

**Issue Snapshot:**

Issue Open: Dec 11 – Dec 15, 2009

Price Band: Rs. 185 – Rs. 212  
For Retail bidders: Rs. 183 - Rs. 210

Issue Size: Rs. 336.24 cr – Rs. 385.31 cr

Issue Size: 18,175,000 equity shares (incl fresh issue of 12,725,000 shares and offer for sale of 5,450,000 shares)

QIB	atleast 10,905,000 eq sh
Retail	atleast 5,452,500 eq sh
Non Institutional	atleast 1,817,500 eq sh

Face Value: Rs 10

Book value: Rs 17.86 (Mar 31, 2009)

Bid size: - 30 equity shares and in multiples thereof  
100% Book built Issue**Capital Structure:**Pre Issue Equity: Rs. 168.79 cr  
Post issue Equity: Rs. 181.51 cr

Listing: BSE &amp; NSE

Lead Manager: Enam Securities, Citigroup Global,  
Kotak Mahindra

Registrar to issue: Karvy Computershare Pvt Ltd

**Shareholding Pattern**

Shareholding Pattern	Pre issue %	Post issue %
Promoters & Promoters Group	92.86	86.34
Others	7.14	3.65
Public	*	10.01
<b>Total</b>	<b>100.0</b>	<b>100.0</b>

**CARE IPO grading:** 4/5 indicating above average fundamentals

Anchor Investors: 9 investors incl Govt of Singapore, FID Funds (Mauritius), Fidelity Equity Fund, Nomura-India Equity Fund ICICI Pru Life Insurance Co, Reliance Reg Saving- Equity, IDFC Classic Equity Fund, India Capital Fund and BNP Paribas Aritrage have subscribed to shares of DBCL as anchor investors at the price of Rs.212 per share

**Background & Operations:**

DB Corp Ltd is one of the leading print media companies in India, publishing 7 newspapers, 48 newspaper editions and 128 sub-editions in three languages (Hindi, Gujarati and English) in 11 states in India. Its flagship newspapers, Dainik Bhaskar, Divya Bhaskar and Saurashtra Samachar, has a combined average daily readership of 15.5 million readers, making it one of the most widely read newspaper groups in India

Dainik Bhaskar with a total average daily readership of 11.7 million readers is a widely read newspaper in Madhya Pradesh, Chattisgarh, Rajasthan, Haryana, Punjab, and Chandigarh. Divya Bhaskar is the number one Gujarati daily newspaper in terms of circulation in Gujarat. DBCL's other newspapers are Business Bhaskar, DB Gold and DB Star and, on a franchisee basis, DNA. It is one of the fastest growing major newspaper groups in India with a growth in readership of more than 5.0% from 2003 to 2009 (with a combined readership of 15.5 million readers) In addition to newspapers, it publishes 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.

DBCL produces print products at 31 facilities spread across 31 cities with a total installed capacity of approximately 1.94 million copies per hour. In addition to its newspaper and publication businesses, it operates an FM radio business under the brand name MY FM through its subsidiary, Synergy Media Entertainment (SMEL) Through SMEL; it operates 17 FM radio stations. Through I Media Corp Limited (IMCL), DBCL also operate Internet portals, which contain editorial content from the daily editions of its newspapers in the form of e-papers and SMS portals.

**Objects of Issue:**

The objects of the Issue are:

- Setting up new publishing units
- Upgrading existing plant and machinery
- Enhancing brand image through sales and marketing
- Reducing existing working capital loans
- Prepaying existing term loans
- General corporate purposes

**Cost of Project:**

S. No.	Particulars	Amount estimated to be utilized from Net Proceeds	Estimated Net Proceeds utilization in Fiscal 2011	Estimated Net Proceeds utilization in Fiscal 2012
1	Setting up new publishing units	60.0	40.0	20.0
2	Upgrading existing plant and machinery	30.5	18.9	11.6
3	Enhancing brand image through sales and marketing	50.1	25.7	24.4
4	Reducing existing working capital loans	20.0	20.0	-
5	Prepaying existing term loans	110.0	110.0	-
5	General Corporate Purpose	*	*	*
	<b>Total</b>	*	*	*

