>	<b>11</b>	<b>2</b>	<b>3</b>	<b>1</b>	<b>6</b>
<b>Mkt cap</b>	<b>3,496</b>	<b>1,160</b>	<b>1,605</b>	<b>545</b>	<b>4,256</b>	<b>724</b>	<b>288</b>
<b>Sales USD mn</b>							
2009	5,613	3,027	2,440	1,188	881	277	173
2010	5,474	3,052	2,365	1,185	919	285	191
2011	5,611	3,096	2,410	1,195	830	298	222
<b>EBITDA USD mn</b>							
2009	1,101	72	266	207	403	76	17
2010	1,162	273	343	217	422	76	25
2011	1,175	327	371	226	365	82	30
<b>Net Income USD mn</b>							
2009	355	(111)	20	72	286	41	10
2010	485	42	95	79	324	47	16
2011	507	83	104	87	278	52	20
<b>EPS</b>							
2009	1.5	(0.1)	0.1	0.3	0.2	0.1	0.3
2010	2.0	0.1	0.6	0.3	0.2	0.1	0.5
2011	2.1	0.1	0.7	0.3	0.2	0.1	0.6
<b>PE (x)</b>							
2009	9.7	(17.1)	79.3	7.9	15.2	17.6	19.0
2010	7.3	26.1	18.5	7.2	13.2	15.6	12.9
2011	7.0	14.1	15.6	6.3	15.4	14.0	10.4
<b>EV/EBITDA</b>							
2009	6.3	41.6	9.4	5.3	10.4	7.9	11.7
2010	5.9	10.9	7.3	5.1	9.9	7.8	7.9
2011	5.9	9.2	6.7	4.8	11.5	7.3	6.6
<b>ROE (%)</b>							
2009	-	(7.6)	-	6.3	20.4	11.7	-
2010	17.9	2.0	-	6.7	22.3	12.5	-
2011	-	4.6	-	6.8	19.0	13.7	-



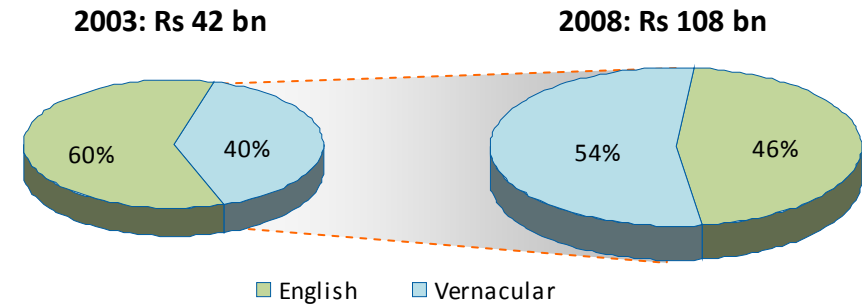
# Appendix

# Appendix I: Emergence of 'Middle India' to drive Vernacular print growth

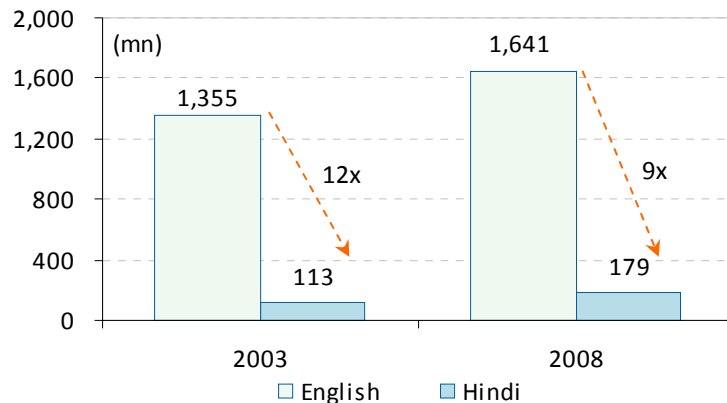
## ❖ Vernacular ad spends now higher than English

- ❑ Share of vernacular print in the ad pie has grown from 40% in 2003 to 54% in 2008
  - ▶ The ad pie itself grew at 21% CAGR during this period
- ❑ English ad rate premium over Hindi has reduced from 12x in 2003 to 9x in 2008
  - ▶ Driven by increased focus on tier II and III cities and improved product via investments in color printing capacities
- ❑ Increased consumption of key ad categories like auto and durables driving growth in vernacular

