

India Equity Research   Media & Entertainment	Initiating coverage
<b>DB Corp Limited</b>	<b>INR: 235</b>
<b>Multi language Player</b>	<b>BUY</b>



DB Corp, part of Bhaskar group and among one of the leading Print media companies of the country in local languages which provides an opportunity to harness the fastest growing market. The promoters hold 86.4% stake in the company.

### Investment Rationale

#### Emerging growth in Sub-Urban areas

The market size of Print Media advertisement industry is expected to reach ~Rs 17,430 crore by CY13 growing at a CAGR of 10%. We expect major growth to come from regional languages as metro are well past their peak period but Tier-II and Tier-III cities with increasing consumerism will see higher corporate spending to tap the growing market. DB corp with strong presence in regional markets would be the key beneficiary.

#### Diversified Portfolio leads cross selling opportunities

DB Corp is one of the largest print media company's with 31 production units spread across 3 regions: Northern, Central and Western states, publishing 48 editions in multiple languages. Print, Radio, Internet, SMS & below the line marketing services provides the company cross selling opportunities and higher bargaining power with advertisers.

#### Sustainable business model with proven capabilities

Lower cover price and diversified presence across regions act as an entry barrier for new players and provides sustainability to company's business model. Going forward, We believe company has better ability to penetrate new regions than its peers on account of a) Lower average cover prices than industry, b) printing in multiple languages - English, Hindi & Gujarati and c) innovative marketing strategy.

#### Strengthens balance sheet as editions mature

As on March, 09, 16 out of total 48 editions are in its emerging stage (less than 4 years of operation) and have incurred Profit before tax (PBT) loss of Rs 58 crore. We believe major loss making editions like Amristar, Jalandhar & Rajkot would breakeven by FY10. Emerging editions turning profitable, would lead to a) Huge cash flows & b) lesser impact on financials while entering into new markets.

### Valuations & Views

At the CMP of Rs 235, the stock is trading at 16.9x FY11E EPS of 13.9 and 13.8x FY12 P/E EPS of Rs 17.0. We initiate our coverage on DB Corp assigning a BUY rating to the stock with 12-month target price of Rs 278.0, based on our SOTP valuation, representing upside potential of 18.3%.

### Key Financials

Particulars (Rs in crore)	FY09	FY10E	FY11E	FY12E
Revenues	961.0	1092.7	1262.7	1474.3
EBITDA	147.3	370.6	433.3	515.4
Net Profit	47.6	203.7	252.0	308.5
EPS	2.6	11.2	13.9	17.0
P/E	89.6	20.9	16.9	13.8
P/BV	13.2	5.3	4.1	3.2
EV/EBITDA	32.1	12.8	10.9	9.2
ROE	23.48%	38.03%	28.14%	26.55%

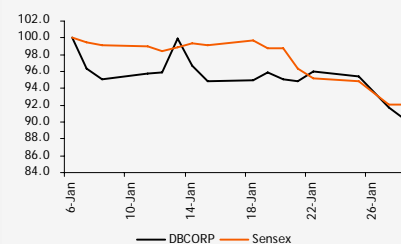
**Price Outlook (INR): 278**

Market Data	February 05, 2010
Shares outs (Cr)	18.15
Equity Cap (Rs. Cr)	181.5
Mkt Cap (Rs. Cr)	4,265
52 Wk H/L (Rs)	274.6/207.4
Avg Vol (1yr avg)	22,28,203
Face Value (Re)	10.0
Bloomberg Code	DBCL. IN

### Market Info:

SENSEX	15,857
NIFTY	4,732

### Price Performance



### Share Holding pattern (%)

Particulars	Dec-09	Sep-09	Chg
Promoters	86.4	92.8	(6.4)
Institutions	2.5	7.1	(4.6)
FII	7.1	-	7.1
Public/Others	4.0	.01	3.9
Total	100.0	-	-

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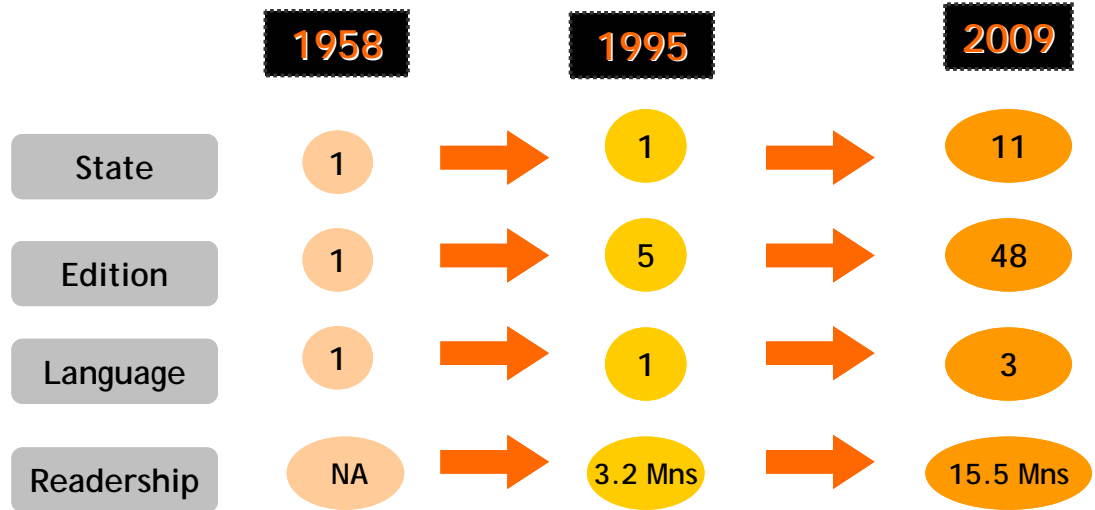
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DB Corp part of diversified business conglomerate, which currently owns 86% stake in the company.

**Company Overview**

DB Corp part of Bhaskar group, which is a diversified business conglomerate with interests in Media & Entertainment, Information Technology, Power, Agro processing, Textiles, FMCG, Real Estate & SEZ and Amusement parks. DB Corp is one of the leading print media companies operating in India, publishing 7 newspapers, 48 editions and 128 sub-editions across three languages (Hindi, Gujarati and English) and 11 states.

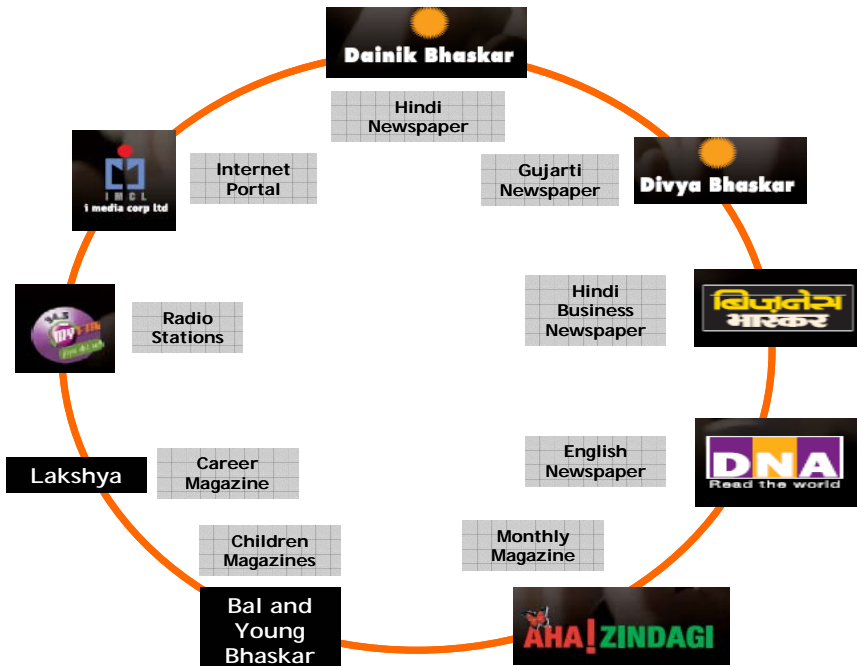
Exhibit 1 : Transformation Journey since inception



Source: Company , KRC Research, NA = not available

Dainik Bhaskar, flagship newspaper, with a total average daily readership of 1.2 crore, is a widely read newspaper in Madhya Pradesh, Chhattisgarh, Rajasthan, Haryana, Punjab, and Chandigarh. Divya Bhaskar is the number one Gujarati daily newspaper in terms of circulation in Gujarat (Source: Audit Bureau of Circulation "ABC", July to December 2008). They also publish 5 periodicals, namely, Aha Zindagi, a monthly magazine published in Hindi and Gujarati, Bal Bhaskar, a Hindi magazine for children, Young Bhaskar, a children's magazine in English and Lakshya, a career magazine in Hindi.

Exhibit 2 : Main Stream of Portfolio



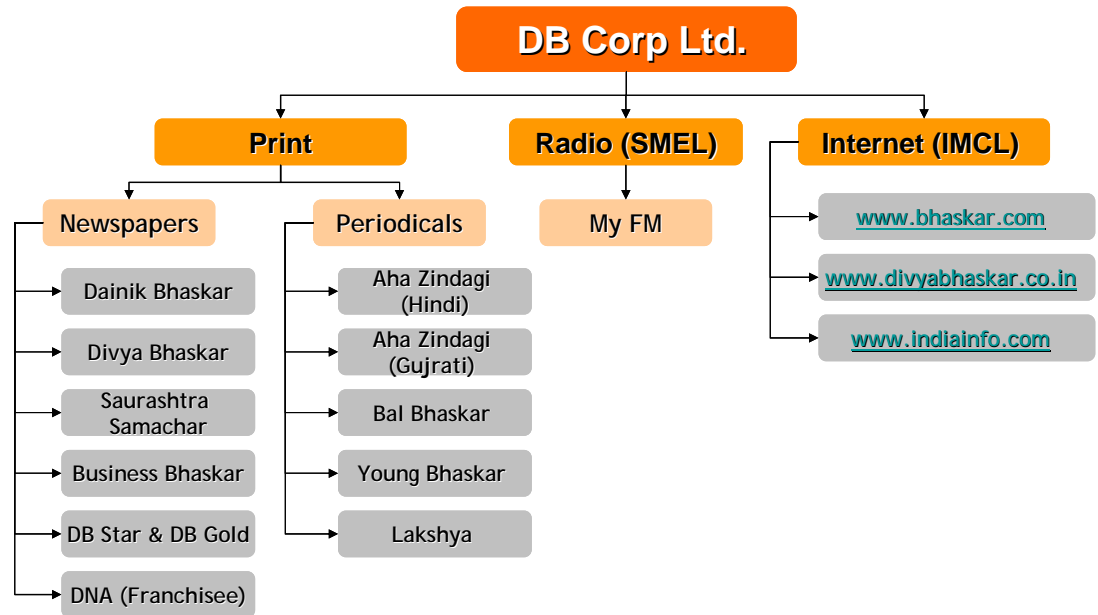
Source: Company, KRC Research

In addition to Print and Media, company is also present in radio business through its 56.8% subsidiary, Synergy Media Entertainment limited (SMEL) which operates MY FM, radio channel that broadcasts entertainment programs (other than news and news-related programs) in 17 cities in India, namely, Jaipur, Ahmedabad, Chandigarh, Amritsar, Jalandhar, Indore, Bhopal, Gwalior, Udaipur, Ajmer, Surat, Bilaspur Nagpur, Kota, Jabalpur, Raipur and Jodhpur.

*MY FM, radio channel that broadcasts entertainment programs (other than news and news-related programs) in 17 cities.*

Through I Media Corporation Limited (IMCL), in which company holds 55%, it operates internet portals ([www.bhaskar.com](http://www.bhaskar.com); [www.divyabhaskar.co.in](http://www.divyabhaskar.co.in) and [www.indiainfo.com](http://www.indiainfo.com)) which contain editorial content from the daily editions of their newspapers in the form of e-papers and SMS portals.

Exhibit 3 : Business Overview



Source: KRC Research

Exhibit 4 : Presence across geographical

- Himachal Pradesh
- Punjab
- Uttarkhand
- Chandigarh
- Haryana
- Delhi
- Rajasthan
- Madhya Pradesh
- Chhattisgarh
- Gujarat
- Maharashtra



Source: Company, KRC Research

*It is publishing 7 newspapers, 48 editions and 128 sub-editions across three languages (Hindi, Gujarati and English) in 11 states.*

*Management with wide experience and expertise.*

### Management Profile

**Chairman - Ramesh Chandra Agarwal (65 years) – December 10, 2005** - He holds a post graduate degree in Political Science and ~42 years of experience in the publishing and newspaper business. Currently he is also the Chairman of the Federation of Indian Chambers of Commerce and Industry of the Madhya Pradesh. He has recently been awarded the Rajeev Gandhi Life time Achievement Award in Journalism. Besides, he has been recipient of various awards in past and has been held as within 50 most powerful Business houses by India Today Magazine in 2003, 2006 and 2007. .