(Source: RHP)

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### Triggers:

**DBCL has strong established brands in the Indian print media business:** DBCL is one of the leading print media houses in India. Its flagship newspapers, Dainik Bhaskar, Divya Bhaskar and Saurashtra Samachar has a combined average daily readership of 15.5 million readers, making it one of the most widely read broad-sheet newspaper group in India Also it is one of the fastest growing major newspaper groups in India, with a growth rate in readership of more than 5.0% from 2003 (with a combined average daily readership of approximately 14.7 million readers) to 2009 (with a combined average daily readership of 15.5 million readers) DBCL brands command respect and credibility and offers competitive advantages when entering new markets in India.

**Strong connection with advertisers & Consumers:** DBCL has strong relationships with 308,134 advertisers as of September 2009 at both the local and national levels. Its knowledge of local markets and understanding of local consumers is a powerful tool for attracting advertisers, such as Maruti Suzuki Ltd., LG Electronics India Pvt. Limited and Samsung India Electronics Pvt. Ltd., who develop targeted advertisement solutions in partnership with DBCL. It also has positioned itself as an integrated media business that is well placed to consolidate its share of advertisement expenditure oriented toward the local customer.

DBCL is committed to develop multiple communication channels through which it is able to interact directly with its existing and prospective consumers ("touch points"). These touch points are developed through the use of special interest supplements, which cater to different age groups and interests and which are circulated with its newspapers. It also obtains consumer feedback on a continual basis and modifies its publications according to their needs and interests.

**Robust marketing strategy:** Launching in new markets requires substantial logistical and personnel resources in order to solicit consumer input and develop consumer relationships on a large scale. DBCL has the benefit of ground level research and direct contact with consumers, which helps it to accurately identify and target new consumers. Its robust marketing strategy enables DBCL to depend less on traders and stockists for the purposes of marketing its newspapers and publications.

**Geographical reach and leadership in key markets:** DBCL has presence in a substantial portion of North, Central and Western India, which is a key strength and advantage over its competitors. Dainik Bhaskar is the market leader in terms of readership in the daily newspaper segment in Madhya Pradesh, Chattisgarh, Chandigarh and Haryana. In every single market in which Dainik Bhaskar has operated for more than three years (i.e. Madhya Pradesh, Chattisgarh, Rajasthan, Chandigarh and Haryana), it is the leading newspaper in terms of readership. In Punjab, where it has launched operations in October 2006, DNCL is among the top three leading publications of the state.

**Ability to identify and capitalize upon new market opportunities in local and regional areas:** DBCL has an innovative approach to explore new market opportunities in local and regional areas, which has allowed it to expand the market and compete with established competitors to become one of the market leaders in local and regional publishing. It also analyzes the size of each potential local market according to metrics such as the percentage of the population who read newspapers compared to the percentage of the population who can read and then compare these metrics against demographically similar but more established markets in order to identify market opportunities. Then it develops and implement large-scale strategies to enter and expand into these new local markets. Applying this methodology to expand its business, DBCL has grown from being a single-state, five-edition newspaper business just over a decade ago to a strong player in the newspaper industry with a presence in 11 states, publishing 48 editions in three different languages. This has resulted in the growth of its readership from 3.2 million in 1995 to 15.5 million in 2009.

**Efficient and speedy execution ability:** DBCL's management team has a strong track record for executing new market launches with speed and efficiency. It also conducts market surveys and channel the survey results back to its management and editorial teams, enabling to create newspapers that respond to the needs of its reading population.

### Business Strategy:

**Implement a cross-media strategy that will position DBCL as a media market partner:** DBCL is focused on developing multiple touch points into each household by continuing to add supplements to its newspapers, new journals and non-print media distribution channels such as radio and the internet. Through SMEL, it operates 17 FM radio stations. Through its subsidiary, IMCL, it also operates internet portals and SMS portals. DBCL's plan is to offer its customers integrated media solutions.