## Vernacular grabbing larger share of the ad pie



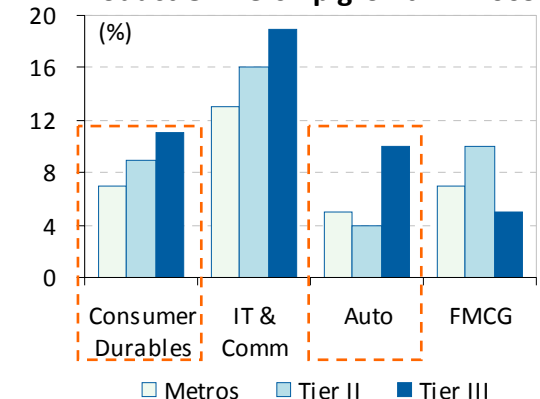
## Leading to compression in premium on English ad rates



## Strong growth in auto and durables ownership

Top 10 advertisers in print	% Share
Education	15
Services	12
BFSI	10
Auto	7
Retail	5
Durables	4
Personal Accessories	3
Corporate/Brand Image	3
Personal Healthcare	3
Media	2
<b>Total</b>	<b>64</b>

## Product Ownership growth in 2009



Regional print provides an effective medium for advertisers looking beyond saturated metros for growth

# Appendix II: DBCL editions

S.No.	State	Edition	Date of Launch
<b>DAINIK BHASKAR</b>			
1	Madhya Pradesh	Bhopal	1958
2		Indore	Mar 1983
3		Ujjain	Jan 2006
4		Sagar	Oct 2006
5		Ratlam	Oct 08
6	Chattisgarh	Raipur	Oct 1988
7		Jagdalpur	April 08
8		Bhiali	April 08
9		Bilaspur	Sept 1993
10	Rajasthan	Jaipur (Incl Alwar, Sikar)	Dec 1996
11		Ajmer (Incl Bhilwara)	Apr 1997
12		Jodhpur (Incl Pali)	Aug 1997
13		Bikaner (incl Shriganganagar)	Oct 1997
14		Udaipur	May 1998
15		Kota	Mar 1999
16		Nagour	April 08
17	Pali	April 08	
18	Chandigarh	Chandigarh	May 2000
19	Himachal Pradesh	Shimla	Oct 08
20	Haryana	Panipat (incl Ambala)	Jun 2000
21		Hissar	Jun 2000
22		Faridabad	Jun 2001
23	New Delhi	National Ed. Delhi	Jul 2007
24	Punjab	Amritsar	Oct 2006
25		Jalandhar	Oct 2006
26		Ludhiana	Dec-07
27	Uttarakhand	Dehradun	Dec-08

S.No.	State	Edition	Date of Launch
<b>DIVYA BHASKAR</b>			
28	Gujarat	Ahmedabad (incl Anand)	Jun 2003
29		Rajkot	Jan 2005
30		Jamnagar	Dec 2006
31		Surat	Mar 2004
32		Baroda	Sept 2004
33		Bhavnagar	Sept 2004
34		Bhuj	Jul 2007
35	Maharashtra	Mumbai	Jul 2004
<b>DNA</b>			
36	Maharashtra	Ahmedabad	Nov-07
37		Surat	Nov-07
38		Jaipur	Jun-08
<b>DB STAR</b>			
39	Madhya Pradesh	DB Star Bhopal	May-08
40		DB Star Indore	May-08
<b>BUSINESS BHASKAR</b>			
41	Madhya Pradesh	Bhopal	July 08
42		Indore	July 08
43	Chattisgarh	Raipur	July 08
44	Haryana	Panipat	July 08
45	Punjab	Jalandhar ( Amritsar)	July 08
46		Ludhiana (Chandigarh)	July 08
47	New Delhi	Delhi	Sep. 08
<b>DB GOLD</b>			
48	Gujarat	Surat	Sep. 07

# Appendix III: Strong management team

## ❖ Experienced and capable management team with proven execution capabilities

- ❑ Strong ability to identify and understand gaps in the market and develop ideas to address these.
  - ▶ “Innovation for India Award” by Marico India Innovation Foundation for business process innovation for the launch of Divya Bhaskar
  - ▶ Gold awards at the Asian Publishers Management Association Awards in Kuala Lumpur for Dainik Bhaskar (Punjab) in the “Best Launch of a Title” and “Best Circulation Drive” categories
- ❑ Promoter group active involvement in the operations of DBCL is a positive
  - ▶ Mr. Sudhir Agarwal (CEO): Finance, HR, Admin
  - ▶ Mr. Girish Agarwal: Marketing
  - ▶ Mr. Pawan Agarwal: IT, production, radio, new media

