

# DB Corp. Investor Presentation

May 2010



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 बिज़नेस भास्कर

 DNA  
Read the world



 I media corp ltd

 db activation  
"marketing events"

 DB Corp Ltd

# MAJOR BUSINESS BRANDS AND THEIR FACTS

Over 15.5 Mn readers in India's fastest growing markets

	<b>Hindi News Paper</b>	<b>9 States 27 Editions</b>
	<b>Gujarati Newspaper</b>	<b>2 States, 8 Editions</b>
	<b>Hindi Business Newspaper</b>	<b>5 States 7 Editions</b>
	<b>FM Radio Network</b>	<b>7 States 17 Stations</b>
	<b>Digital &amp; Mobile Platform</b>	<b>Web Portals, SMS Services</b>

## OUR STRENGTHS

- 1 A Leading Media Company of India with Consistent track record of Growth and Profitability
- 2 Focused on Growing Media Opportunities in India
- 3 Best Positioned to gain out of presence in tier II and III cities
- 4 Sustainable business model
- 5 Multiple Growth Opportunities

# *A LEADING MEDIA COMPANY OF INDIA*

*Third Largest Market Cap  
Company in Entertainment  
& Media Sector*



# A LEADING MEDIA COMPANY OF INDIA

A Leader in Print Readership, operating in the highest growth markets in India



## Multiple States

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

## Multiple Languages

- Hindi, Gujarati, English
- 24% Urban population of India resides in Bhaskar Markets (excluding Delhi & Mumbai)
- 25% of India's total consumption based on Market Potential Value (MPV) is concentrated in Bhaskar Markets