**Managing Director and CEO- Sudhir Agarwal (42 years) - December 10, 2005** - He holds a bachelor's degree in science. He has been part of the organization for ~21 years. He is also a director of several group companies. Due to his aggressive leadership qualities, the company is considered as one of the fastest growing media groups by various analyst and investors, which has spread from 1 state in 1995 to 11 states, from 5 editions to 48 Editions.

**Non-Executive Director - Girish Agarwal (38 years) – October 27, 1995** - He holds a bachelor's degree in commerce and ~17 years of experience in the publishing business. Currently, he heads the marketing and related operations of the company. He holds distinction of being the youngest chairman of INS for Madhya Pradesh region. He was also awarded the Entrepreneur of the Year for the year 2006 by Ernst & Young.

**Non-Executive Director - Pawan Agarwal (35 years) - December 10, 2005** - He holds bachelor's degree in industrial engineering and ~11 years of experience in the publishing business. Currently, he heads entire production & information and technology department of the company.

**Non-Executive Director - Niten Malhan (38 years) - December 12, 2006** - He is managing director of Warburg Pincus India Private Ltd. He holds a degree in computer science from IIT Delhi and masters in business administration from the IIM - Ahmedabad.

**Non-Executive independent Director - Ajay Piramal (54 years) – November 28, 2007** - He holds an honours graduate degree in science, post graduate degree from Jamnalal Bajaj Institute of Management Studies, Mumbai and management programme from Harvard University. He heads the Piramal Enterprises Group.

**Non-Executive independent Director - Piyush Pandey (54 years) - November 28, 2007** - He holds a post graduate degree in history and ~27 years of experience in the field of advertising. Mr. Piyush Pandey is the only Indian to have won a double gold at Cannes and a triple grand prize at London International Advertising Awards held in 2002.

**Non-Executive independent Director - Kailash Chandra Chowdhary (54 years) - November 28, 2007** He holds a bachelor's degree in commerce and associate member of the Institute of Chartered Accountants of India. He is a retired banker with ~40 years of experience in finance, management and banking operations. He was the executive director and managing director of several top public banks.

**Non-Executive independent Director - Ashwani Singhal (48 years) - November 28, 2007** - He holds a bachelor degree in commerce and ~26 years of experience in non-ferrous metallurgical industry.

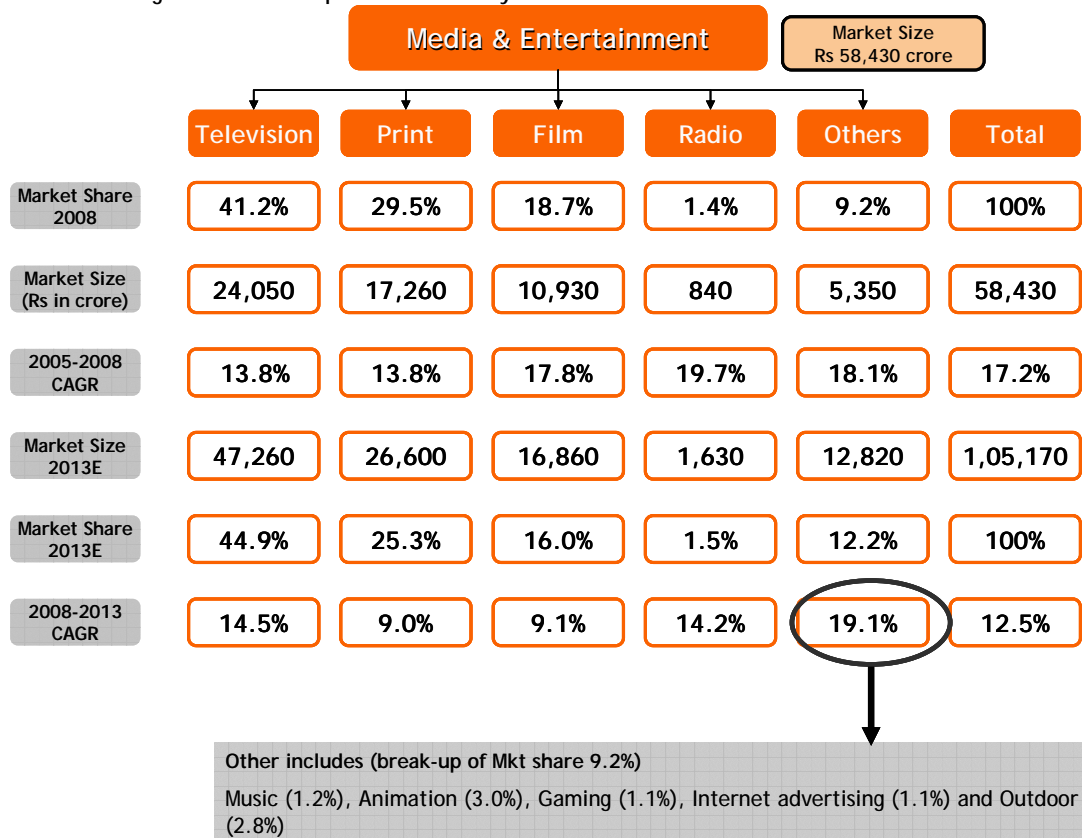
**Non-Executive independent Director - Harish Bijoor (48 years) - November 28, 2007** - He holds an under graduate and post graduate degree in arts and ~27 years of experience in marketing and brand management. He is currently a member of the Coffee Board of India and planning group sub- committee of the Union Planning Commission of India, focusing on the plantation category in India.

### Industry Overview

Indian M&E industry expected to register 5 year CAGR of 12.5% to Rs 1,05,170 crore.

Over the past 3 years (CY05 to CY08), the Indian media industry grew at an average rate of 13.8% on the back of strong growth in Indian economy, rise in discretionary spending by domestic consumers and greater competition among corporates for attracting consumers led to higher advertising spend. Since the last quarter of CY09, market environment became more challenging for the advertising market as economic slowdown forced corporates to curtail their advertising budget. Along with that, for an individual player, greater fragmentation of audience across media and distribution platforms lead to more complexities in addressing its target consumer base.

Exhibit 5: Segmental Break-up of M&E Industry



Source : FICCI-KPMG report , KRC Research

Advertising revenue is the key growth driver of the industry. It has a market share of 38% in total Indian M&E industry.

Advertising revenues is one of the main growth drivers for M& E industry. Over the past 3 years, the segment has registered CAGR of 17.1% to 22,160 crore in CY08. Going forward, we expect advertising industry to register a CAGR growth of 12.2% over next 5 years and the growth driver would be:

- Favorable demographics
- Strong Long Fundamental
- Low Advertising to GDP ratio
- Low Media Penetration

Indian print media is a highly fragmented industry.

In past 3 years, print industry has grown at a CAGR 18.7% to Rs 17,260 crore.

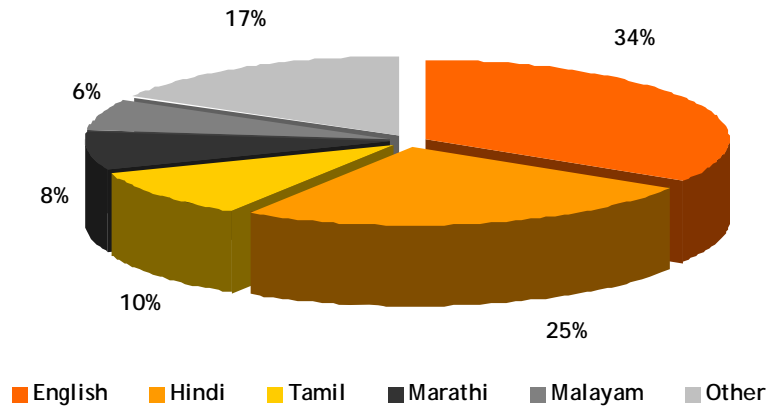
Higher contribution with low inventory volume with higher advertisement rates as compared to regional dailies.

**Print and Media**

Indian print media industry is highly fragmented with Hindi languages newspapers accounting for highest share of 44.6% of the registered dailies followed by English which a share of 7.4%. Other regional languages account for the rest. Though the circulation and publication of English newspapers is only 7.4%, they account for almost ~50% of corporate spending on advertising; as readers of English newspapers are considered to be in higher income bracket having higher purchasing power.

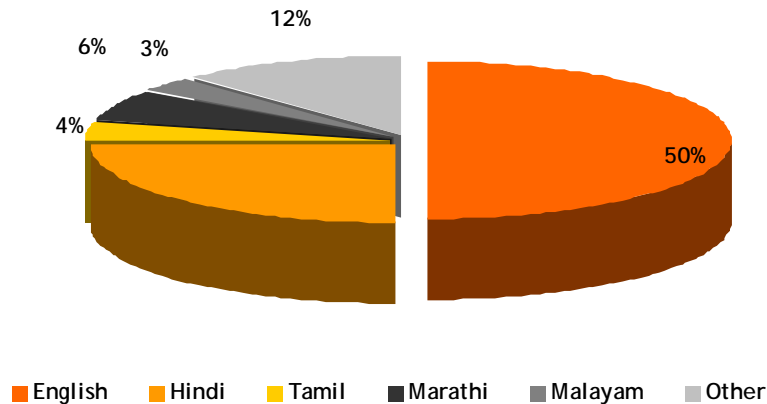
In past 3 years, print industry has grown at a CAGR 18.7% to Rs 17,260 crore; however the performance of the sector is impacted by the economic slowdown in the recent times. Advertising revenue increased by 8.2% to Rs 10,840 crore and Circulation revenue by 7.4% y-o-y to Rs 6,430 crore in CY08.

Exhibit 6: Advertisement Volume Breakup - Languages



Source: Crisil, KRC Research

Exhibit 7: Advertisement Revenue Breakup - Languages

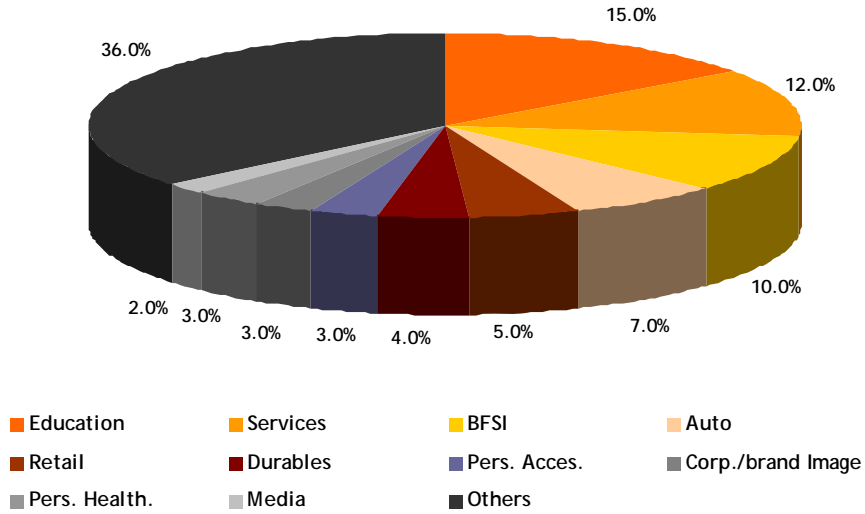


Source: Crisil, KRC Research

As compared to broadcasting segment, it has been adversely affected due to higher exposure to real estate, auto and travel, and lower FMCG contribution. Further, enhanced competition has also led to fall in average cover prices which countered the rise in circulation volumes for the players.

In CY08, print advertising was affected due to higher exposure towards Real estate, Auto and BFSI.

