

# DB Corp Ltd. Investor Presentation

August 2011



# A LEADING MEDIA COMPANY OF INDIA

*Third Largest Market Cap in  
Entertainment & Media  
Sector*



# MAJOR BUSINESS BRANDS AND THEIR FACTS

Around 18.1 MN readers in India's fastest growing markets

	<b>Hindi Newspaper</b>	<b>11 States, 36 Editions</b>
	<b>Gujarati Newspaper</b>	<b>2 States, 7 Editions</b>
	<b>Marathi Newspaper</b>	<b>1 State, 2 Editions</b>
	<b>Hindi Business Newspaper</b>	<b>6 States, 8 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>

# 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, Uttarakhand, Jharkhand, Jammu & Kashmir & Delhi
- Launching Bihar shortly

## Multiple Languages

- Hindi, Gujarati, Marathi and English
- 26% Urban population of India resides in Bhaskar Markets (excluding Delhi & Mumbai)
- 26 % of India's total consumption based on Market Potential Value (MPV) is concentrated in Bhaskar Markets



# CONSISTENT TRACK RECORD OF GROWTH

1995

2011

State 01



13 States

Editions 05



62 Editions

Language 01



04 Languages

Readership (MN) 3.2



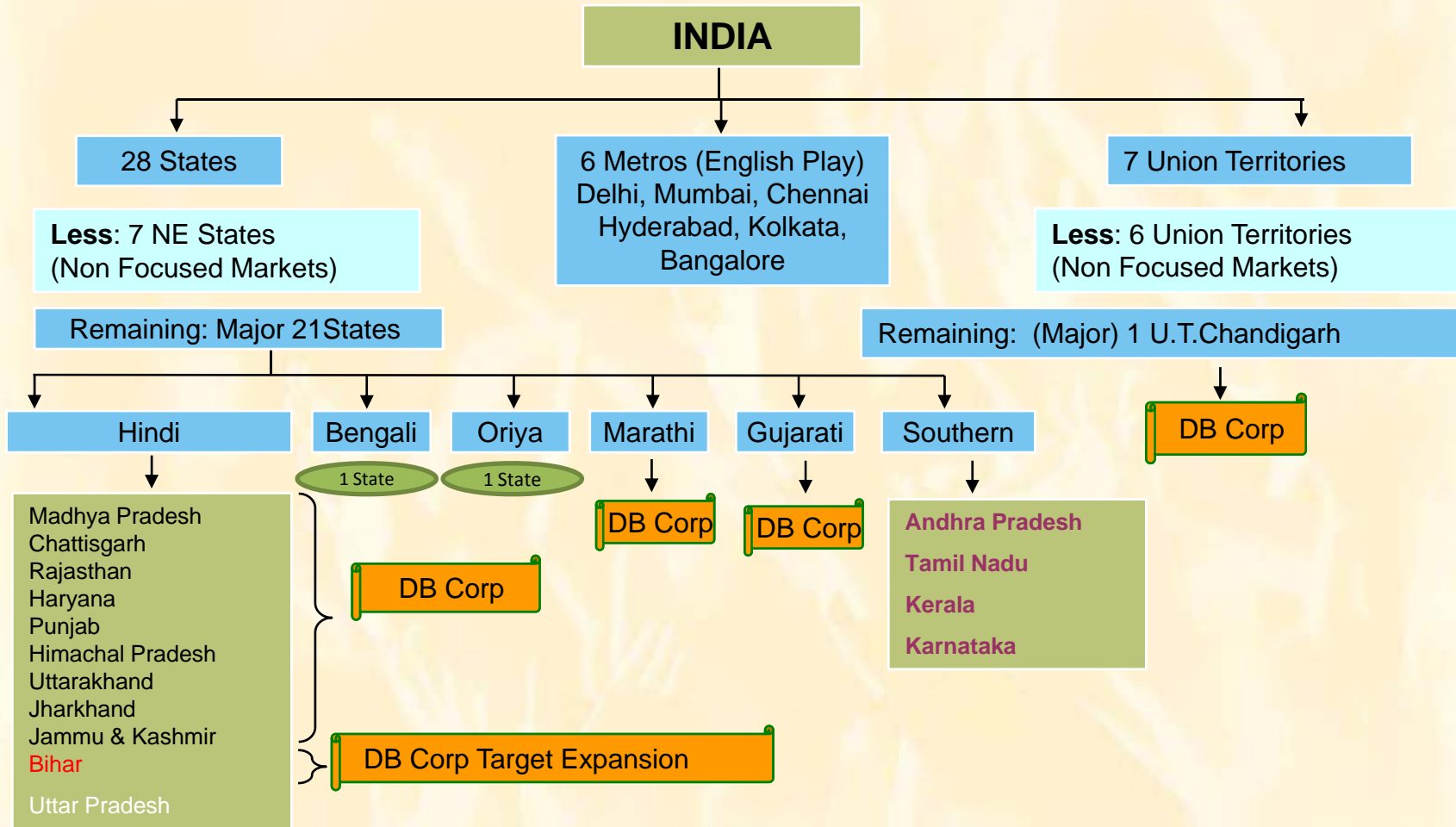
18.1 Readership (MN)