# CONSISTENT TRACK RECORD OF GROWTH



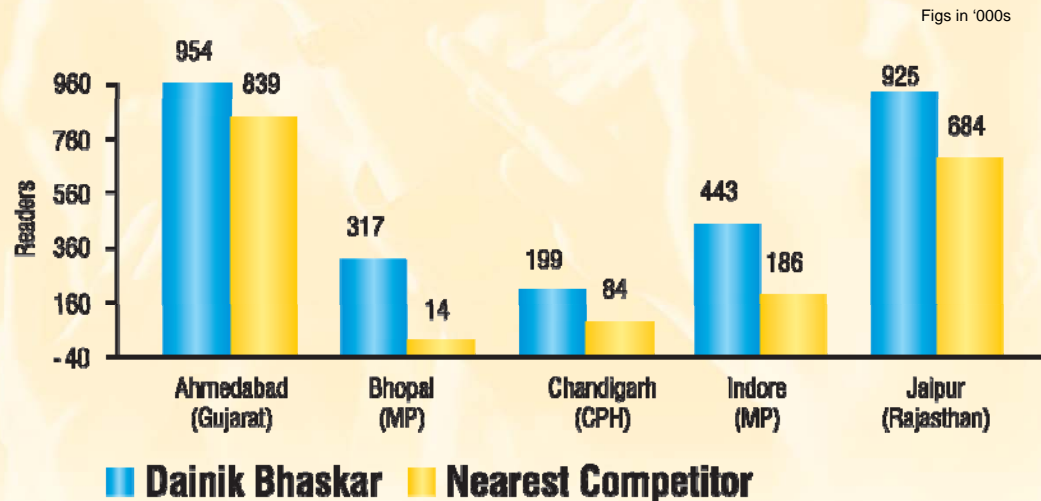


# A LEADING MEDIA COMPANY OF INDIA

## DOMINANCE IN EACH MARKET

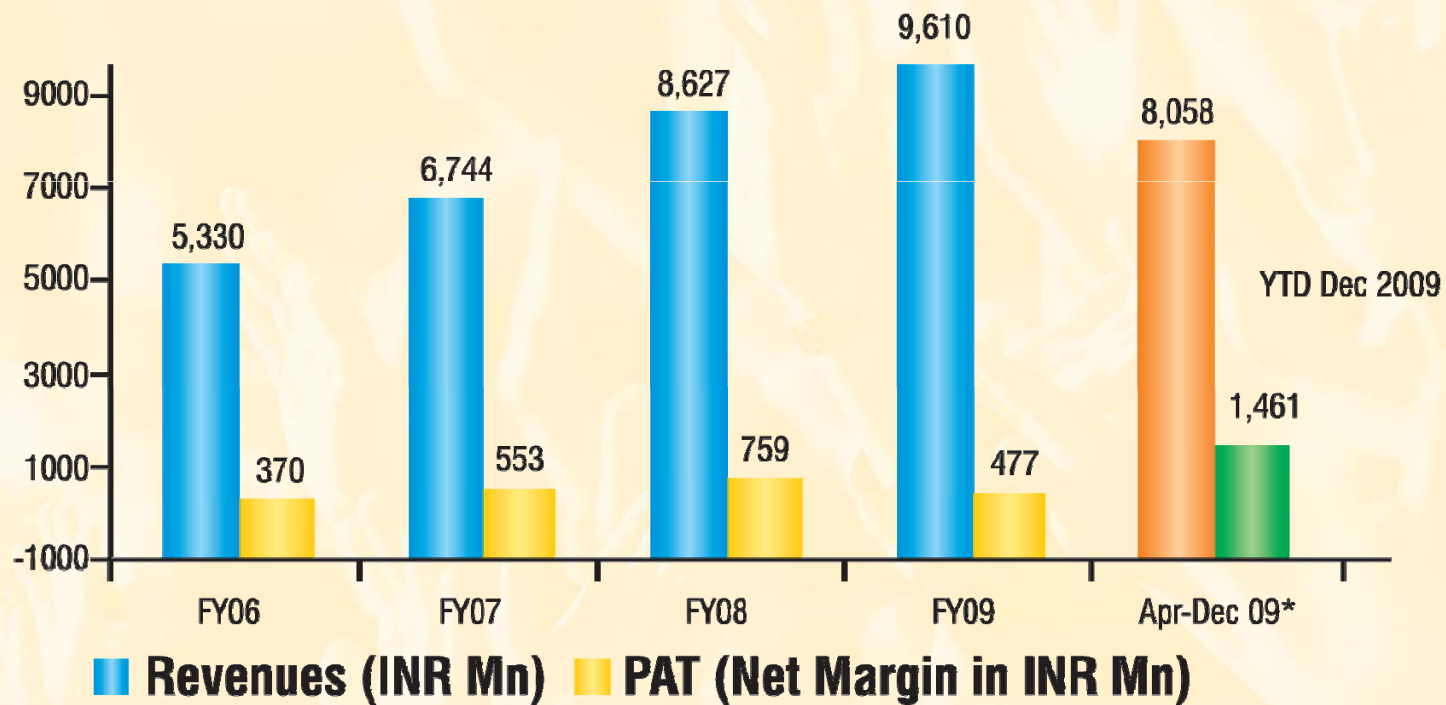
- **Madhya Pradesh (MP)** – Dominating the market with a market share 7 times over nearest competitors; A lead of 138% and 245% in **Indore and Bhopal** respectively
- **Chattisgarh** – 50% lead over nearest competitors
- **Rajasthan** – Has taken over the leadership status from competitors with a lead of 35% over nearest competitor in **Jaipur**
- **Chandigarh, Punjab, Haryana (CPH)** – A lead of 26% over nearest competitor with a lead of 136% in **Chandigarh**
- **Gujarat** – Formidable Player with lead in key markets; with a lead of 14% over nearest competitor in **Ahmedabad**

50% of advertising in the regions, originates from, & is targeted at, these top cities



Source: Readership data as per IRS R1 09

# CONSISTENT TRACK RECORD OF PROFITABILITY





# PROVEN BUSINESS MODEL - AGGRESSIVE ENTRY

Identify Profitable markets

Successful Performance

- ❑ High growth markets with low print penetration
- ❑ Ability to justify
  - Revenue
  - Profit
- ❑ The potential in print consumption that can be tapped by our proven approach

DB Corp's proven market entry strategy has redefined category norms and broke barriers across languages & geography, time and again.

Jaipur – Dec 1996 - No.1 from the day of launch

Chandigarh / Haryana – May / June 2000 - No.1 from the day of launch

Ahmedabad – June 2003 – No.1 from the day of launch

• Amritsar/ Jalandhar – 2006 – No.1 from the day of launch

Proven ability to operate and launch in different geographies with different languages, different socio economic cultures and achieve success in each market