Exhibit 8: Top 10 Sectors contributing to Print Media advertising pie

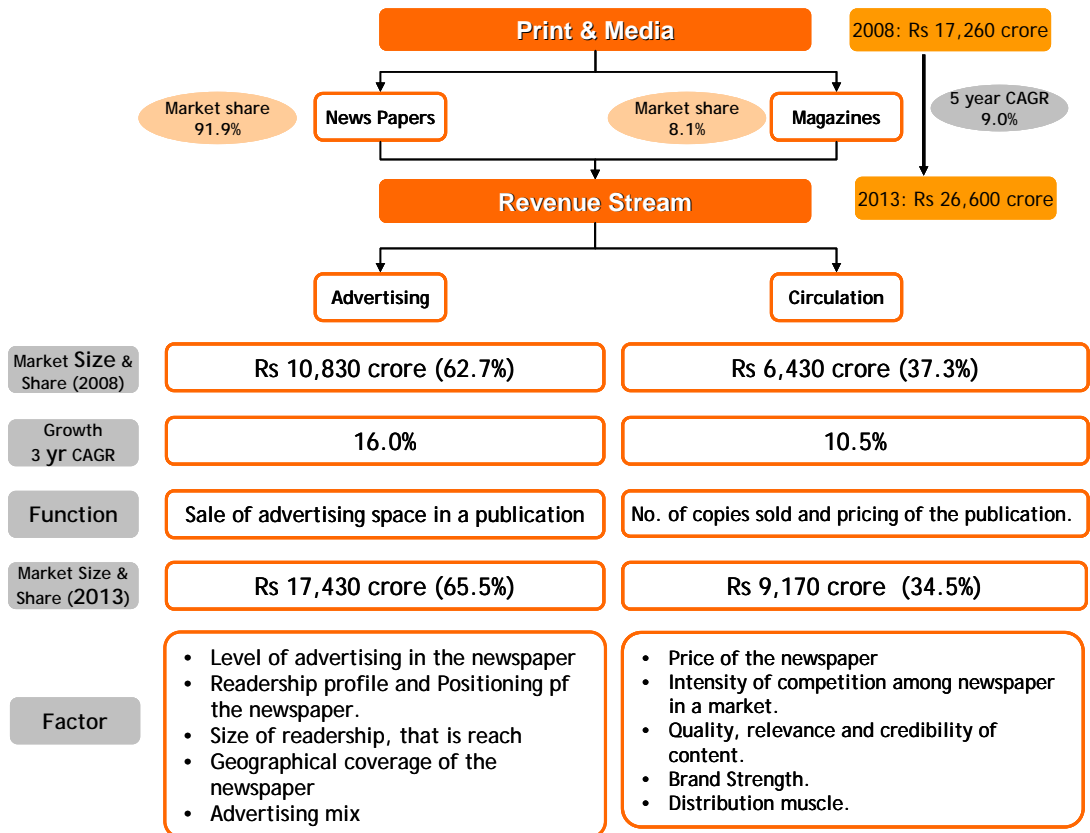


Source: Crisil, KRC Research

**Business Model**

The Print Media industry business model involves twofold stream of revenues: advertising and circulation. While advertising revenues are generated from sale of advertising space in a publication, circulation revenues are a function of the number of copies sold and pricing of the publication. The industry is currently passing through one of its most dynamic phases with most of the players expanding their footprints beyond traditional regions. In the past few years, this segment has seen strong FDI inflows.

Exhibit 9: Business Model of Print and Media Industry



Print Media industry business model involves twofold stream of revenues: advertising (62.7%) and circulation (37.3%)



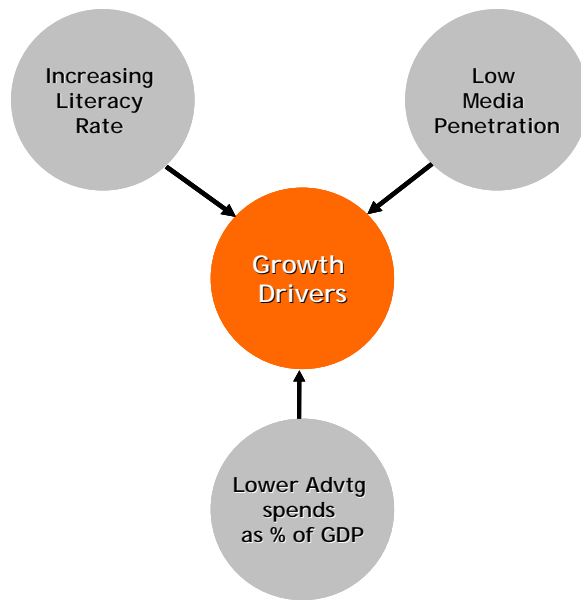
Source: Crisil, KRC Research

**Growth Drivers**

According to FICCI-KPMG report 2008, Print industry is expected to register 5 year CAGR of 9.0% to Rs 26,600 crore. The growth of 9% would mainly be driven by advertising segment which contributes ~65% to overall print industry revenue and rest by circulation. Advertising revenue expected to register 5 year CAGR of 10% to Rs 17,430 crore and circulation revenue of 7% to Rs 9,170. The growth drivers for the industry would be increasing literacy rate; Low media penetration and Low advertising spend as % of GDP.

*The growth of 9% would mainly be driven by advertising segment which contributes ~65% to overall print industry revenue*

Exhibit 10: Growth drivers



Source : KRC Research

**Increasing Literacy rate**

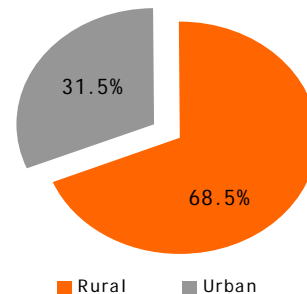
68.5% of India's population lives in rural areas, where literacy rate is only 62% leading to low penetration of newspapers. But as government has allocated a lot of resources towards reform in education sector, it will lead to faster growth in regional print. We expect average literacy rate to reach ~75% by FY12, which will lead to an increase of 7.4% in circulation revenue to Rs 8,570 crore by FY12.

This is also supported by the fact that both the readership surveys, Indian Readership Survey (IRS) and National Readership Survey (NRS), have reiterated dominance of language publications over those of national publications in future. Readership figures of IRS 2008 Round 2 (R2) also corroborates this fact with The Times of India (ToI) being the only English newspaper among the top 10 dailies in India.

*68.5% of India's population lives in rural areas, where literacy rate is only 62% leading to low penetration of newspapers.*

Exhibit 11: Current Indian Scenario of literacy rate and Population Distribution among Urban and Rural Areas

Particulars (in Crore)	Urban	Rural	Total
Populations	26.8	58.4	85.2
Literacy %	83.0%	62.0%	68.0%
Readership (% of literates)	42.0%	21.0%	29.0%
Literates people	22.2	36.2	57.9
Readership (% of literates)	9.3	7.6	16.8



Source: Company, KRC Research, Age group 12+

Total readership base of ~25 crore out of more than 120 crore population in India

Indian advertising as % of GDP is lower than average of 0.83

Indian advertising as % of GDP is low due to low per capital income and literacy rate.

**Low media Penetration**

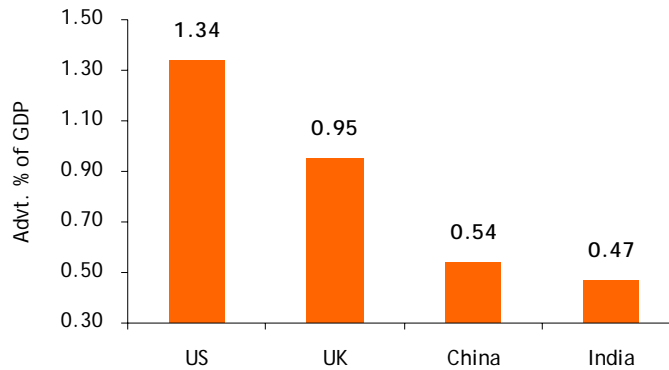
With a readership base of over 25 crore, India is the second largest print Market in the world. However, this market is still under penetrated for a country with a population in excess of 120 crore and is also highly fragmented with over 60,000 newspapers printed in 22 languages. The low penetration of the print market provides a significant growth opportunity as 35.9 crore people who can read and understand their language do not read any publication.

With an 85% reach in the urban markets (SEC A and B) but an abysmal 33% for rural markets (SEC C, D and E), we believe that a major growth opportunity lies in the vernacular segment. It should also be noted that, each regional daily is read by almost 7-9 readers compared to 2-3 readers for English dailies, indicating the potential for higher circulation as affordability improves.

**Lower advertising spends as % of GDP**

India is having lowest ratio of advertising as % of GDP among the developed countries like US and UK and developing countries like China.

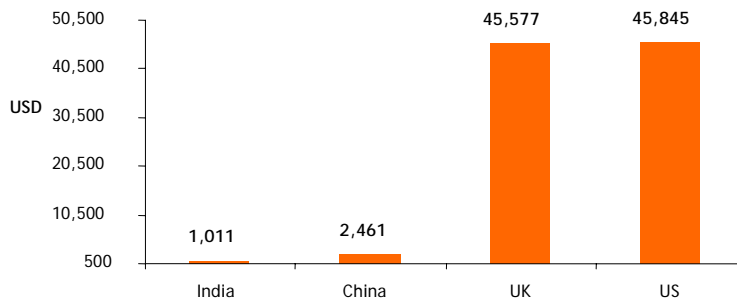
**Exhibit 12: Indian Advertising as % of GDP as compared to other countries**



Source : FICCI-KPMG report , KRC Research

As observed in Exhibit 8, India is having Lowest ratio as compared to other nations on back of lower per capital income and literacy rate.

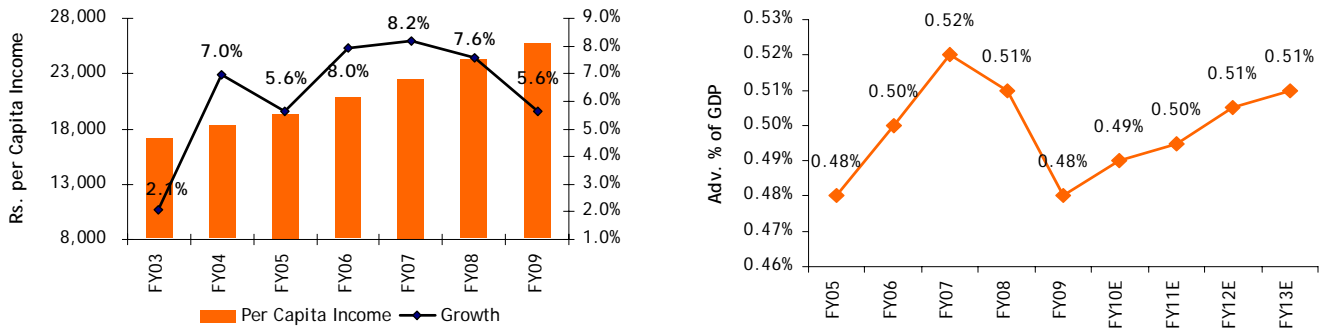
**Exhibit 13: Indian Per capital income as compared to developed and developing countries**



Source : FICCI-KPMG report , KRC Research

However, we feel the ratio to improve going forward from 0.47% to 0.51% by 2013 on account of increasing domestic per capita income, also evident from the fact that this ratio improved significantly from ~0.30% in 2000 to ~0.47% in 2009 as per capita income increased.

Exhibit 14: Growth in India's per capita income and Expected Advertising as % of GDP



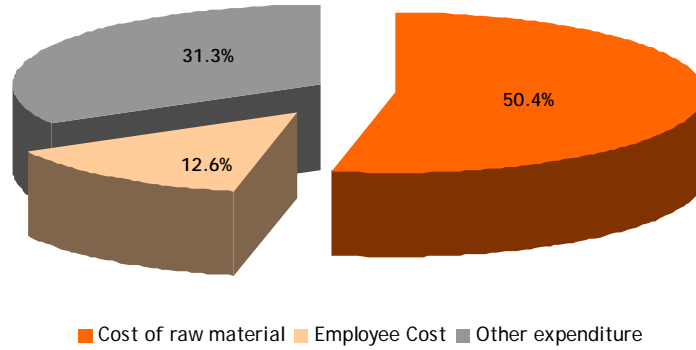
Source : FICCI-KPMG report , KRC Research

**Newsprint Overview**

*Newsprint prices constitutes ~50% of total operating expenditure*

Newsprint is the essential input used for production of printed newspapers and so its prices have direct impact on cost of production of print media companies. Newsprint prices vary with quality; it's a freely traded commodity in the international markets and exhibits price volatility. India imports almost 70% of its newsprint requirement. English newspapers generally use higher quality and mostly imported newsprint compared to the regional players which use a mix of imported and domestic newsprint. Out of the top 3 companies in Print and Media, ratio of Imported: Domestic newsprint use stands at 80:20 for Deccan Chronicle, 69:31 for HT Media and 80:20 for Jagran Prakashan.