**Tap into India's media growth potential:** India is one of the fastest-growing media markets in the world, with current advertisement expenditure at only 0.47% of GDP per capita as compared to global advertisement expenditure, which is approximately 0.9% of GDP per capita. Overall advertisement expenditure is expected to grow at the rate of 12.4% per annum from 2008 to 2013, and DBCL intends to position itself to take advantage of this growth potential.

**Continue to identify new opportunities for geographic and brand expansion:** DBCL expects to continue to enhance and improve its methodology for the identification of new markets and the implementation of successful market entry strategies, and continue to

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identify new opportunities for growth and brand expansion through both organic and inorganic growth. It has recently launched several new editions, including in Ratlam, Jagdalpur, Bhilai, Nagour, Pali, Shimla, 7 editions of Business Bhaskar and two editions of DB Star.

**Localization of content:** DBCL aims to continue to localize content through offering a broad range of publications in different languages and, through SMEL, operate radio stations, which cater to local tastes. This localization of content is a key method of connecting with consumers and sustaining their interest in the publications and SMEL's radio stations. In addition, localization of content allows DBCL to enhance its connection with advertisers by allowing it to deliver more relevant advertisement solutions.

**Focus on local advertisers:** While building on the strength of relationships with current advertisers, DBCL is also expanding its local advertising base by acting as media strategists who can help smaller advertisers who had previously not used the print media, thereby expanding its advertiser and revenue base.

**Event management:** DB Activation, a division of DBCL, is engaged in organizing activities such as road shows, mall activities, live entertainment shows, trade shows, conferences, trade meetings, exhibitions and shopping festivals. Recently, it has successfully hosted a world record tea party with the aim of bringing worldwide distinction to the city of Indore. This was a multi-media effort planned and executed over a three-month period by Dainik Bhaskar. It foresees significant growth potential for this business and intends to continue to devote its efforts towards its expansion.

**Franchising publications:** DBCL has recently entered into a publication license agreement with DMCL (Diligent Media Corp Ltd.) in relation to the printing and publication of an English daily newspaper, DNA, on a franchisee basis in Gujarat and Rajasthan. DBCL could in future enter into other franchising arrangements with other parties when strategic opportunities arise.

**Enter the English print segment:** In order to expand the reach of its advertisers, it is important to create alternative language products, which cater to younger audiences and the increasingly cosmopolitan population of India. DBCL has entered into a publication license agreement with DMCL in relation to the printing and publication of an English daily newspaper, DNA, on a franchisee basis in Gujarat and Rajasthan.

## Industry:

The media and entertainment industry of India is comprised primarily of television, print, film, radio, music, animation, outdoor advertising and gaming. The industry is one of the fastest growing sectors in the Indian economy benefiting from a fast growing economy and favorable demographics. The demographics in India indicate a favorable outlook for products and services in general and the media and entertainment industry in particular. India's GDP increased 9.3% in 2007, 7.3% in 2008 and is projected to grow 6.7% in 2009. In addition, the average Indian consumer is getting younger. Currently, 70.0% of India's population is below 35 years of age, and it is projected that more than half of India's population will be under the age of 30 in 2015. The emergence of this young middle class with greater earning power and higher disposable income provides potential for increased marketing and advertising spending in India. Overall growth in the media and entertainment industry will be driven by factors such as increased rationalization of content, deregulation and convergence of different forms of media. In the short term, the current economic slowdown and the reduction in GDP growth is expected also to impact the media and entertainment industry. In the past 3 years, revenue in the industry has grown 17.1% but is projected to grow 12.4% over the next 5 years to reach Rs 1,052 billion in revenue in 2013.