DBCL has demonstrated success in every market it has entered

# STRONG EXECUTION CAPABILITIES

## THE LAUNCH OF DIVYA BHASKAR, AHMEDABAD -A Case Study at IIM, Ahmedabad

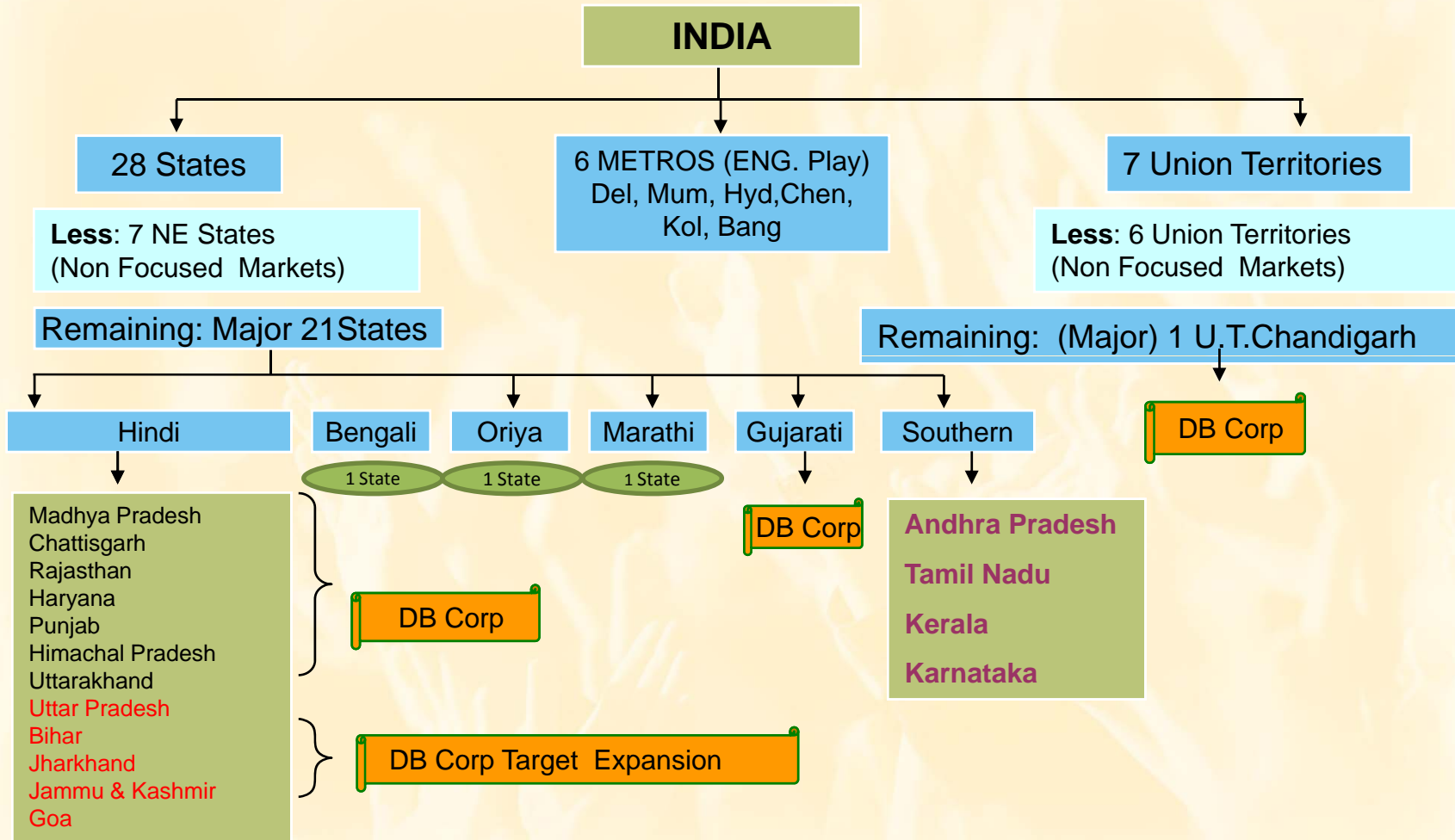
- Pre-Launch door-to-door Contact Programme of 1200 Thousand Households was conducted to understand current needs and desires of Readers by a team of 1050 surveyors in 45 days
- Potential readers were asked to design their dream newspaper
- In the pre-launch order booking phase, readers were shown the outline of the newspaper content and design with an agreement to book the newspaper before the launch
- The pre-launch order booking provided us a confirmed circulation of 452 Thousand Copies from the very first day, thus making Divya Bhaskar the No. 1 newspaper from the first day of its launch, toppling the 80 year old competitor
- Project completed in 189 Days as a record from the day of ground breaking center

**FOCUSED ON  
GROWING  
MEDIA OPPORTUNITIES  
IN INDIA**

**-REGIONAL MARKETS**



# STRATEGIC FOOT PRINT IN INDIA



Source: Indian Govt Web site

# FOCUSED ON GROWING MEDIA OPPORTUNITIES IN INDIA

## REGIONAL MARKETS

- Tier II & III cities are catalysts of growth in India, Regional Newspapers dominate the market
- SEC A & B Population is growing faster in Tier II & III Cities

	CAGR 06-09
<b>SEC A (Upper Class)</b>	
Metro: (4Million+ towns)	2.2%
Tier II + III towns*	3.5%
<b>SEC B (Upper Middle Class)</b>	
Metro: (4 Million+ towns)	2.5%
Tier II + III towns*	3.2%

All India	SEC A	SEC B
AED (Any English Daily Reach)	30%	10%
ALD (Any Indian Language Daily Reach)	60%	50%

\*Tier I: Population > 4 Mn  
 Tier II : 1 Mn < Population <4 Mn  
 Tier III : Population < 1 Mn

Source: IRS R1 09



# CONSUMPTION GROWTH IS HIGHER IN TIER II & TIER III CITIES

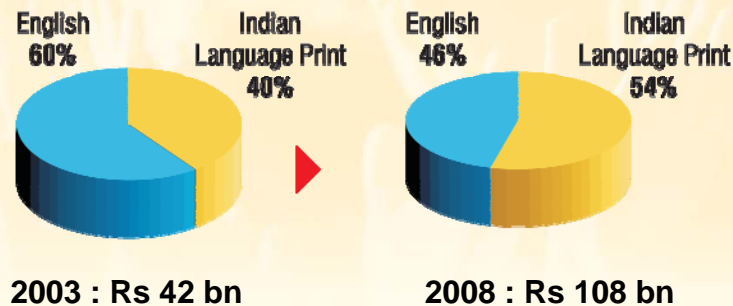
Growth 2008 vs 2009	Metros	Tier II	Tier III
Consumer Durable Ownership	7%	9%	11%
IT & Communication Product Ownership	13%	16%	19%
Automobiles Ownership	5%	4%	10%
FMCG Product Purchases	7%	10%	5%

Source: IRS

The Per Capita Income is growing faster in Tier II & III cities.