Exhibit 15: Cost structure of Print Media Industry

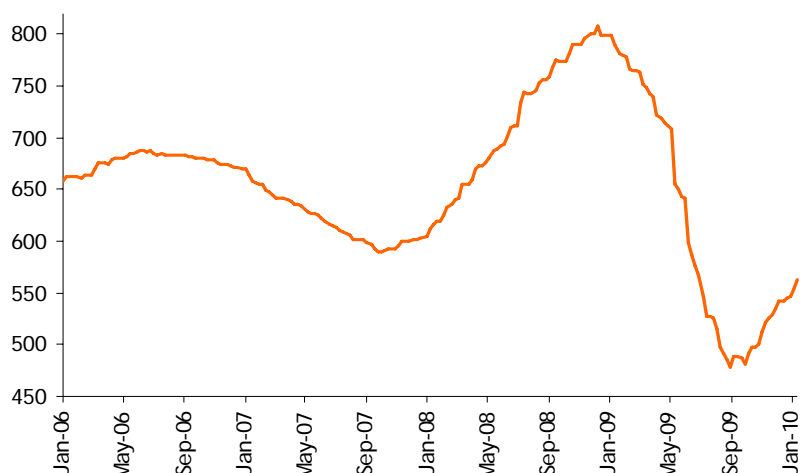


Source : KRC Research

*The increase in the prices for 2008 was mainly due to choppy currency market, high crude oil prices and consolidation in the newsprint industry*

In 2008, Print media industry went through a tough time due to volatile global newsprint prices. In the first two quarters of 2008 newsprint contracts were signed at \$660 and \$760 per tonne, which fell to \$520 in the subsequent quarter but climbed again to \$960 towards the end of the year, within striking distance of the historic high of \$1,000 it hit during the last quarter of 1995. The increase in the prices was mainly due to choppy currency market, high crude oil prices and consolidation in the newsprint industry. The effect of high newsprint prices could be seen from the shrink in the margins of top Indian companies in Print and Media sector during last financial year. (Refer to Exhibit 17)

Exhibit 16: Newsprint Prices



Source : Bloomberg, KRC Research

Exhibit 17: Impact Analysis of Newsprint prices on Indian Companies

## HT media

Particulars	FY09	FY08	% Change
Newsprint Cost/MT	34,334.0	27,597.9	24.4%
Cost of Raw Material (Rs in crore)	540.2	455.8	18.5%
Total Operating expenditure ((Rs in crore)	1,148.0	963.3	19.2%
Newsprint % of Total Oper. Exp.	47.1%	47.3%	
OPM (%) excluding Other income	12.7%	18.8%	
NPM (%)	6.4%	12.2%	

## Jagran

Particulars	FY09	FY08	% Change
Newsprint Cost/MT	28,897.5	25,321.3	14.1%
Cost of Raw Material (Rs in crore)	289.77	250.53	15.7%
Total Operating expenditure (Rs in crore)	666.7	585.9	13.8%
Newsprint % of Total Oper. Exp.	43.5%	42.8%	
OPM (%) excluding Other income	19.0%	21.8%	
NPM (%)	11.1%	13.1%	

## Deccan Chronicle

Particulars	FY09	FY08	% Change
Newsprint Cost/MT	40,693.4	27,196.4	49.6%
Cost of Raw Material (Rs in crore)	396.6	206.3	92.2%
Total Operating expenditure (Rs in crore)	649.7	401.2	61.9%
Newsprint % of Total Oper. Exp.	61.0%	51.4%	
OPM (%) excluding Other income	38.2%	67.2%	
NPM (%)	17.2%	34.8%	

Sharp increase in newsprint prices would impact more DCHL and DB Corp than HT Media and JPL.

## DB Corporation Limited

Particulars	FY09	FY08	% Change
Newsprint Cost/MT	29,684.8	25,752.8	15.27%
Cost of Raw Material (Rs in crore)	407.4	336.5	21.07%
Total Operating expenditure (Rs in crore)	770.6	647.5	61.90%
Newsprint % of Total Oper. Exp.	52.9%	51.9%	
OPM (%) excluding Other income	16.3%	22.8%	
NPM (%)	7.4%	12.1%	

Source : Company data , KRC Research

## Outlook - Newsprint

Currently the newsprint prices are at ~6 years lows, having fallen by more than ~35% in the past 7 months. We expect prices to remain subdued in the near future due to low demand from US market as the economy has still not recovered from the meltdown it went through in past one and half years, increased Chinese supply in the market as China had excess capacity due to fall in Chinese demand after Olympics and sharp fall in oil prices which constitutes almost 20% of new print cost. We believe newsprint prices to be at ~\$500 - \$525 tonne for FY10 and \$575-600 tonne for FY11. Any sharp bounce back would impact operating performance of DCHL and DB Corp more than Jagran and HT Media because of higher % of raw material as operating expenditure.

*We believe newsprint prices to be at ~\$500 - \$525 tonne for FY10 and \$575-\$600 tonne for FY11.*

## Exhibit 18: Growth Drivers and Key Challenges for Print Industry

Growth Drivers	Key Challenges
Sustained growth in advertisement revenues due to increased advertising spends by the emerging sectors such as Education, Organized Retail and Telecom	Increased competition from news channel as well as new media like internet and mobile
Improving literacy rate	Adverse impact on advertising revenue due to economic slowdown
Optimization of cover prices leading to improved penetration and growth in sales volumes	Continuous rise in newsprint costs
More launches in the niche segment like newspaper supplement and specialty magazines, by players	Continuing decline in readership figures, especially in case of magazines

Source : FICCI- PWC , KRC Research

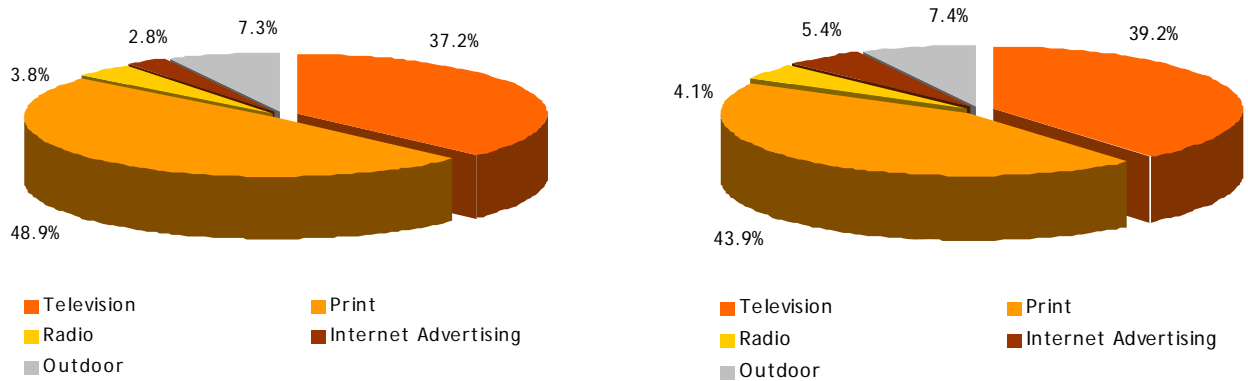
Radio advertising spends account for ~1.4% of the global advertising spends and 3.79% of the total advertising spends in India.

**Radio Industry**

Radio advertising spends account for ~1.4% of the global advertising spends and 3.79% of the total advertising spends in India. Over the past three years, radio industry has registered a CAGR of 19.7%, growing to Rs 840 crore in CY08, propelled by the emergence of the private FM industry in India.

Radio as a business segment became viable only after the implementation of Phase 2 of radio policy. In phase 2, government rationalized the licensing fee by fixing it at 4% of the gross revenues (or 10% of the Reserve OTEF, whichever was higher), before this policy change there were only 21 private stations operational but after this it has increased to ~ 248 stations. According to KPMG FICCI report, radio industry is expected to register 5 year CAGR of 14.2% to Rs 1,630 crore by CY13.

Exhibit 19: Radio market share to increase from 3.8% in 2008 to 4.1% over next 5 years



**Exhibit 20: Growth Drivers and Key Challenges for Radio Industry**

Growth Drivers	Key Challenges
Increase in the number of radio stations, ~700 new licenses expected to be issued to Private FM stations in Phase 3	Adverse impact on revenue due to a possibly prolonged slowdown in the economy
Expected regulatory reforms that are likely to improve profitability and stimulate foreign investments.	Overcrowding of FM stations especially in metros and inability/reluctance of the stations to differentiate in terms of content
Emergence of robust audience measurement tools which could further catalyze growth in radio advertising spends	Stiff competition from print for local advertisements
Growth in locally targeted advertising on radio	

Source : FICCI- PWC , KRC Research

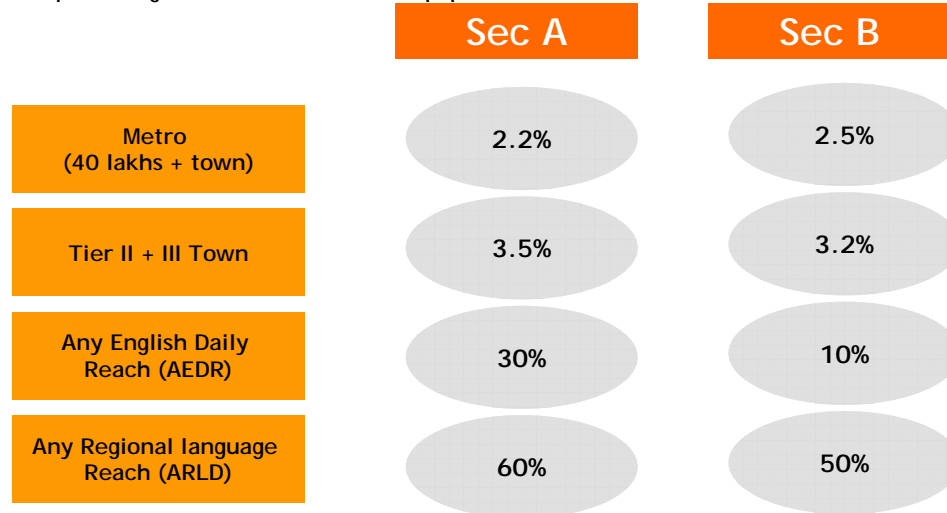
Sub-urban population in Tier-II and Tier-III cities has registered higher 4-CAGR of 3.5% Vs 2.2% in Tier-I cities

**Investment Rationale**

**Emerging Sub-urban demographics- A great Positive**

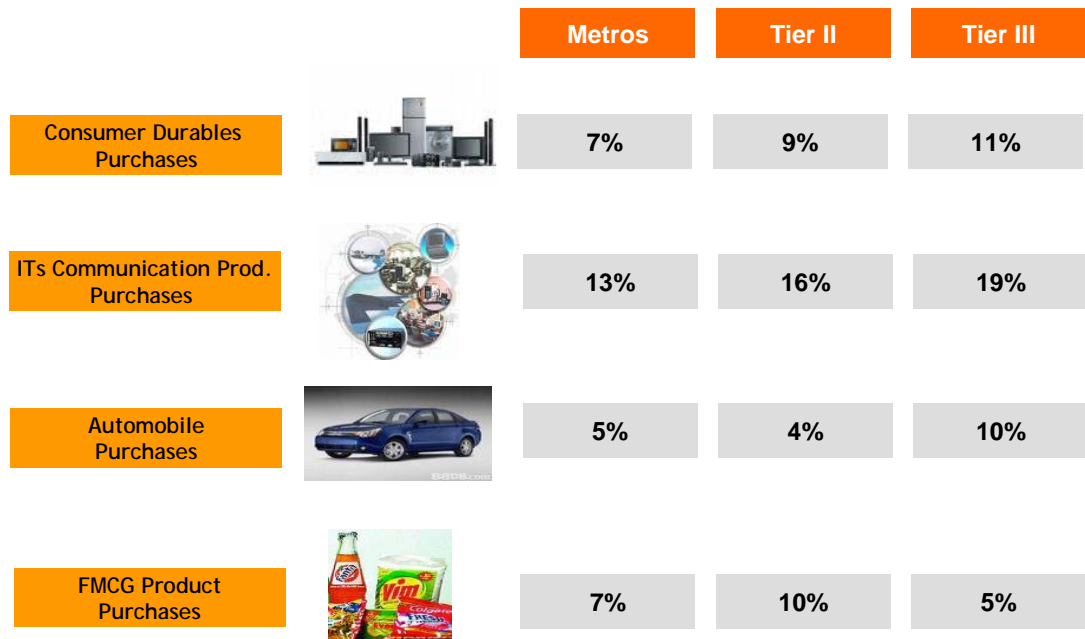
Sub-urban population in Tier-II and Tier-III cities has registered higher 4-CAGR of 3.5% Vs 2.2% in Tier-I cities. Better reach, increase in consumer spending and demographical change has provided excellent business opportunity to print media companies into regional space.