## Overview of Print Media

With a readership base of over 250 million readers, India is the second largest print market in the world; however, it is highly fragmented with over 60,000 newspapers printed in 22 languages. Revenues within the Indian print media industry grew at an annual rate of 13.8% from 2005 to 2008, which is higher than that experienced in other developed countries. Long term prospects for growth remain favorable as there is a population of approximately 359.0 million who are literate but do not currently read any publication in India. Newspaper publishing currently dominates the India print media industry and is expected to do so in the future, comprising approximately 92.0% of the total revenues of the industry in 2013. Revenue from newspaper publishing is expected to grow at a compounded annual rate of 9.1% over the next 5 years and is projected to reach Rs. 245.4 billion by 2013. The magazine publishing segment is expected to grow at a compounded annual rate of 8.1% over the next 5 years and is projected to reach Rs. 20.5 billion in size in 2013.

Recently the newspaper industry has witnessed an increase in the establishment of more locally focused content. In most cases, it has consisted of established newspapers benefiting from their existing strengths to expand into newer geographies, which are otherwise dominated by a few highly entrenched newspapers. Aggressive competition among these regional newspapers has resulted in price competition, and established media companies in particular regions are reducing their cover prices as a strategy to retain their circulation base. One of the major factors behind such high interest levels in regional media is the growing market in Tier 2 cities (cities having population of 10-40 lakhs) and Tier 3 cities (cities having a population in between 5-10 lakhs). Tier 2 cities are experiencing the highest growth rate in the number of households, growing 7.4% from 2005 to 2007. Tier 3 cities witnessed 6.9% growth in the number of households from 2005 to 2007 as compared to a 6.6% rate in Tier 1 cities (cities having a population greater than 40 lakhs). As a

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result, it is estimated that by 2025 the combined population of Tier 2 and 3 cities will equal the population of Tier 1 cities. In addition, more than 69.0% of India's population lives in rural areas. With literacy rates in India growing from 62.5% in 2002 to over 73.0% in 2007 generally, growing literacy in rural areas will drive print media circulation as well in these areas. The growing shift toward regional and local media is also related to the predominance of Hindi and vernacular newspapers. Hindi language newspapers comprise 44.6%, while English language newspapers comprises 7.4% of the total registered dailies. Of the total readership of the top 10 daily newspapers in India, English newspapers receive only 11.0% of the total readership.

### **Print Media Growth Drivers**

The Print Media industry will likely be affected by the following trends:

- **Growing preference for local content:** Readers look for what they view as an appropriate mix of national, regional and local news. Effective coverage of local and regional events fosters within the reader a feeling of familiarity and closeness to the newspaper, encouraging them to read the paper.
- **Niche content:** Supplements or other "add-ons" within the main newspaper could target particular demographic or geographic groups of readers, such as women, youths or young children.
- **Increased foreign direct investment:** The print media sector has attracted significant foreign investment leading to consolidation and reduction of inefficiencies in the industry.
- **Bartering transactions:** Cost reductions by companies in advertising spending have driven creativity in advertising models.
- **Multiple distribution platforms:** News made available through Internet, radio, television and SMS provide a way for print media companies to compete with emerging alternative media companies.
- **Investment in quality improvements:** Increasing color proportion and other quality improvements will attract readers and consequently advertisers.

### **Concerns:**

**DBCL's business is dependent on its printing centers:** DBCL has 31 printing centres, all of which are subject to operating risks, such as the breakdown or failure of equipment, power supply or processes, performance below expected levels of output or efficiency, labour disputes, natural disasters, industrial accidents and the need to comply with the directives of relevant government authorities. Its printing facilities use heavy equipment and machinery, the breakdown or failure of equipment or machinery could result in having to make repairs or procure replacements that can require considerable time and expense. Accordingly, any significant operational problems, the loss of one or more of its printing facilities or a shutdown of one or more of facilities for an extended period of time could adversely affect DBCL's business and results of operations. In addition, some of its printing centres are located on leased properties and the non-renewal of these leases could disrupt DBCL's printing processes.

**Some of DBCL's subsidiaries have incurred losses during the last 3 financial years:** Some Subsidiaries of DBCL namely, IMCL and SMEL have incurred losses in the last 3 fiscal years. In the event that these Subsidiaries continue to incur losses, it could adversely affect the financial condition and results of operations of DBCL.