**FOCUSED ON  
GROWING  
MEDIA OPPORTUNITIES  
IN INDIA**

**-REGIONAL MARKETS**



# STRATEGIC FOOTPRINT IN INDIA



Source: Indian Govt Web site

# INDIA'S URBAN CENTURY

- The 21st century is set to become India's 'urban century'
- More people will live in cities and towns than in the countryside for the first time in its history
- In 1991, India had 23 cities with a million or more people. A decade later, it had 35. Currently estimated close to 60, this number is expected to cross 75 by census 2011
- The major growth is happening in small and mid-sized towns.
- Literacy Rate , Purchasing Power & ambitions are growing in Tier II and III cities, hence, language media is still to grow.

Source : Goldman Sachs



# 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 06-10
<b>SEC A (Upper Class)</b>	
Metro: (4Million+ towns)	3%
Tier II + III towns*	7%
<b>SEC B (Upper Middle Class)</b>	
Metro: (4 Million+ towns)	4%
Tier II + III towns*	5%

All India	SEC A	SEC B
AED (Any English Daily Reach)	28%	9%
ALD (Any Indian Language Daily Reach)	61%	50%

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

Source: IRS Q3 2010

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

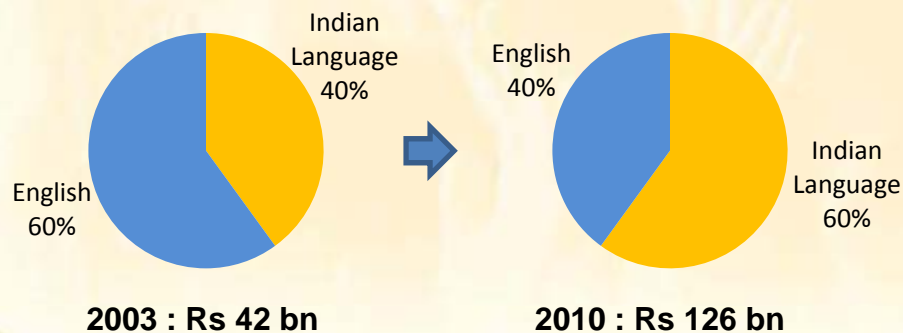
Growth 2008 vs 2010	Metros	Tier II	Tier III
Consumer Durable Ownership	25%	31%	31%
IT & Communication Product Ownership	25%	57%	64%
Automobiles Ownership	13%	18%	25%
FMCG Product Purchases	9%	15%	11%

Source: IRS Q3 '10

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

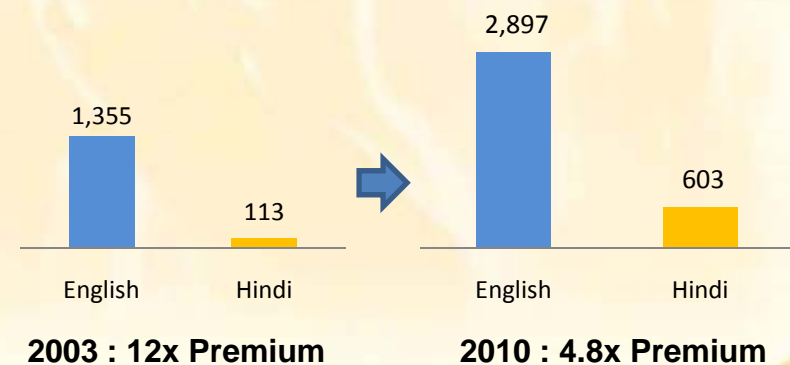
'Regional Language Newspaper to play a vital role' – Group M Report