Exhibit 21: Population growth and reach of Newspaper.



Source: Company, KRC research

Exhibit 22 : Consumption growth in Metros Vs Tier 2 Vs Tier 3 & population growth



Source: Company, KRC research

Ratio of English advertising rates over Hindi has decline from 12x to 9x in last 5 years.

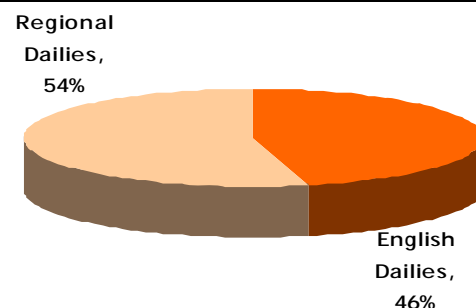
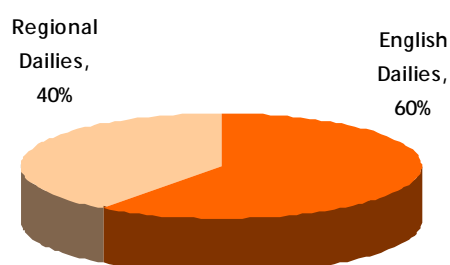
The business potential in sub-urban areas is also evident from the changing print advertisement pie. In 2003, Hindi and vernacular newspaper market had 40% share of the total print advertising market of Rs 4,200 crore, but since then higher reach of the Hindi and vernacular newspapers has captured the attention of the advertisers, resulting in market share of these newspapers increasing to 54% of Rs 10,800 crore advertising revenue in 2008. The premium in advertising rates that English newspapers command over regional newspapers has also gone down from 12x to 9x in the same period

## Exhibit 23 : Declining Market Share of English languages in Print advertisement pie

Advertising Pie - 2003 - Rs 4,200 crore

Advertising Pie - 2008 - Rs 10,800 crore

Declining market share of English segment in overall pie is evident of higher growth in Tier-II and Tier-III cities than Metros.



Source: Company, KRC research

We believe Hindi and vernacular newspapers will continue to increase their share in the advertising pie on account of increasing readership base, faster population & GDP growth in Tier 2 & 3 cities (Refer Exhibit 24), and increasing per capita income reflected into strong demand from consumers (refer to Exhibit 22). Hence, DB Corp, which is one of the predominant players in this segment, is likely to benefit from increasing advertising spends and higher states GDP growth due to its leadership position in Madhya Pradesh, Chhattisgarh, Rajasthan, Haryana and Gujarat.

## Exhibit 24 : Annual growth (%) of Gross State Domestic Product

States	FY05	FY06	FY07	FY08	FY09	Average
Gujarat	8.9	13.4	9.1	12.8	NA	11.1
Bihar	12.2	1.5	22.0	8.0	11.4	11.0
Kerala	10.0	9.2	11.1	10.4	NA	10.2
Haryana	8.6	9.4	14.2	9.4	8.0	9.9
Karnataka	9.9	13.5	7.3	12.9	5.1	9.7
Maharashtra	8.7	9.7	9.8	9.2	NA	9.3
Uttarkhand	13.0	5.7	9.8	9.4	8.7	9.3
Andhra Pradesh	8.2	10.2	11.2	10.6	5.5	9.1
Orissa	12.6	6.4	12.1	5.9	6.7	8.7
Tamil Nadu	11.5	11.9	11.3	4.4	4.6	8.7
Himachal Pradesh	7.6	6.5	9.2	8.6	NA	8.0
Jharkhand	15.2	2.8	12.5	6.2	5.5	8.4
Chhattisgarh	5.5	6.9	8.0	8.6	7.7	7.3
West Bengal	6.9	5.7	8.8	7.7		7.3
Uttar Pradesh	5.4	5.3	7.2	7.2	6.5	6.3
Rajasthan	(1.9)	6.9	11.8	7.3	7.1	6.3
Jammu & Kashmir	5.2	6.2	6.3	6.3		6.0
Punjab	5.0	4.5	7.3	6.5	6.3	5.9
Assam	3.7	4.9	7.0	6.1	6.0	5.6
Madhya Pradesh	3.1	6.5	4.8	5.3	NA	4.9
All India	7.5	9.5	9.8	9.0	6.7	8.5

Source: CSO, DB Corp presence - Shaded positions, NA - Not available

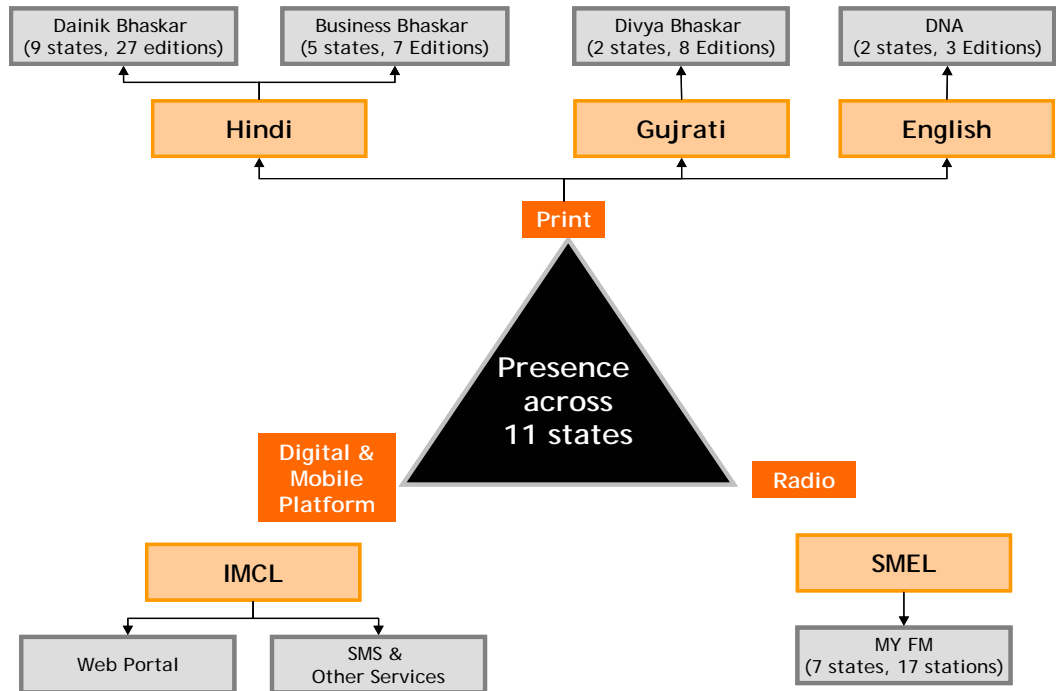
Balanced portfolio from high growth to low growth states.



**Diversified portfolio across media space provides cross selling opportunities**

DB Corp is one of the largest print media company’s with 31 printing facilities spread across 3 regions: Northern, Central and Western states, publishing 48 editions in multi languages. The company is well diversified across region in India through its flagship publication- Danik Bhaskar (Hindi editions) in 9 states, Divya Bhaskar (Gujarati editions) in 2 states, Business Bhaskar (Hindi business dailies) in 5 states and license agreement with DNA (English Dailies) for Gujarat & Rajasthan state. DB Corp. also has its presence in non-printing distribution platforms like Radio with 17 licenses in Tier-II and Tier-III cities, ground promotion through DB activation and internet portal. The diversified portfolio of businesses provides company with cross-selling opportunities and in one such deal in the year 2007 was able to clinch promotional campaign of Taj Mahal as new 7<sup>th</sup> wonder of the world.

**Exhibit 24: Diversified portfolio in Media space**



Source: KRC research

The markets in which company operates constitute ~24% total urban and semi-urban population of India excluding Delhi and Mumbai. In line with their demographics, these markets make up for 25% of India’s total consumption by market potential value. On account of its diversified portfolio combined with strong leadership positions in key lucrative market, we believe that the company would be having advantages over other players in the region.

**Exhibit 25: Strong Positioning of Flagship Newspaper in Key markets in terms of Readership (‘000s)**

Particulars	FY07	FY08	FY09
<b>Madhya Pradesh</b>			
Danik Bhaskar	2,420.0	2,453.0	2,514.0
Nav Bharat	968.0	571.0	517.0
% over leadership	150.0%	329.6%	386.3%
<b>Rajasthan State</b>			
Danik Bhaskar	5,624.0	5,761.0	5,736.0
Rajasthan Patrika	6,909.0	7,239.0	6,538.0
% over leadership	-18.6%	-20.4%	-12.3%

Cross selling opportunities arises because of presence in internet and radio other than Print.

24% of total urban and semi-urban populations of India are located in Bhaskar’s Market.

Gap between No. 1 and No.2 is narrowing down in the states where DB Corp is at No.2.

Gap between No. 1 and No.2 is widening in the states where DB Corp is leader.

Chhattisgarh State	FY07	FY08	FY09
Danik Bhaskar	5,624.0	5,761.0	5,736.0
Nav Bharat	740.0	864.0	687.0
% over leadership	660.0%	566.8%	734.9%
Haryana State	FY07	FY08	FY09
Danik Bhaskar	1,478.0	1,320.0	1,335.0
Danik Jagran	957.0	925.0	920.0
% over leadership	54.4%	42.7%	45.1%
Union territory of Chandigarh	FY07	FY08	FY09
Danik Bhaskar	216.0	218.0	199.0
Tribune	87.0	68.0	84.0
% over leadership	148.3%	220.6%	136.9%
Punjab Kesari	31	31	23
% over leadership	596.8%	603.2%	765.2%

Source: Company, KRC research

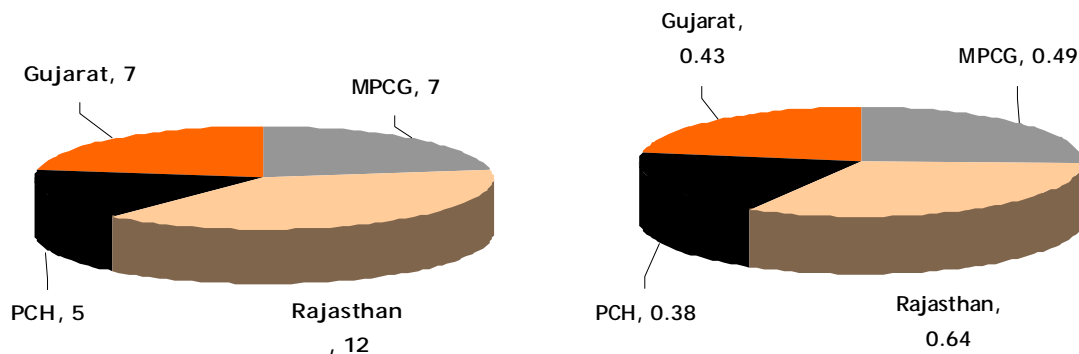
**Well connected to end users and advertisers**

DB Corp is well spread across 30 cities with 31 printing facilities and total installed capacity of ~1.94 million copies per hour. The company also performs Job work to utilize excess capacity leading to better capacity utilizations; this combined with strong infrastructure helps the company to charge lower average cover prices of Rs 2.5 and higher pagination of 20.5 pages as compared to industry average Rs 3.75 and pagination of 20 pages.