**Any disruption to the sale and distribution network could adversely affect the business:** DBCL rely on an extensive network of agents and vendors for the sale and distribution of its newspapers and other publications. It generally supplies newspapers to the circulation agents on the basis of fixed term contracts. They, in turn, distribute newspapers to a network of vendors. Further, DBCL circulation agents and vendors are retained on a nonexclusive basis and also distribute newspapers for its competitors. If its competitors provide better commissions or incentives to its circulation agents and vendors, it could result in them favoring the products of DBCL's competitors over products of DBCL. Any significant disruption in the supply of DBCL newspapers could lead to a decline in the circulation and readership, and therefore the demand for advertising, of the newspapers and adversely affect DBCL's business and results of operations.

**Results of operations and financial condition will be adversely affected if it does not compete effectively:** The Indian newspaper industry is intensely competitive. Competition for circulation and readership has often resulted in DBCL's competitors reducing the cover-prices of their newspapers. Furthermore, competition for advertising from newspapers has often resulted competitors reducing advertising rates or offering price incentives to advertising customers. In view of such price competition, it may from time to time need to (1) reduce the cover price of its newspapers, (2) reduce its advertising rates and/or (3) offer other price incentives. Any such reduction in prices or rates or the introduction of new price incentives could have a material adverse effect on DBCL's results of operations.

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**Termination of agreement by DMCL could affect the future growth and profitability of DBCL:** DBCL has entered into agreements with DMCL for the grant of exclusive licenses by DMCL to print, edit, publish, circulate and market the newspaper DNA - Daily News & Analysis and including its supplements, DNA Money, After Hrs., DNA Sport, DNA Academy, DNA Life, DNA ME and DNA YA throughout the entire states of Gujarat and Rajasthan, respectively. The terms of both agreements are for 20 years from the respective date of execution of each agreement and each is renewable for an additional period of 20 years. At anytime after the period of five years from the date of execution of these agreements, DMCL could terminate the agreements with the intention of directly commencing publication of the contemplated newspapers within the state of Gujarat or Rajasthan. In the event that the agreements are terminated by DMCL, the future growth and profitability of DBCL could be affected.

**Decrease in the circulation and readership of the newspapers could adversely affect the business and results of operations:** Circulation and readership of the newspapers among the readers is an important source of DBCL revenue as they significantly influence ad-spend by its advertisers and advertising rates. Circulation and readership are dependent on, among other factors, the quality of the editorial content and the preferences of the readers, the reach of DBCL newspapers, the loyalty of its readers to the newspapers and its ability to successfully establish new locally focused newspapers in new regions. Any failure to meet its readers' preferences, quality standards or to establish itself in new markets could adversely affect the circulation or readership over time. A decline in the circulation or readership of one or more of DBCL's newspapers for any reason could adversely affect the business, results of operations and financial condition.

**A slowdown in economic growth in India could cause business of DBCL to suffer:** DBCL's performance and growth is dependent on the health of the Indian economy. India's economy could be adversely affected by a general rise in interest rates, adverse weather conditions, commodity and energy prices or various other factors. Any slowdown in the Indian economy could adversely affect the business and financial performance and the trading price of the Equity Shares.

**Exchange rate fluctuations could adversely affect the financial performance:** Newsprint, which is an essential to printing DBCL's papers, is generally priced in US dollars and many of its capital expenditures for printing presses and other machines are also priced in foreign currencies, in particular US dollars and Euros. In addition, future capital expenditures, including any imported equipment and machinery, may be denominated in currencies other than Rupees. DBCL could also incur borrowings in U.S. dollars or other foreign currencies. Therefore, declines in the value of the Rupee against U.S. dollar or other foreign currencies would increase the Rupee cost of servicing and repaying those borrowings and their value in the balance sheet.

**Changes in technology could require DBCL to make substantial capital investments:** Although DBCL attempts to maintain the latest international technology standards; the technology requirements for businesses in the print media sector are subject to continuing change and development. Some of its existing technologies and processes in operations could become obsolete, performing less efficiently compared to newer and better technologies and processes in the future. The cost of upgrading or implementing new technologies, upgrading its existing equipment or expanding capacity could be significant and could adversely affect results of operations.