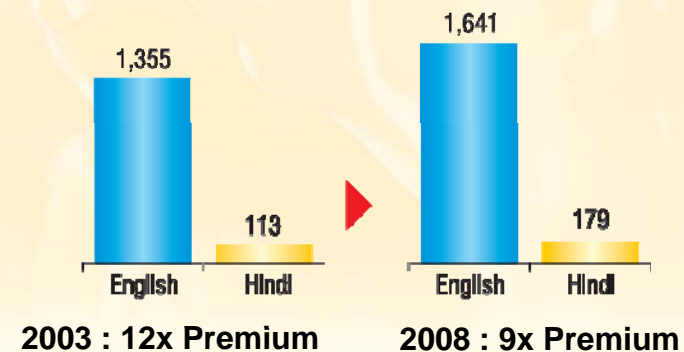
'Regional Language Newspaper to play a vital role' – Group M Report

## Indian Language gaining share of ad-pie



Source: FICCI KPMG Report

## Premium of English declining (On Value Basis)





## RISE OF SMALL TOWN INDIA

- As per E&Y report, March 08, Key Urban Town (**KUT**) & Rest of Urban India (**ROUI**) , representing Tier 2 & 3 Cities are contributing to a large proportion of India consumption
- **KUT & ROUI** are increasingly becoming important as consumption centers for consumer durables & FMCG companies, which are driving growth as they are still relatively under penetrated
- Marketers are aggressively targeting this new Urban consumer resulting in a shift in media spend from metros to Tier 2 & 3 cities
- **KUT & ROUI** consumption share out of total India's Urban share has increased significantly to 73%, presently from 60% share, few years back

Source: Dhoni effect rise of small town India E&Y report

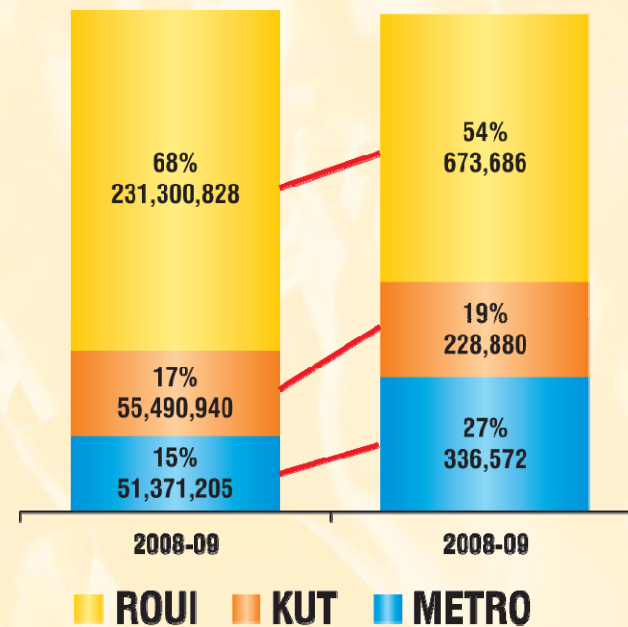
# CONSUMPTION GROWTH IS HIGHER IN TIER II & III CITIES contd...

YOY Growth – 2008 - 2009			
FMCG Penetration	Metros	KUT	ROI
Fabric Bleaches	-3%	30%	28%
Branded Baby Oil	1%	21%	4%
Consumer Electronics	Metros	KUT	ROI
DVD Player - Ownership	19%	33%	28%
Computer at home – Ownership	6%	21%	21%
Digital Camera – Ownership	16%	37%	26%
Consumer Appliances	Metros	KUT	ROI
Refrigerator - Ownership	4%	9%	7%
Washing Machines - Ownership	7%	10%	12%
Car / Van / Jeep - Ownership	6%	11%	12%
Microwave Oven - Ownership	18%	21%	8%

Source: IRS

## DETAILS OF URBAN POPULATION AND ITS RELATIVE CONSUMPTION

Split of Urban population      Estimated All India Urban Expenditure (INR cr) 2008-2009



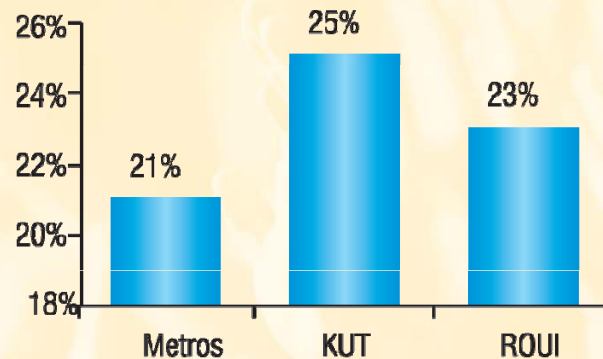
The KUT & ROI contribute approximately 73% of India's Urban Expenditure

Source: Indicus Analytics, Market Skyline of India

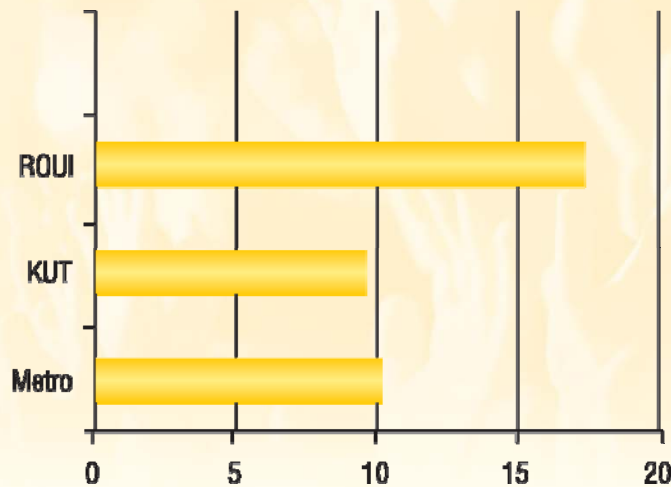
# CONSUMPTION GROWTH IS HIGHER IN TIER II & III CITIES contd...