**Exhibit 26: Printing Facilities and Installed Capacity**

Printing Plants (Total - 31 printing Capacity)

Installed Capacity (Total - 1.94 millions/ hour)



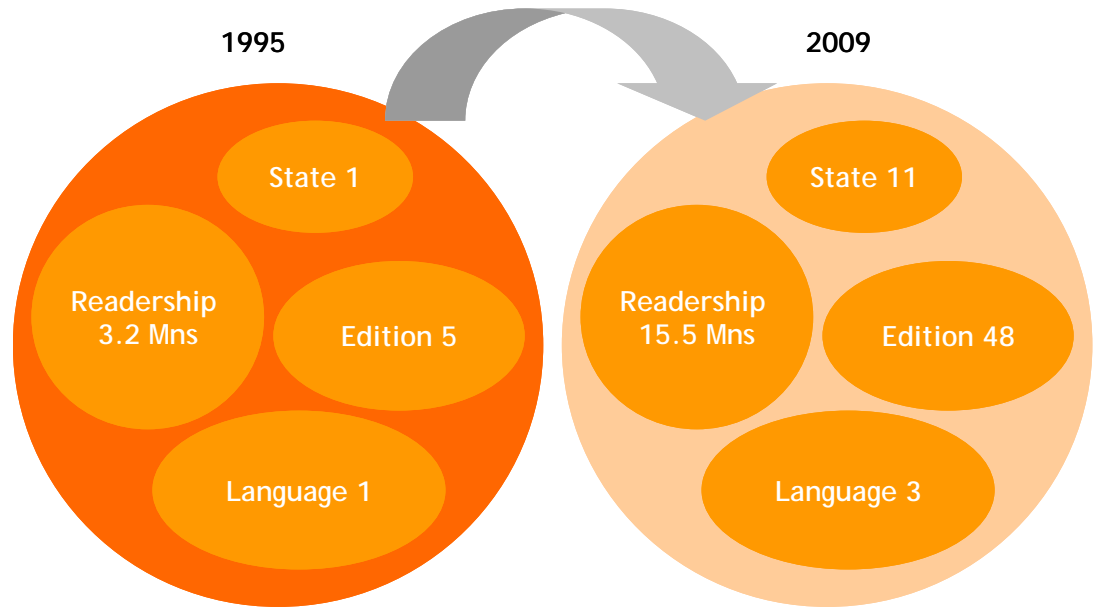
Source: Company, KRC research, MPCG - Madhya Pradesh and Chhattisgarh, PCH - Punjab, Chandigarh, Haryana

They are well connected to end users through strong distribution network with 74 distribution centers, 3,263 agents, 3,650 sub-agents, 18,709 vendors and 12,937 sub-vendors as of September 30, 2009. Because of its strong distribution network platform they are able to register much faster growth than any other Hindi daily in terms of readership. (Refer to Exhibit). In span of 10 years, company has registered a readership growth of 384% to 15.5 million. The readership base was expanded on back of increase in its presence from 1 state to 11 states, edition from 11 to 48 and languages from 1 to 3. Over the years, the company has also developed strong credentials with large number of advertisement agencies which helps the company achieve high ad-revenue growth.

Well spread across 30 cities with 31 printing facilities and total installed capacity of 1.94 million per hour.

Exhibit 27: Historically Track record of growth

In last 11 years, company has expanded into every segment.

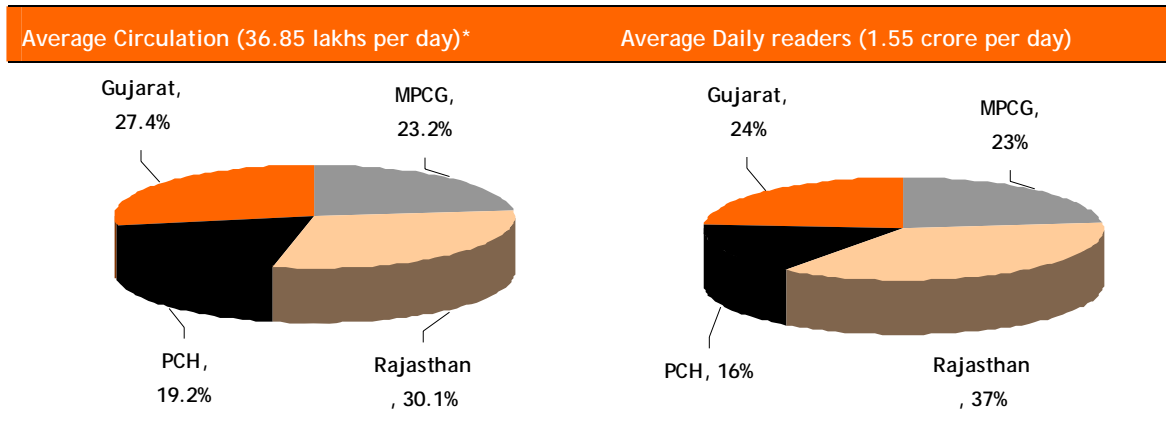


Source: Company, KRC research

**Sustainable business model with proven innovative strategy**

Lower cover price of its newspapers acts as natural entry barrier for newer players to enter into its markets; this combined with its well diversified presence across regions where company has its presence, the above two reasons provides sustainability to company's business model.

Exhibit 28: Diversification between Average Circulation and Readership

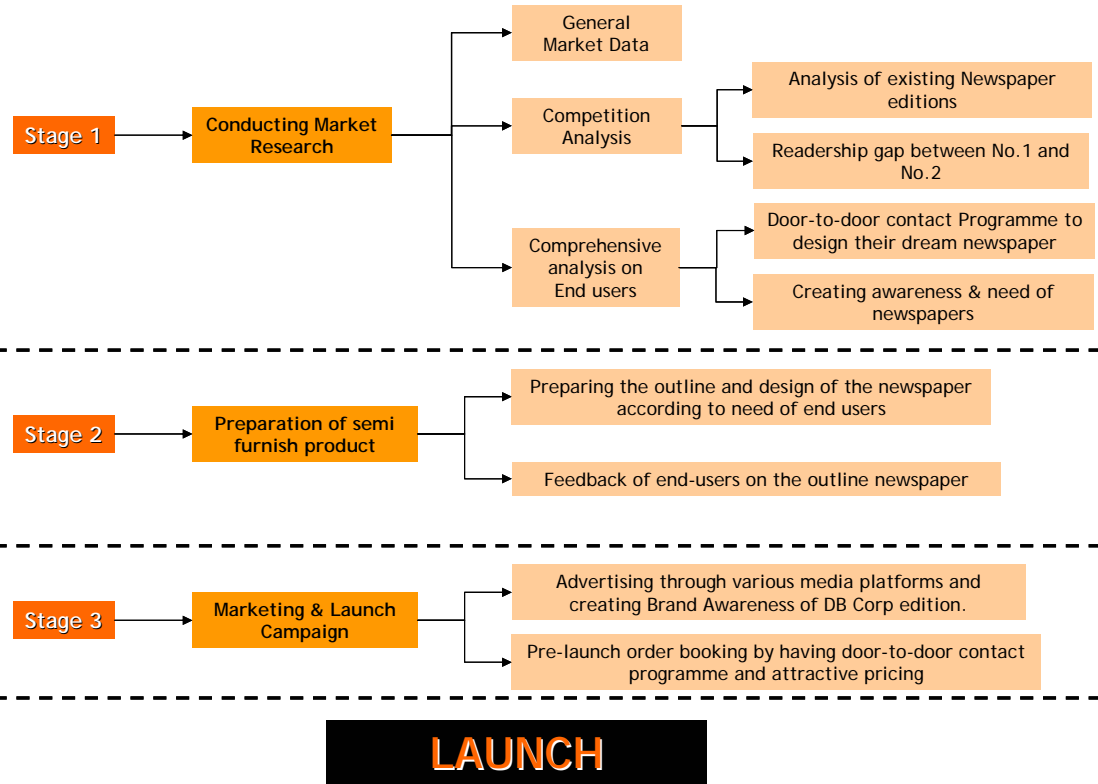


Natural entry barriers for new competitors on back of lower cover prices than industry average.

Source: Company, KRC research, MPCG - Madhya Pradesh and Chhattisgarh, PCH - Punjab, Chandigarh, Haryana,\* as on FY09 (including Dainik Bhaskar and Divya Bhaskar)

DB Corp has an innovative approach of penetrating in regional markets and competing with the local newspapers. Launch in new markets requires substantial logistical and personnel resources in order to solicit consumer input and develop consumer relationships on a large scale. Ground level research and direct contact with consumers help company to accurately identify the needs of consumers. The above approach enables company to depend less on traders and stockists for the purposes of marketing newspapers and publications.

Exhibit 29: Launch Strategy in New Markets



*Proven innovative strategy to penetrate newer markets.*

Source: Company, KRC research

*Gujarat, an example of proven innovative strategy and case study for IIM-A.*

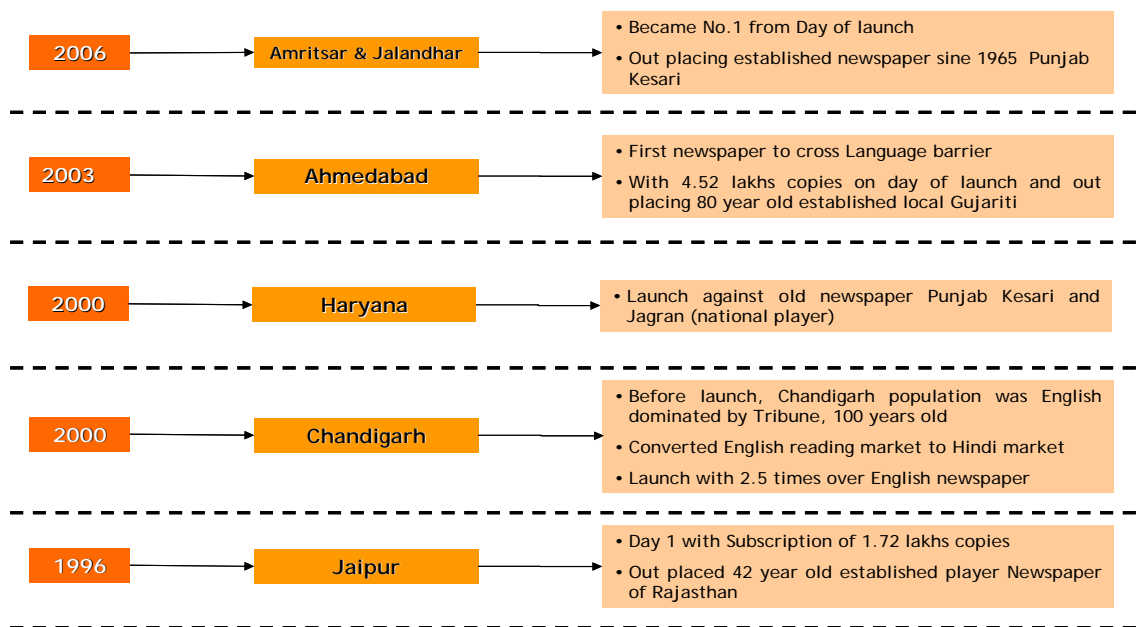
The success of this strategy is very clear with their growth story in Gujarat, where company has received a pre-launch conformation for 4.52 lakhs copies from very first day, thus making Divya Bhaskar the No.1 from the day of its launch. They are not only aggressive on day of launch but it clocked a 32% increase in readership, within a span of 3 years. Traditionally, we have observed in print industry, that national players used to operate in their core market segments, however, the DB Corp was the first listed entity to break the tradition and penetrate the Gujarat market which was dominated by Gujarat Samachar, an 80 years old edition. So, we believe company’s innovative strategy and lower cover price provides it an edge over other regional players to penetrate in to new markets.

## Exhibit 30: Performance of Past launched with similar strategy

**Unique innovative strategy, no language barrier and ability to challenge any established player**

Ability to challenge established player with no language barrier.

Jaipur launch was considered as a case study by Mudra institute of communication Ahmedabad.



Source: Company, KRC research

**Strengthens balance sheet as editions mature**

Currently, 16 out of total 48 editions are in its emerging stage (less than 4 years of operation) and have incurred Profit before tax (PBT) loss of Rs 58 crore in FY09. We believe major loss making editions like Amristar, Jalandhar & Rajkot would breakeven by FY10. Emerging editions turning profitable, would lead to a) Huge cash flows & b) lesser impact on financials while entering into new markets.

**Exhibit 31: Performance of Past launched with similar strategy**

	Rs in crore	FY07	FY08	FY09
<b>Financials</b>				
Sales (Rs)		39.8	43.7	74.3
EBITDA (Rs)		-28.9	-48.7	-53.0
Profit before Tax (Rs)		-32.6	-55.6	-58.9
<b>Danik Bhaskar</b>				
Amritsar (2006)		✓	✓	✓
Jalandhar (2006)		✓	✓	✓
Rajkot (2006)		✓	✓	✓
Baroda (2005)		✓		
Ludhiana (2007)			✓	✓
Bhuj (2007)			✓	✓
Bhopal (2009)				✓
Indore (2009)				✓
Ratlam (2009)				✓
Shimla (2009)				✓
Mehsana (2009)				✓
<b>DNA</b>				
Ahmedabad (2007)			✓	✓
Surat (2007)			✓	✓
Jaipur (2009)				✓

Major of the editions like Amristar, Jalandhar, Rajkot & Ludhiana would breakeven by FY10.