**Strategy to expand into new markets may not succeed:** DBCL's business plans include growing readership and circulation in new markets. In addition this strategy, requires DBCL to successfully attract advertising based on its ability to grow readership. Success of this plan is subject to business, economic and competitive uncertainties and contingencies, many of which are beyond control. As a consequence, DBCL's strategy to expand into new markets could not be profitable and could not be able to fully implement its strategy or realize its anticipated results.

**Business is dependent on the supply and cost of newsprint:** Newsprint forms the major raw material for DBCL's business, and represents a significant portion of its costs. Newsprint requirements of DBCL are sourced from Indian and international suppliers. The price and supply of newsprint both worldwide and in India has historically been both cyclical and volatile. Any significant increase in the price of newsprint and/or disruption in supply of newsprint would adversely affect the business and results of operations of DBCL. Contracts with its suppliers of newsprint are generally contracted through medium term contracts, which generally have terms of approximately 3 to 6 months, in addition, it does not hedge the price of its newsprint purchases, and therefore DBCL is vulnerable to the volatility of the market for newsprint.

**Restrictions in publishing the newspaper "Dainik Bhaskar":** DBCL is operating in the states of Madhya Pradesh, Chhattisgarh, Rajasthan, Punjab, Haryana, Himachal Pradesh, Uttarakhand and Delhi and the union territory of Chandigarh in India. As per applicable laws, it cannot presently publish a newspaper titled "Dainik Bhaskar" in the state of Uttar Pradesh where certain other parties operate. Also, it cannot publish the newspaper titled 'Dainik Bhaskar' from the state of Maharashtra and Western Uttar Pradesh. It also cannot publish "Dainik Bhaskar" from certain districts of Madhya Pradesh and the state of Maharashtra under an arrangement with other parties. And it cannot publish 'Dainik Bhaskar' from Satna and Nagpur. This restriction can go against the profitability of the company, as it will miss a large chunk of business, which could have been a big source of revenue generation.

**Government regulations:** The Indian media industry is subject to extensive regulation by state and central governments. DBCL and its subsidiaries are required to obtain licenses; permits and approvals to operate the print media, Internet portals and FM radio businesses.

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In addition, certain of these licenses, permits and approvals could be subject to renewal and modification and there can be no assurance that such licenses, permits and approvals will be renewed on terms that as advantageous as existing terms and conditions, or at all which could have an adverse effect on the business and results of operations

**Businesses of DBCL expose to potential liabilities that may not be covered by insurance:** DBCL's businesses are subject to a number of risks that could expose to substantial liability for personal injury, wrongful death, product liability, property damage, pollution and other environmental damages. Although it has obtained insurance against many of these risks, its insurance may not be adequate to cover its liabilities. Further, there is no assurance that insurance will be generally available in the future or, if available, that premiums will be commercially justifiable. If DBCL incurs substantial liability and the damages are not covered by insurance or exceed policy limits, DBCL's business, results of operations and financial condition could be materially adversely affected. Its insurance is subject to customary deductibles, exclusions and limits that may prevent DBCL recovering on losses.