Average urban household income growth is highest in the KUT followed by the ROUI

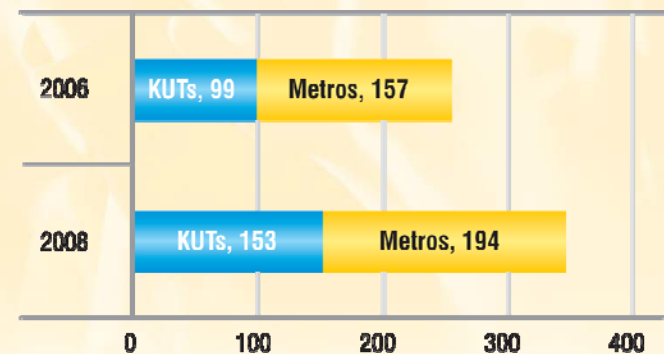
Average Growth in urban household income (%)



Expected Annualized % growth of Market 2004-2015



Growth in Number of Malls: Metros vs. KUTs (2006-2008)E



Source: Indicus Analytics, Market Skyline of India

# SUSTAINABLE BUSINESS MODEL

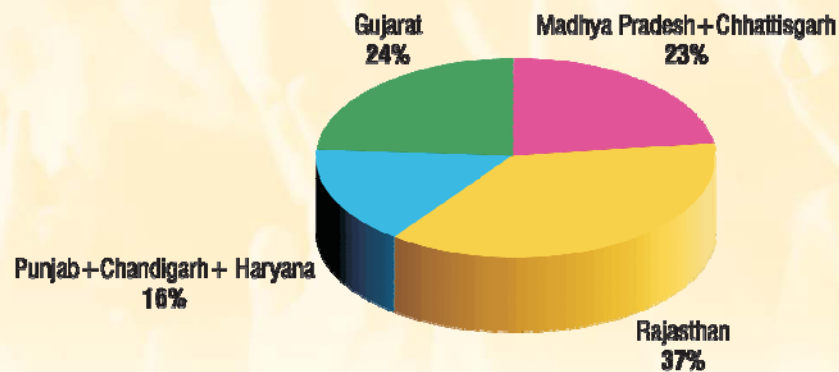


# SUSTAINABLE BUSINESS MODEL

## UNIFORMLY DISTRIBUTED EBIDTA FROM OUR DIVERSIFIED MARKETS

Our business in Madhya Pradesh, Chhattisgarh, Rajasthan, Gujarat, Haryana, Punjab, Chandigarh etc. individually contributes towards the EBIDTA, thus reducing the dependability on any one single market

## EVEN DISTRIBUTION OF OUR 15.5 MN AVERAGE DAILY READERS



Source: IRS R1 09

# SUSTAINABLE BUSINESS MODEL

## HIGH BARRIERS TO ENTRY IN ALL OUR MARKETS

### COVER PRICE WITH HIGH PAGINATION

Our papers have an average cover price of Rs. 2.50/- with an average 20.5 pages per day.

### WELL SPREAD INFRASTRUCTURE

Geographically well spread printing infrastructure nearer to end consumer, with state of the art technology allowing *all - colour printing*.

### STATE WISE PRINTING CENTRES with installed capacity

- MPCG – 7 Printing Plants – 0.49 Mn all color pages
- Rajasthan – 12 Printing Plants – 0.54 Mn all color pages
- PCH – 5 Printing Plants – 0.38 Mn all color pages
- Gujarat – 7 Printing Plants – 0.43 Mn all color pages



# FOCUS ON RETAIL ADVERTISERS

60% of our Ad revenue is from the Retail market / Local market

A client base of around 290 Thousand Retail advertisers fuel our growth as we offer them opportunity to advertise with various options as –  
Specific city, district, town, region, state  
This kind of reach cannot be offered effectively through any other medium.