Valued company on sum-of-total-parts, arriving at target price of Rs 278, representing upside potential of 18.3%

### Valuation

DB corp, part of diversified business conglomerate Bhaskar group, has presence into Print, Radio, Internet and Event management. We have valued the company using SOTP methodology dividing the business into two parts core (Print) and non-core business. Further, core business is valued by DCF & Price earning, giving equal weight and non-core business by EV/licenses. (Refer to Exhibit 32)

At the CMP of Rs 235, the stock is trading at 16.9x FY11E EPS of 13.9 and 17.0x FY12 P/E EPS of Rs 13.8. We initiate our coverage on DB Corp assigning a BUY rating to the stock with 12-month target price of Rs 278.0, based on our SOTP valuation, representing upside potential of 18.3%.

#### Exhibit 32: Sum-Of-The-Parts Valuation

Business	Methodology	Weight	Value (Rs in Crore)	Value/Share	Remark
Print Media	DCF	50.0%	2,349.7	129.4	4 stage FCFE growth model with cost of equity 12% and terminal growth of 3%
	P/E	50.0%	2,606.7	143.6	Valued 20x on FY11E EPS, premium to global peers.
Radio	EV/Licenses		87.0	4.8	50% discount to ENIL EV/Licenses of FY12
SOTP Value				278.0	
CMP (Rs)				235.0	
Upside/Downside (%)				18.3%	

#### Exhibit 33: Free Cash Flow to Equity

Particulars	FY11E	FY12E	FY13E	FY14E	FY15E
Net income	260.7	315.4	370.5	430.4	494.2
Add: Depreciation & Amortization	42.0	47.6	46.1	43.6	41.2
Operating cash flow before change in WC	302.6	363.0	416.6	474.0	535.4
Change in Working capital	-29.1	-8.7	-7.4	-6.9	-2.8
Capital expenditure	68.9	41.6	10.0	10.0	10.0
Debt/repayment issued	-73.4	-35.9	-35.9	-35.9	-24.4
Internet losses	-5.0	-5.0	-5.0	-5.0	-5.0
Free cash flow to Equity (FCFE)	264.0	355.0	378.3	436.2	513.2
Present Value of FCFE	235.8	283.1	269.4	277.4	291.5
Cost of Equity (Ke)	12.0%				
Terminal growth rate	3.0%				
Sum - PV of FCFE (Rs in crore)	1357.2				
PV of terminal Value (Rs in crore)	3342.2				
Total Value (Rs in crore)	4699.4				
No of Shares outstanding (in crore)	18.2				
Value per Share	258.9				

Source: KRC research

We have used FCFE model for valuation with cost of equity of 12% and terminal growth rate of 3%.

## Key Risks

### Newsprint Prices

Newsprint is an essential input used in production of printed newspapers, ~ which had accounts ~53% of total operating expenditure. So, any sharp increase in Newsprint prices going forward would negatively impact the margins of DB corp. However, we do not expect any sharp movement in raw material prices as FY09 because of excess capacity within European countries and competition from Canadian & Russian manufactures

### Slowdown in Ad Revenue Growth

An economic slowdown could slow growth in print ad revenue, which will impact our estimates. Further a shift in ad spends from Print to TV or any other media could impact DB Corp negatively.

### Delay in breakeven of emerging editions

We had expected emerging edition to breakeven by FY11, if not, then this would further impact on margins & ROE, while entering into new markets

Financial Outlook

Operating revenue expected to register 15.0% CAGR from Rs 920.6 crore in F09 to Rs 1,218 crore in FY121

The CAGR growth of 15.0% mainly driven from advertising segment, expected to register 16.3% CAGR to Rs 943.9 crore in FY11.

In FY10, profit grew expected to increase by 3 times mainly on account of lower newsprint prices and 16 editions incurring lower losses.

Operating margin to sustain at current levels, higher growth in Bhaskar's markets with improvement in advertisement space.

Higher equity base and repayment of Debt lead D/E ratio declined from 1.64 in FY09 to 0.31 in FY10.

Exhibit 34: Revenue Mix

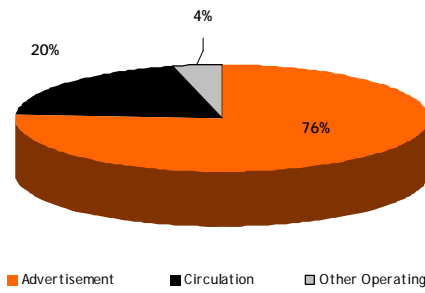


Exhibit 35: Operational performance

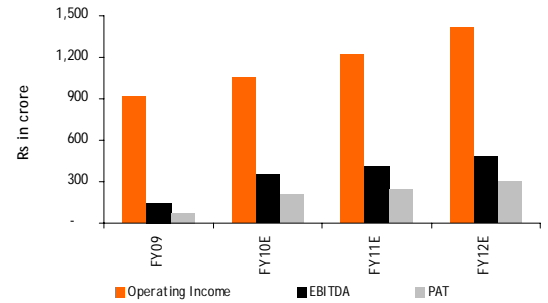


Exhibit 36: Segmental Performance (y-o-y growth)

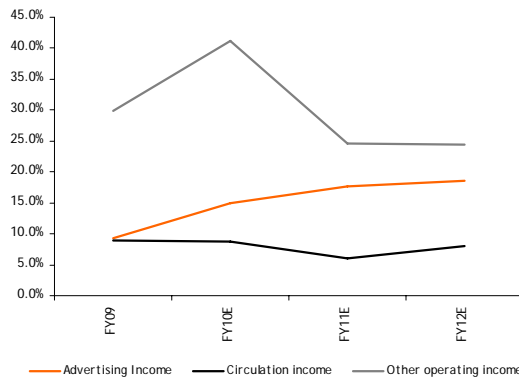


Exhibit 37: % y-o-y Change in Revenue, EBITDA and PAT

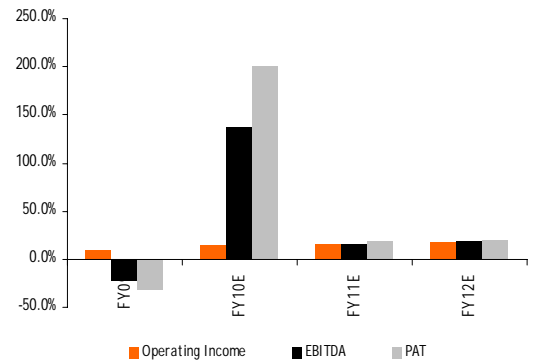


Exhibit 38: Cost Structure

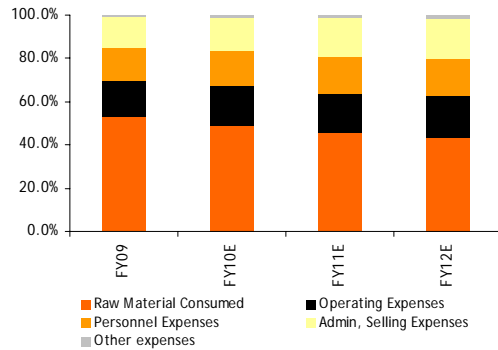


Exhibit 39: Profitability

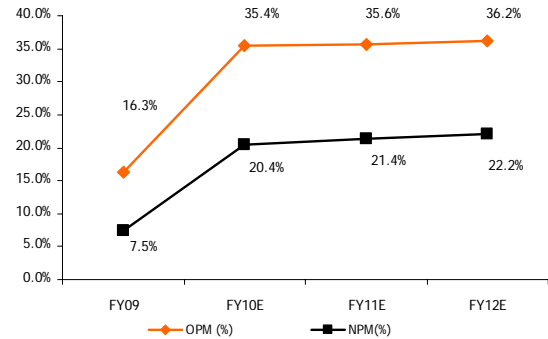


Exhibit 40: ROE Vs ROCE

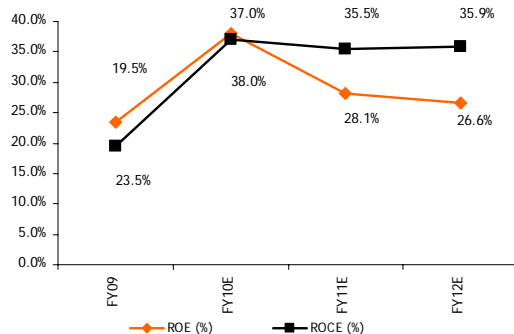
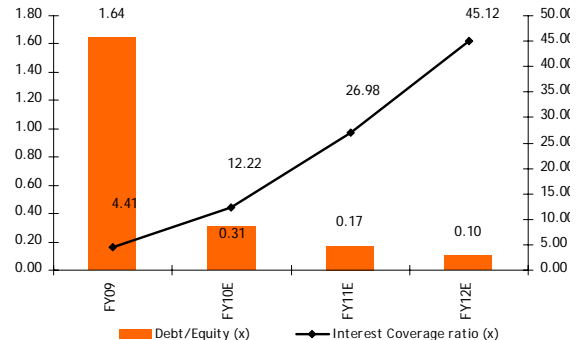


Exhibit 41: Leverage





## Exhibit 42: Income Statement -Print Business

Particulars (Rs in crore)	FY09	FY10E	FY11E	FY12E	FY13E
<b>Operating income</b>					
Advertising Income	697.9	802.6	943.9	1,118.5	1,294.6
Circulation income	194.2	211.2	223.9	242.0	251.8
Other operating income	28.4	40.1	50.0	62.2	73.7
<b>Total</b>	<b>920.6</b>	<b>1,053.9</b>	<b>1,217.8</b>	<b>1,422.7</b>	<b>1,620.2</b>
<b>Operating Expenditure</b>					
Raw Material Consumed	407.4	336.8	378.4	421.1	455.4
Operating Expenses	128.4	126.5	148.6	176.4	204.1
Personnel Expenses	116.1	115.9	134.0	159.3	189.6
Admin, Selling Expenses	112.9	95.4	115.7	142.3	170.1
Other expenses	5.9	6.3	7.3	8.5	9.7
<b>Total</b>	<b>770.6</b>	<b>681.0</b>	<b>784.0</b>	<b>907.7</b>	<b>1,029.0</b>
<b>EBITDA (excluding OI)</b>	<b>149.9</b>	<b>373.0</b>	<b>433.9</b>	<b>515.0</b>	<b>591.2</b>
Other income	11.9	15.8	18.3	21.3	24.3
<b>EBITDA Including OI)</b>	<b>161.8</b>	<b>388.5</b>	<b>433.9</b>	<b>515.0</b>	<b>591.2</b>
Depreciation/ Amortization	17.8	28.8	42.0	47.6	46.1
<b>EBIT</b>	<b>144.0</b>	<b>360.0</b>	<b>410.2</b>	<b>488.7</b>	<b>569.4</b>
Interest	32.7	29.5	15.2	10.8	8.0
<b>Profit before tax</b>	<b>111.3</b>	<b>330.5</b>	<b>395.0</b>	<b>477.9</b>	<b>561.4</b>
Tax	42.3	115.7	134.3	162.5	190.9
<b>Profit after tax</b>	<b>69.0</b>	<b>214.8</b>	<b>260.7</b>	<b>315.4</b>	<b>370.5</b>
<b>Adjusted EPS</b>	<b>3.8</b>	<b>11.8</b>	<b>14.4</b>	<b>17.4</b>	<b>20.4</b>

## Exhibit 43: Income Statement - Radio Business

Particulars (Rs in crore)	FY09	FY10E	FY11E	FY12E	FY13E	FY14E	FY15E
Operating Income	30.05	38.76	44.85	51.58	59.31	68.21	78.44
EBITDA	(11.01)	1.22	2.24	3.09	4.15	5.12	6.28
OPM (%)	-36.63%	3.16%	5.0%	6.0%	7.0%	7.5%	8.0%
Depreciation	10.69	10.84	9.8	7.8	6.2	5.0	4.0
EBIT	(21.70)	(9.62)	(7.52)	(4.71)	(2.09)	0.12	2.28
EBIT margins	-72.2%	-24.8%	-16.8%	-9.1%	-3.5%	0.2%	2.9%
Interest	6.26	4.24	2.92	2.63	2.36	2.13	1.92
Profit Before tax (PBT)	(27.96)	(13.86)	(10.43)	(7.34)	(4.46)	(2.01)	0.36
Tax	(0.63)	-	-	-	-	-	0.12
Profit after tax (PAT)	(27.32)	(13.86)	(10.43)	(7.34)	(4.46)	(2.01)	0.24