### Consolidated P&L:

Particulars	Rs in Crore					
	H1FY10	H1FY09	FY09	FY08	FY07	FY06
Total Sales	517.23	455.65	948.99	850.62	665.27	527.27
Other Income	7.14	4.48	11.99	12.07	9.09	5.33
Total Income	524.37	460.13	960.98	862.69	674.36	532.60
Expenditure	346.90	421.25	813.67	679.76	580.80	453.60
% of sales	67.07	92.45	85.74	79.91	87.30	86.03
<b>Operating Profit</b>	<b>177.47</b>	<b>38.88</b>	<b>147.31</b>	<b>182.93</b>	<b>93.56</b>	<b>79.00</b>
OPM %	34.31	8.53	15.52	21.51	14.06	14.98
Interest & Financial Charges	13.46	17.73	40.17	28.08	20.58	20.06
Depreciation	16.76	14.25	28.97	22.04	11.93	8.45
PBT	147.25	6.90	78.17	132.81	61.05	50.49
PBTM %	28.47	1.51	8.24	15.61	9.18	9.58
Tax (incl. FBT & DT)	56.29	9.47	42.26	63.02	6.24	15.75
Effective Tax Rate %	38.23	137.25	54.06	47.45	10.22	31.19
<b>PAT Before Minority Interest</b>	<b>90.96</b>	<b>-2.57</b>	<b>35.91</b>	<b>69.79</b>	<b>54.81</b>	<b>34.74</b>
Minority Interest in loss of subsidiaries	4.56	6.36	11.79	6.11	0.49	0.00
<b>PAT</b>	<b>95.52</b>	<b>3.79</b>	<b>47.70</b>	<b>75.90</b>	<b>55.30</b>	<b>34.74</b>
PATM %	18.47	0.83	5.03	8.92	8.31	6.59
Equity	168.79	168.79	168.79	168.78	2.13	2.13
<b>EPS (on pre-issue equity)</b>	<b>5.66</b>	<b>0.22</b>	<b>2.83</b>	<b>4.50</b>	<b>259.62</b>	<b>163.10</b>
<b>EPS (on fully diluted equity)</b>	<b>5.26</b>	<b>0.21</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

(Source: RHP)

### Peer Comparison:

Company	Net Sales (Rs Cr)		OPM%		NPM%		BV	EPS		CMP	PE		PBV
	FY09	H1FY10	FY09	H1FY10	FY09	H1FY10		FY09	H1FY10		As per FY09 EPS	As per H1FY10 EPS #	
HT Media \$	1323.0	675.1	15.2	20.1	6.4	9.4	38.5	3.6	2.7	144.5	39.8	26.8	3.8
Decc. Chr Hdg \$	814.9	467.5	38.2	55.4	17.2	37.8	47.0	5.7	7.3	155.7	27.3	10.7	3.3
Jagran Prak \$	807.3	472.4	22.2	36.9	11.4	21.1	18.6	3.0	3.3	122.5	40.3	18.6	6.6
<b>DB Corp Ltd*</b>	<b>949.0</b>	<b>517.2</b>	<b>15.5</b>	<b>34.3</b>	<b>5.0</b>	<b>18.5</b>	<b>17.9</b>	<b>2.8</b>	<b>5.7</b>	<b>185-212</b>	<b>At 185 - 66.0</b> <b>At 212 - 75.7</b>	<b>At 185 - 16.2</b> <b>At 212 - 18.6</b>	<b>At 185 - 10.3</b> <b>At 212 - 11.8</b>

\* = Based on post issue equity # = based on annualized EPS for FY10 \$ = Based on Standalone numbers

(Source: Capitaline, RHP)

### Conclusion:

The positives of the issue include the long experience and leadership position of the company in print media industry, track record of promoters, strong brand name of the publications, the well-diversified geographical presence and growth prospects of the industry. Concerns on the other hand include risks associated with volatile newsprint prices and its impact on the overall profitability of the company.

All the media companies have done well in H1FY10 as compared to FY09. This is the case even for DBCL. Fall in raw material costs (primarily due to the softening of newsprint prices in both the domestic and international newsprint markets as well as reduction in raw material consumed due to reduction in print orders and modifications in paginations), fall in operating expenses (due to decrease in the

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prices of ink and plates and other inputs as well as due to reduction in print orders and modified paginations) and a rise in Advertisement income (due to growth in ad-spends led by election, IPL 20-20 and ICC 20-20 World Cup 2009) all led to a better H1FY10 for DBCL. Whether these triggers will continue going forward is a moot issue.

The issue is priced at par with Jagran Prakashan on P/E basis and cheaper than HT Media. On a P/BV basis the IPO seems expensive compared to peers.

The issue is priced fairly and leaves little on the table for short-term investors. Medium/Long Term investors could expect appreciation if the reasons for improvement in H1FY10 results continue going forward.

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