## MAXIMIZE OUR AD-REVENUES

### Cross Selling

- ❑ **Multi-language**
  - Divya Bhaskar + Dainik Bhaskar +DNA
- ❑ **Multiple geographies**
  - From Gujarat to Chattisgarh
- ❑ **Multiple Media**
  - Print +Radio+ Magazines+Internet

### Yield improvement

- ❑ **Premium for colour supplements**
- ❑ **Premium for dominant markets**

Gaining larger wallet share and maximizing revenues

## GROWTH OPPORTUNITIES - RADIO



- Launched in 2006, now operates from 17 stations in 7 states
- A 3 Year-old venture in to New Media - close to financial Break-even as on 31<sup>st</sup> Dec. 09
- Current revenue growth of approx 30 % - YTD DEC. 09
- Strong Competitive advantage because of knowledge of consumers & advertisers, in these markets
- Well poised to gain synergy post expected changes in government policies of airing news content

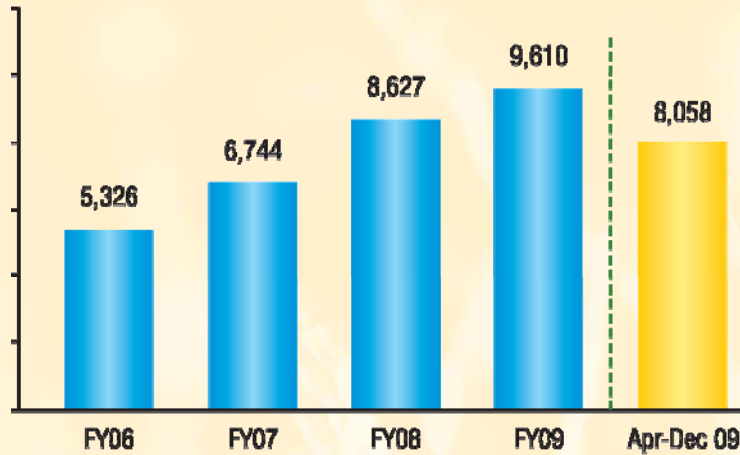
# FINANCIAL HIGHLIGHTS

- *Robust Revenue Growth*
- *Strong Focus on ROCE*

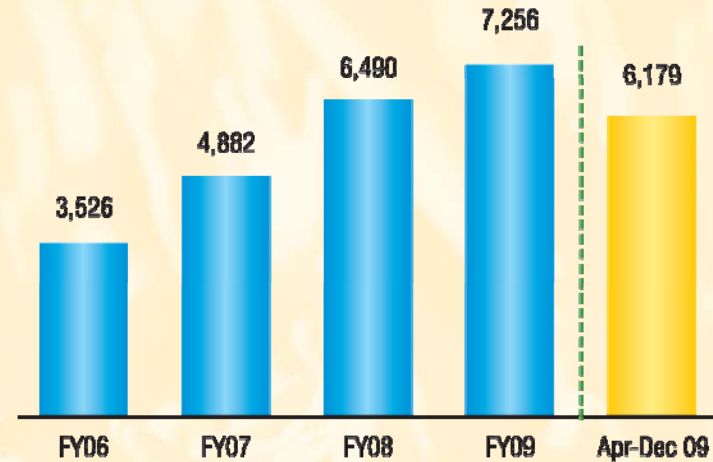


# ROBUST REVENUE GROWTH

Revenue Growth  
(INR Mn)

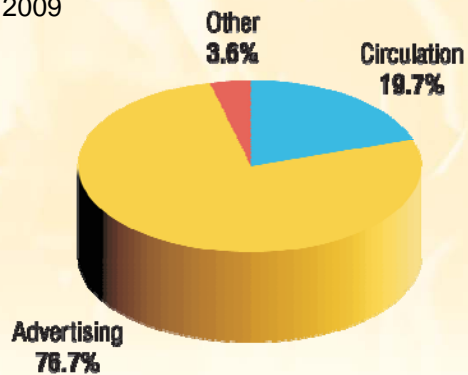


Growth in Advertising Revenue  
(INR Mn)