## Indian Language gaining share of ad-pie



Source: FICCI KPMG Report 2011, IRS 2010 Q4

## Premium of English declining (On Value Basis)



## KUTs PROVIDE THE TALKING POINTS!

- ✓ BMW dealer in Jaipur sold 30 cars in 3 months
- ✓ 115 Mercedes booked in a day in Aurangabad
- ✓ Punjab - 1400 Mercedes cars, 450 in Ludhiana
- ✓ Coimbatore – Audi, Porsche sold 35 cars in 2009
- ✓ Surat - 11 Mercedes (27 l - 3 c) sold in a month
- ✓ 50% of high end TVs are sold outside metros
- ✓ TAG Heuer - 35 units, Rs. 2 lakhs each, in 3 months in Guwahati
- ✓ Ludhiana 2<sup>nd</sup> to Delhi for Rs 1 crore+ watch
- ✓ Cochin - fastest growing for small boats and yachts (2008-09)

Source: India Today 7<sup>th</sup> Jan'10; TeamBHP.com, 8<sup>th</sup> April'10; Business Today 16<sup>th</sup> Mar'10; E&Y

KUTs : Key Urban Towns

# DIVERSE, SUSTAINABLE BUSINESS MODEL





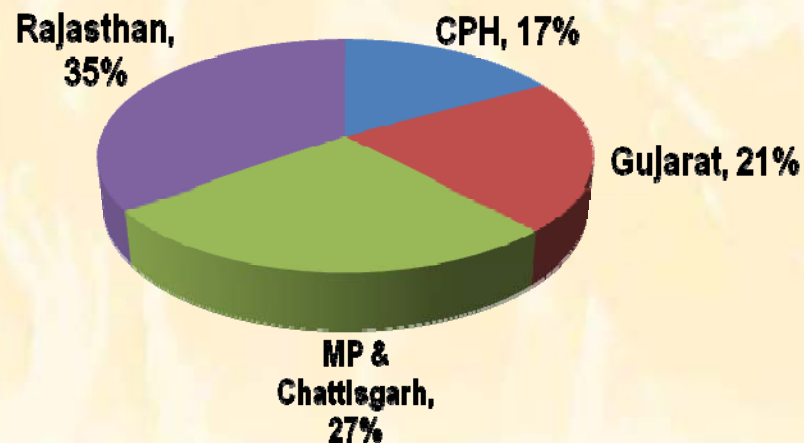
# SUSTAINABLE BUSINESS MODEL

## 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 18.1 MN AVERAGE DAILY READERS

Readership – IRS 11 Q1



# *D B Corp Ltd. Expansion Journey Continues – Successful Jharkhand Launch*



## Ranchi Market Before launch of Dainik Bhaskar

Readership in '000	IRS '10 Q3
Hindustan	192
Prabhat Khabar	223
Dainik Jagran	75

AIR figures in '000

### Competition was fierce

Circulation figs Ranchi city	JJ '10 ABC
Hindustan	43512
Prabhat Khabar	67033
Dainik Jagran	18711

IRS = Indian Readership Survey  
ABC= Audit Bureau of Circulation

# And we prove once again in a totally different market

Ranchi Jharkhand ,  
22 August 2010



## IMRB Survey

**Dainik Bhaskar  
leader in SEC AB**

Average Issue Readership Estimates	AIR Base	SEC			SEC AB % of Total Reader Base
		A	B	AB	
Prabhat Khabar	303	60	58	118	39%
Dainik Bhaskar	270	66	62	128	47%
Hindustan	168	45	36	81	47%
Dainik Jagran	92	14	17	31	34%

Figs in '000

**The affluent truly appreciates quality content of Dainik Bhaskar**

AIR: Average Issue Readership

SEC: Socio Economic Class

IMRB: Indian Market Research Bureau



**Consistent  
Leaders from then  
till now...**

**Winning is our  
habit**

IRS : Indian Readership Survey  
IMRB: Indian Market Research Bureau

Average Issue Readership in '000s

<b>Jaipur</b>	<b>IRS 11 Q1</b>
<b>Dainik Bhaskar</b>	<b>1023</b>
Nearest Competitor	713

<b>Chandigarh/ Haryana</b>	<b>IRS 11 Q1</b>
<b>Dainik Bhaskar</b>	<b>1503</b>
Nearest Competitor	1013