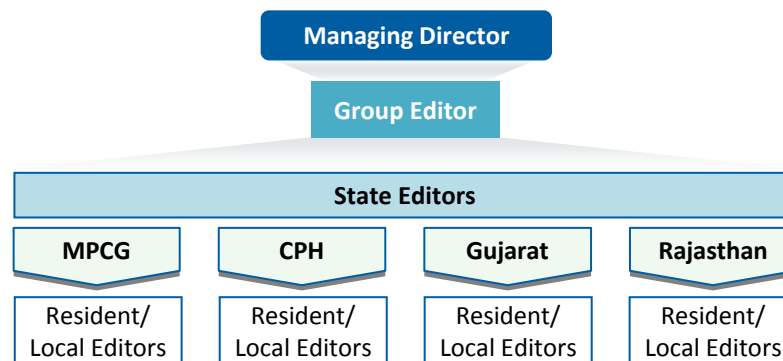
## ❖ Editorial structure focused on localized content

- ❑ DBCL has local editors for each edition, which allows it to customize content and dialects according to the area of operation

### Key Management

<b>Mr. Ramesh Chandra Agrawal</b> Chairman	He is a post graduate in political science and has ~42 years of experience in the publishing business. He has also served as chairman of FICCI in MP
<b>Mr. Sudhir Agrawal</b> Managing Director	He is a Science Graduate with 21 years of publishing experience and is a director in several group companies.
<b>Mr. Girish Agrawal</b> Director	He is a commerce graduate with 17 years experience and has received the E&Y “Young Entrepreneur of the Year 2006” award. He is also a director of several other group companies.
<b>Mr. Pawan Agrawal</b> Director	He is a Science graduate and completed Industrial Engineering from USA. With over 11 years experience in publishing, he also serves as the director in other group companies.
<b>Mr. Niten Malhan</b> Director	He is a managing director of Warburg Pincus India. He has an undergraduate degree in computer science from IIT Delhi and a MBA from IIM Ahmedabad.

### Editorial Structure: Enables localization



# Appendix IV: Print media operating metrics comparison

	Jagran Prakashan		DB Corp		HT Media		
	FY08	FY09	FY08	FY09	FY08	FY09	
Ad/ total space	31%	35%	39%	32%	32%	35%	
Edit/ total space	69%	65%	61%	68%	68%	65%	
Color/ total space	36%	40%	55%	63%	60%	60%	DBCL continued to invest in increasing color printing capacity
B&W/ total space	64%	60%	45%	37%	40%	40%	
Imported newsprint component	25%	20%	35%	20%	25%	25%	HT Media maintained its imported-domestic mix in major cities like Delhi, where readers could compare directly with English print
Domestic newsprint component	75%	80%	65%	80%	75%	75%	
Avg NP cost (Rs/kg)	26	29	26	30	28	35	
Ad revenues	4,988	5,517	6,389	6,979	9,998	11,315	
Circulation revenues	1,811	1,954	1,929	2,131	1,499	1,539	
Others	698	763	188	380	535	612	
<b>Total Revenues</b>	<b>7,497</b>	<b>8,234</b>	<b>8,506</b>	<b>9,490</b>	<b>12,032</b>	<b>13,466</b>	
Raw material costs	2,955	3,414	4,582	5,531	4,643	5,587	
% of revenues	39%	41%	54%	58%	39%	41%	
Personnel expenses	915	1,065	911	1,331	2,022	2,458	
% of revenues	12%	13%	11%	14%	17%	18%	
Marketing expenses	1,131	1,328	613	698	1,150	1,541	
% of revenues	15%	16%	7%	7%	10%	11%	
Other expenses	858	860	693	578	2,557	2,937	
% of revenues	11%	10%	8%	6%	21%	22%	
<b>Total operating expenditure</b>	<b>5,859</b>	<b>6,667</b>	<b>6,798</b>	<b>8,137</b>	<b>10,372</b>	<b>12,523</b>	
<b>EBITDA</b>	<b>1,638</b>	<b>1,567</b>	<b>1,708</b>	<b>1,353</b>	<b>1,660</b>	<b>943</b>	
<b>EBITDA Margin</b>	<b>22%</b>	<b>19%</b>	<b>20%</b>	<b>14%</b>	<b>14%</b>	<b>7%</b>	<i>DBCL and HT Media were impacted by losses in their radio business. Also, Jagran clamped down on expansion, while the other two continued to expand operations through the slowdown</i>
ROCE	25%	21%	36%	21%	15%	5%	
ROE	19%	17%	37%	19%	13%	2%	

Source: ENAM Research

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2. Firm ownership of the stock	No
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