Revenue Breakdown

Apr - Dec 2009

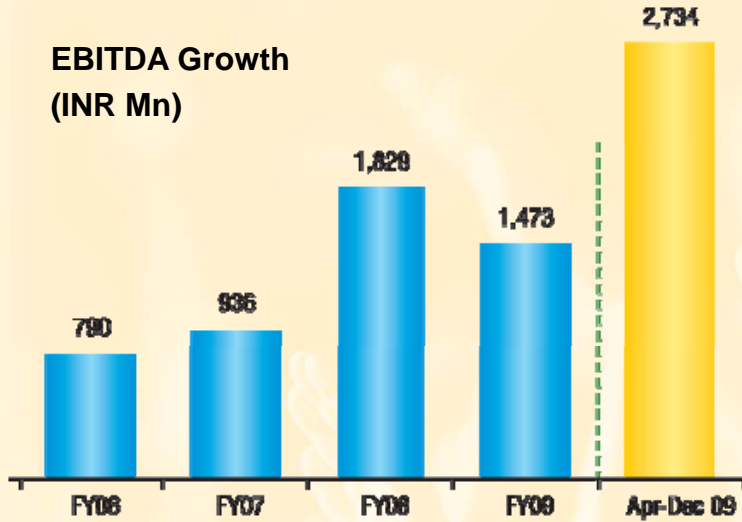


## Revenue Growth Drivers

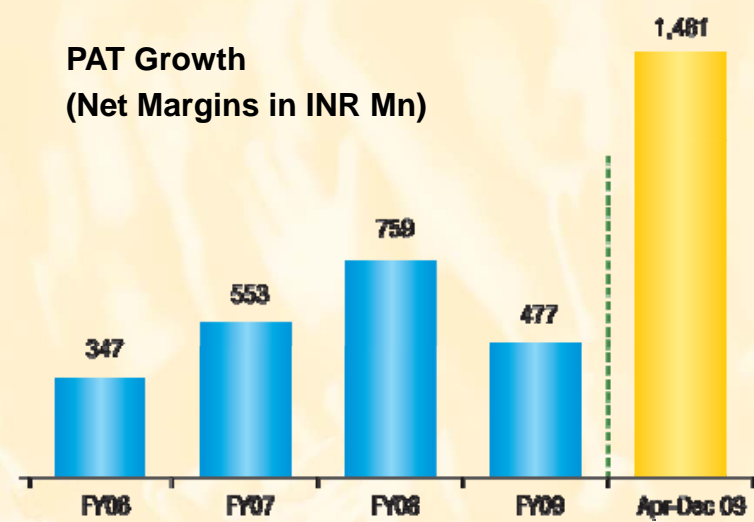
- Upward revision of ad rates at national and local level
- Increase in cover price
- High focus on Retail Advertisers driving growth

# PROPELLING OVERALL MARGIN EXPANSION

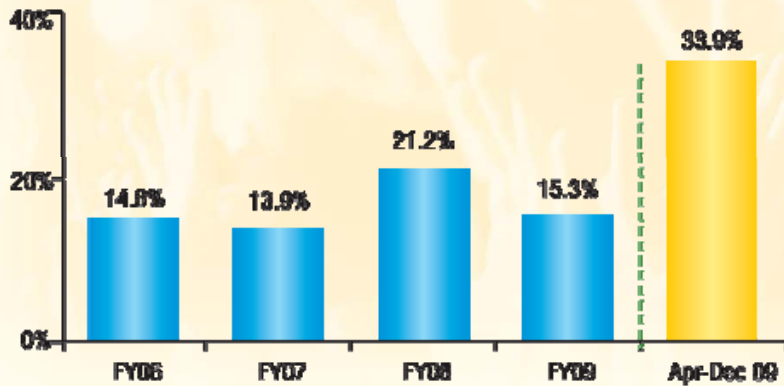
EBITDA Growth  
(INR Mn)



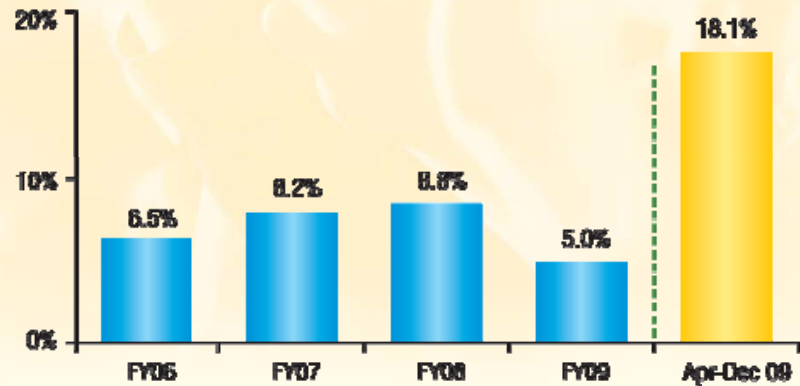
PAT Growth  
(Net Margins in INR Mn)



EBITDA Margins

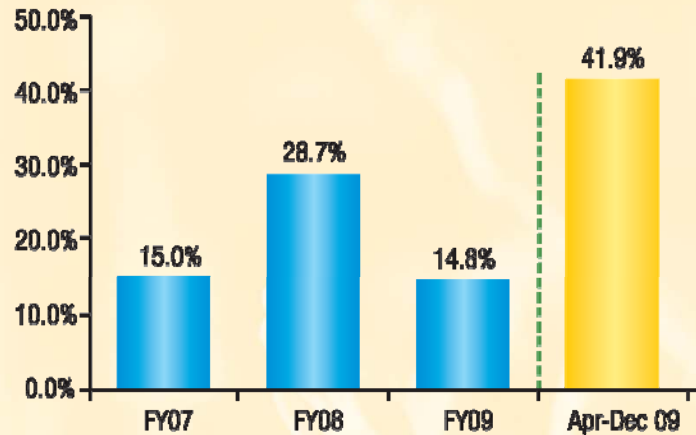


PAT Margins (Net Margins)



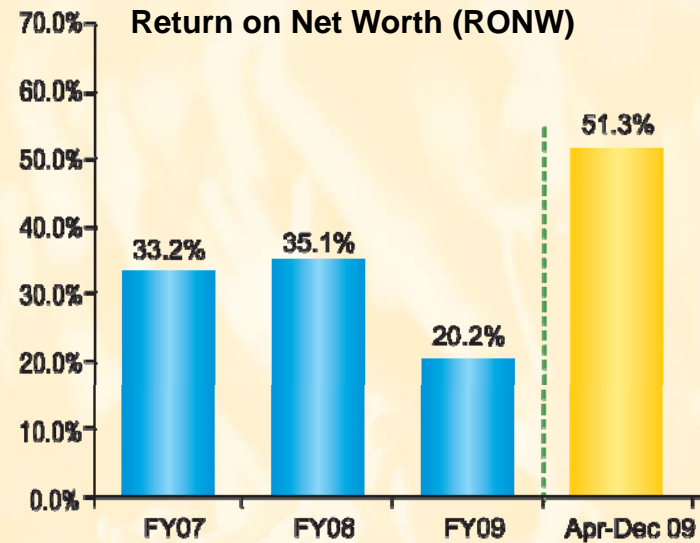
# STRONG FOCUS ON ROCE

Return on Capital Employed (ROCE)