Source: KRC Research

## Exhibit 44: Balance Sheet

Particulars (Rs in crore)	FY09	FY10E	FY11E	FY12E	FY13E
<b>Sources of Fund</b>					
Share capital	168.8	181.5	181.5	181.5	181.5
Reserve & Surplus	154.4	625.2	864.6	1148.2	1476.2
<b>Net worth</b>	<b>323.2</b>	<b>806.7</b>	<b>1046.1</b>	<b>1329.7</b>	<b>1657.7</b>
Secured Loan	509.6	226.7	153.4	117.4	81.5
Unsecured loan	21.9	21.9	21.9	21.9	21.9
Deferred tax liab.	39.3	39.3	39.3	39.3	39.3
<b>Total</b>	<b>893.9</b>	<b>1094.6</b>	<b>1260.7</b>	<b>1508.3</b>	<b>1800.4</b>
<b>Application of Fund</b>					
Gross Fixed Assets	358.9	610.9	815.2	856.8	866.8
Less: Accum Depn	73.6	102.4	144.4	192.0	238.1
Net block	285.3	508.5	670.9	664.8	628.7
Capital WIP	270.8	135.4	0.0	0.0	0.0
Investments	94.3	123.3	143.6	170.2	200.2
<b>Current Assets</b>					
Inventories	71.1	78.8	90.9	106.0	120.5
Sundry Debtors	170.1	199.2	229.4	267.0	302.9
Cash and Bank Balances	40.3	70.1	159.7	378.2	669.0
Loan and advances	147.5	172.5	194.5	194.5	194.5
Sub-total	429.0	520.7	674.5	945.7	1287.0
<b>Current liability &amp; Prov.</b>					
Current Liability	168.9	171.1	199.4	234.9	269.7
Provisions	38.3	43.9	50.7	59.3	67.5
Net Current Assets	221.7	305.7	424.5	651.6	949.8
Mis Expenditure	21.7	21.7	21.7	21.7	21.7
<b>Total</b>	<b>893.9</b>	<b>1094.6</b>	<b>1260.7</b>	<b>1508.3</b>	<b>1800.4</b>

## Exhibit 45: Cash Flow Statement

Particulars (Rs in crore)	FY09	FY10E	FY11E	FY12E	FY13E
<b>CF flow from Operating activities</b>					
Earning Before tax	111.3	330.5	395.0	477.9	561.4
Add: Interest	32.7	29.5	15.2	10.8	8.0
Add: Depreciation	17.8	28.8	42.0	47.6	46.1
<b>Cash before chg in WC</b>	<b>152.7</b>	<b>388.8</b>	<b>452.1</b>	<b>536.3</b>	<b>615.5</b>
Inc./Dec. in Debtors	-2.0	-29.1	-30.2	-37.6	-35.9
Inc./Dec. in Inventories	-3.9	-7.7	-12.1	-15.1	-14.5
Inc./Dec. in other CA	-21.6	-25.0	-22.0	0.0	0.0
Inc./Dec. in CL	21.3	30.5	28.3	35.5	34.8
Inc/ Dec in Provisions	0.6	5.6	6.8	8.5	8.2
Taxes Paid	-34.5	-115.7	-134.3	-162.5	-190.9
<b>Sub- Total</b>	<b>112.5</b>	<b>247.2</b>	<b>288.7</b>	<b>365.2</b>	<b>417.2</b>
<b>Cash Flow from Investing Activities</b>					
Sale/(Purch) of investments	-17.7	-28.9	-20.4	-26.5	-30.0
Sale/(Purch) of Fixed Assets	-292.3	-116.6	-68.9	-41.6	-10.0
<b>Sub- Total</b>	<b>-289.59</b>	<b>-145.5</b>	<b>-89.3</b>	<b>-68.1</b>	<b>-40.0</b>
<b>Cash Flow from Financing Activities</b>					
Interest Payments	-32.7	-29.5	-15.2	-10.8	-8.0
Equity Raised	0.0	240.4	0.0	0.0	0.0
Debt raised/ (repayments)	228.6	-282.8	-73.4	-35.9	-35.9
Dividend paid	-9.9	0.0	-21.2	-31.9	-42.5
<b>Sub- Total</b>	<b>177.3</b>	<b>-71.9</b>	<b>-109.8</b>	<b>-78.6</b>	<b>-86.3</b>
<b>Net changes in Cash &amp; Cash equivalents</b>	<b>0.3</b>	<b>29.8</b>	<b>89.6</b>	<b>218.5</b>	<b>290.8</b>

Opening Balance	33.8	40.3	70.1	159.7	378.2
Closing balance	40.3	70.1	159.7	378.2	669.0

Source: KRC Research

## Exhibit 46: Key ratios - Print Business

Particulars	FY09	FY10E	FY11E	FY12E	FY13E
<b>Per Share Data</b>					
EPS (Adj. standalone)	3.8	11.8	14.4	17.4	20.4
Book Value	17.8	44.4	57.6	73.3	91.3
Equity Dividend %	5.0%	0.0%	10.0%	15.0%	20.0%
<b>Operating Ratio %</b>					
EBIDTA %	16.3%	35.4%	35.6%	36.2%	36.5%
NPM %	7.5%	20.4%	21.4%	22.2%	22.9%
Debt/Equity (x)	1.64	0.31	0.17	0.10	0.06
Interest Coverage ratio (x)	4.41	12.22	26.98	45.12	71.53
<b>Return Ratios</b>					
RoE	23.48%	38.03%	28.14%	26.55%	24.81%
RoCE	19.55%	37.01%	35.48%	35.86%	34.87%
Dividend yield	0.21%	0.00%	0.43%	0.64%	0.85%
<b>Valuation Ratios</b>					
P/E (x)	61.8	19.9	16.4	13.5	11.5
P/BV (x)	13.2	5.3	4.1	3.2	2.6
EV/Sales (x)	5.14	4.17	3.46	2.76	2.20
EV/EBIDTA (x)	31.57	11.77	9.70	7.63	6.04
M.Cap/ Sales (x)	4.63	4.05	3.50	3.00	2.63
<b>Turnover ratio</b>					
Inventory turnover	13.32	13.37	13.39	13.42	13.44
Debtors Turnover	5.44	5.29	5.31	5.33	5.35
Creditors Turnover	6.21	6.16	6.11	6.06	6.01

Source: KRC Research

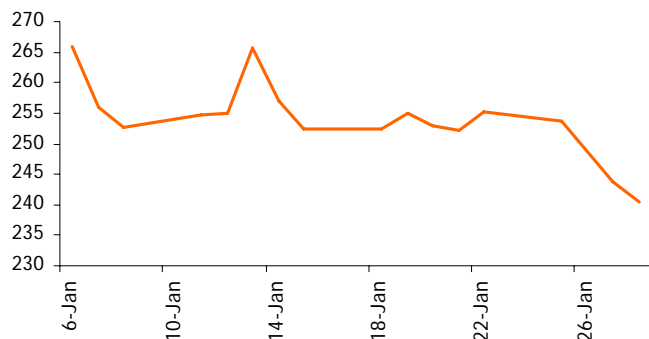
## Exhibit 47: Valuation Matrix

Company Name	Country	Rs in crore		P/E			P/BV Ratio			EV/EBITDA			ROE		
		Mkt Cap	2010	2011	2012	2010	2011	2012	2010	2011	2012	2010	2011	2012	
<b>Global Peers</b>															
NORTHERN UNITE-A	CHINA	4,902.3	57.5	51.6	47.3	5.0	4.6	4.3	50.9	47.5	44.2	7.8	7.8	7.8	
CHENGDU B-RAY-A	CHINA	7,016.6	37.2	29.6	25.2	8.2	6.7	5.5	26.5	21.7	17.6	22.1	23.2	22.2	
PEARSON PLC	BRITAIN	51,709.8	13.8	13.5	12.6	1.5	1.4	1.3	9.9	9.8	9.3	10.7	10.8	11.2	
DAI NIPPON PRINT	JAPAN	44,021.9	31.9	23.6	24.6	0.9	0.8	0.8	6.4	5.9	5.9	2.7	3.4	3.5	
LAGARDERE SCA	FRANCE	23,331.1	9.8	10.1	8.9	0.7	0.7	0.7	8.4	8.5	7.8	11.0	7.5	8.1	
WOLTERS KLUWER	HOLLAND	27,775.1	10.3	10.1	9.1	2.8	2.5	2.3	8.6	8.6	8.1	24.0	22.5	23.2	
TOPPAN PRINTING	JAPAN	28,492.6	59.1	21.8	21.0	0.7	0.7	0.7	5.8	7.3	6.0	0.9	2.9	3.1	
SINGAP PRESS HGS	S'PORE	19,347.0	12.8	15.0	14.1	2.9	2.8	2.8	9.7	11.2	10.5	22.3	19.0	19.9	
FAIRFAX MEDIA LT	AUS	16,285.2	17.9	13.6	12.1	0.8	0.8	0.8	10.6	9.1	8.5	4.8	6.1	6.5	
AXEL SPRINGER AG	GER	16,157.9	10.9	11.7	10.2	1.6	1.6	1.5	7.8	7.2	6.5	21.7	12.8	13.7	
NEW STRAITS TIME	M	537.2	14.1	8.8	7.8	0.4	0.4	0.4	6.2	4.6	4.4	2.8	3.9	4.4	
STAR PUBLICATION	MAL	3,183.9	20.1	15.5	13.9	1.9	1.9	1.8	9.7	8.0	7.3	9.4	12.0	13.4	
MONDADORI (ARN)	ITALY	4,460.2	15.4	11.3	9.3	1.2	1.2	1.1	10.4	7.5	6.6	8.4	10.6	12.3	
CAXTON AND CTP P	S.AFRICA	4,307.3	16.3	13.8	12.1	1.3	1.2	1.1	11.0	9.5	8.3	8.4	9.3	9.9	
TELEGRAAF MEDIA	NETHERL	4,194.5	18.6	14.9	11.1	1.6	1.6	1.5	10.0	9.1	8.5	8.6	10.6	14.5	
EUROMONEY INSTL	BRITAIN	4,007.7	12.5	11.2	10.1	2.1	2.0	1.9	9.0	8.4	7.7	42.1	36.3	33.9	
ALMA MEDIA CORP	FINLAND	3,546.0	18.8	17.1	15.5	5.9	5.7	5.4	11.1	10.7	9.9	31.8	33.2	34.9	
HURRIYET	TURKEY	3,264.2	37.1	17.9	13.3	1.2	1.1	1.1	9.7	7.9	7.1	3.9	6.9	8.1	
<b>Average</b>		<b>266,540.7</b>	<b>23.0</b>	<b>17.3</b>	<b>15.5</b>	<b>2.3</b>	<b>2.1</b>	<b>1.9</b>	<b>12.3</b>	<b>11.3</b>	<b>10.2</b>	<b>13.5</b>	<b>13.3</b>	<b>13.9</b>	
<b>Indian Companies</b>															
JAGRAN PRAKASHAN	INDIA	3,713.4	21.8	19.2	16.4	5.6	4.6	4.0	13.1	11.4	9.6	26.4	25.6	26.5	
DECCAN CHRONICLE	INDIA	3,455.3	11.8	10.7	11.0	2.5	2.2	2.0	7.4	6.8	7.0	20.1	18.6	19.5	
HT MEDIA LTD	INDIA	3,425.4	26.4	20.0	17.0	3.6	3.1	2.7	13.6	11.2	9.8	14.2	16.4	17.1	
<b>Average</b>		<b>10,594.2</b>	<b>20.0</b>	<b>16.6</b>	<b>14.8</b>	<b>3.9</b>	<b>3.3</b>	<b>2.9</b>	<b>11.4</b>	<b>9.8</b>	<b>8.8</b>	<b>20.2</b>	<b>20.2</b>	<b>21.0</b>	
DB Corp	INDIA	4,265.3	20.9	16.9	13.8	5.3	4.1	3.2	12.8	10.9	9.2	38.0	28.1	26.5	

Source: KRC Research, Bloomberg

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Our Rating	Upside
Strong Buy	More than 25%
Buy	15% - 25%
Hold	10% - 15%
Reduce	Nil - 10%
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Ticker	Company	Recom	As of	Return	Bmk	Outper	BARR
Summary	Coverage 5	Avg Rating: 4.2		75.4%	24.5%	50.96%	
SUNTV	IN Sun TV Network Ltd	hold	01/21/10	97.24%	39.55%	57.69%	5th
HTML	IN HT Media Ltd	buy	01/20/10	20.05%	-1.23%	21.28%	
Z	IN Zee Entertainment Enterprises Ltd	hold	01/19/10	29.77%	12.05%	17.72%	
JAGP	IN Jagran Prakashan Ltd	hold	01/05/10	151.49%	47.74%	103.75%	4th
PVRL	IN PVR Ltd	buy	01/05/10	98.14%	44.82%	53.32%	1st

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