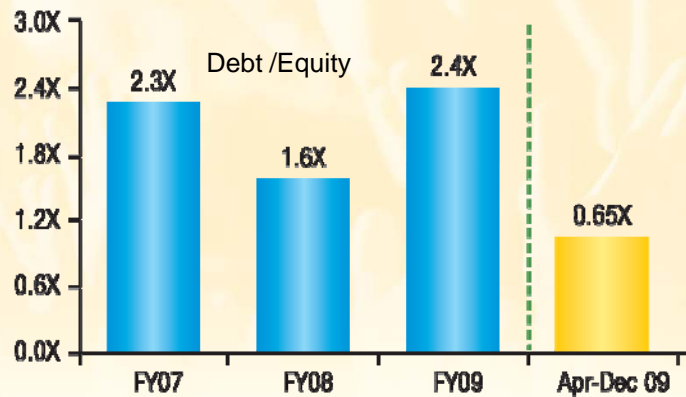
Sep numbers are annualized.

Return on Net Worth (RONW)

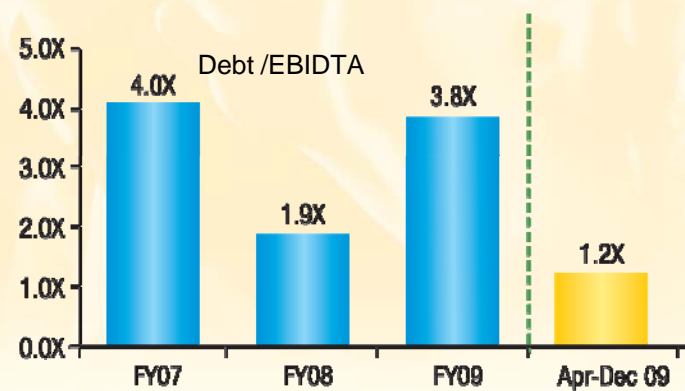


Sep numbers are annualized.

Debt to Equity



Debt to EBIDTA





# FINANCIAL SUMMARY

Particulars (INR Mn)	Year ended			9 months ended	
	March-07	March-08	March-09	Dec-08	Dec-09
<b>Circulation Income</b>	1,862	2,137	2,355	1,494	1,591
<b>Advertising Income</b>	4,882	6,490	7,256	5,507	6,179
<b>Total Income</b>	6,744	8,627	9,610	7,252	8,058
<b>Newsprint</b>	(3,271)	(3,365)	(4,074)	(3,213)	(2,490)
<b>Non Newsprint</b>	(2,527)	(3,433)	(4,063)	(3,135)	(2,834)
<b>Expenditure</b>	(5,798)	(6,798)	(8,137)	(6,348)	(5,324)
<b>EBITDA</b>	946	1,829	1,473	904	2,734
<b>EBIDTA Margin</b>	14%	21%	15%	12%	34%
<b>Net Profit</b>	553	759	477	242	1,461
<b>Net Worth</b>	1,655	2,164	2,360	2,253	6,489
<b>Secured Long Term Loan</b>	3,591	3,228	5,412	4,407	3,986
<b>Secured Working Capital Loan</b>	186	208	219	1,343	340
<b>Total Debt</b>	3,777	3,436	5,631	5,750	4,326
<b>Net Block (Fixed)</b>	2,784	3,623	6,471	4,424	6,578
<b>ROCE</b>	15%	29%	15%	12%	42%
<b>RONW</b>	33%	35%	20%	14%	51%

# BOARD OF DIRECTORS

**Ramesh Chandra Agarwal**

- Chairman - 42 years of experience
- Served as Chairman of FICCI of the MP region

**Sudhir Agarwal**

- Managing Director of DBCL
- 25 years of experience in the publishing and newspaper business

**Girish Agarwal**

- 17 years of experience. Won the E&Y 'Young Entrepreneur of the Year 2006' Award
- distinction of being the youngest chairman of Indian Newspaper Society for MP region

**Pawan Agarwal**

- 11 years of experience in the publishing business
- Heads entire Production, IT and Technology for DBCL

**Niten Malhan**

- Managing Director at Warburg Pincus India Private Ltd

**Ajay Piramal\***

- Heads the Piramal Group in India

**Piyush Pandey\***

- Executive Chairman of Ogilvy & Mather Pvt Limited, India

**Kailash Chandra Chowdhary\***

- Previously the Chairman & Executive Director at Central Bank of India and Chairman & Managing Director of Vijaya Bank

**Ashwani Kumar Singhal\***

- Vice-President of BIR Brussels, the International Authority in Non- Ferrous Metals

**Harish Bijoor\***

- A member of the planning group sub-committee of the Union Planning Commission of India

*\* denotes Independent Directors.*

**THANK YOU**