<b>Ahmedabad</b>	<b>IRS 11 Q1</b>
<b>Divya Bhaskar</b>	<b>1084</b>
Nearest Competitor	843

<b>Amritsar</b>	<b>IRS 11 Q1</b>
<b>Dainik Bhaskar</b>	<b>148</b>
Nearest Competitor	103

<b>Jalandar</b>	<b>IRS 11 Q1</b>
<b>Dainik Bhaskar</b>	<b>137</b>
Nearest Competitor	103

**IMRB Survey**

<b>Ranchi</b>	<b>AIR</b>
<b>Dainik Bhaskar</b>	<b>270</b>
Nearest Competitor	303

**D B Corp Ltd.**  
**Expansion Journey Continues –**  
**Launch of Marathi Language**  
**Newspaper in Maharashtra – 1<sup>st</sup>**  
**Edition from Aurangabad and 2<sup>nd</sup>**  
**Edition from Nashik**



# The Making of.. *Dainik Divya Marathi*

## *Pre Launch Activities And Strategy*

*Triggering the Curiosity.....*

*A Teaser Campaign  
Using Hoardings, Banners,  
SMS and Newspaper Inserts*

# Hoardings

Phase I



Phase 2



Phase 3



Phase 4





## The Strategy and Implementation

- Decided to meet every Marathi reading households of Aurangabad to understand their latent needs and expectation from Newspaper
- To survey 0.15 mn household in Aurangabad

*(To arrive at above figures, a detailed analysis was done for the households with gas connections (0.17mn), electricity connections (0.08 mn), telephone connections (0.07 mn),etc...)*

## Back Stage Preparations

- Recruited Padamshri Mr. Kumar Ketker, the most renowned Marathi Editor since last 40 years.
- Intensive training of surveyors for 10 days by experts on body language and presentability
- A standardised contact method for the appearance and behavior of the surveyors
- 25 Computers deployed for data entry of the feedback forms
- 20 telephone lines with a telemarketing team of professionals for follow ups and thank you calls

# The Survey Verdict

औरंगाबादच्या इतिहासात  
प्रथमच घोषणी जाऊन

**वाचकांची  
मर्जी जाणून घेणारे  
सर्वात मोठे  
सर्वेक्षण**

7 लाख लोकांची मर्जी जाणून  
त्यांच्या भावनांचा आस्वाद करीत  
दिव्य मराठीचे पत्रकार व विज्ञानकार  
आता तयार करत आहेत,  
औरंगाबादच्या मर्जीचे पत्रपत्र

**दिव्य मराठी**  
औरंगाबाद

जो तयार होईल औरंगाबादच्या मर्जीने  
चालेलही औरंगाबादच्याच मर्जीने

औरंगाबादच्या इतिहासात  
प्रथमच घोषणी जाऊन

**दिव्य मराठी**  
औरंगाबाद

**97% औरंगाबादकरांना हवंय निःपक्ष वर्तमानपत्र**

आपल्या मर्जीचे वृत्तपत्र बदविण्यासाठी  
दे. दिव्य मराठीने केले  
7 लाख लोकांचे सर्वेक्षण

**97%** आपल्या मर्जीचे वृत्तपत्र बदविण्यासाठी दे. दिव्य मराठीने केले 7 लाख लोकांचे सर्वेक्षण

**87%** आपल्या मर्जीचे वृत्तपत्र बदविण्यासाठी दे. दिव्य मराठीने केले 7 लाख लोकांचे सर्वेक्षण

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**82%** आपल्या मर्जीचे वृत्तपत्र बदविण्यासाठी दे. दिव्य मराठीने केले 7 लाख लोकांचे सर्वेक्षण

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**79%** आपल्या मर्जीचे वृत्तपत्र बदविण्यासाठी दे. दिव्य मराठीने केले 7 लाख लोकांचे सर्वेक्षण

## GROWTH OPPORTUNITIES - RADIO



- Launched in 2006, now operates from 17 stations in 7 states
- The only Radio Company to have achieved EBIDTA positive within a short span of 2.5 years only
- Advertisement revenue growth of 17.3% in Q1 FY2011-12 on YOY Basis
- Achieved EBIDTA margin of 14% in Q1 FY2011-12
- Strong Competitive advantage because of knowledge of consumers & advertisers, in these markets

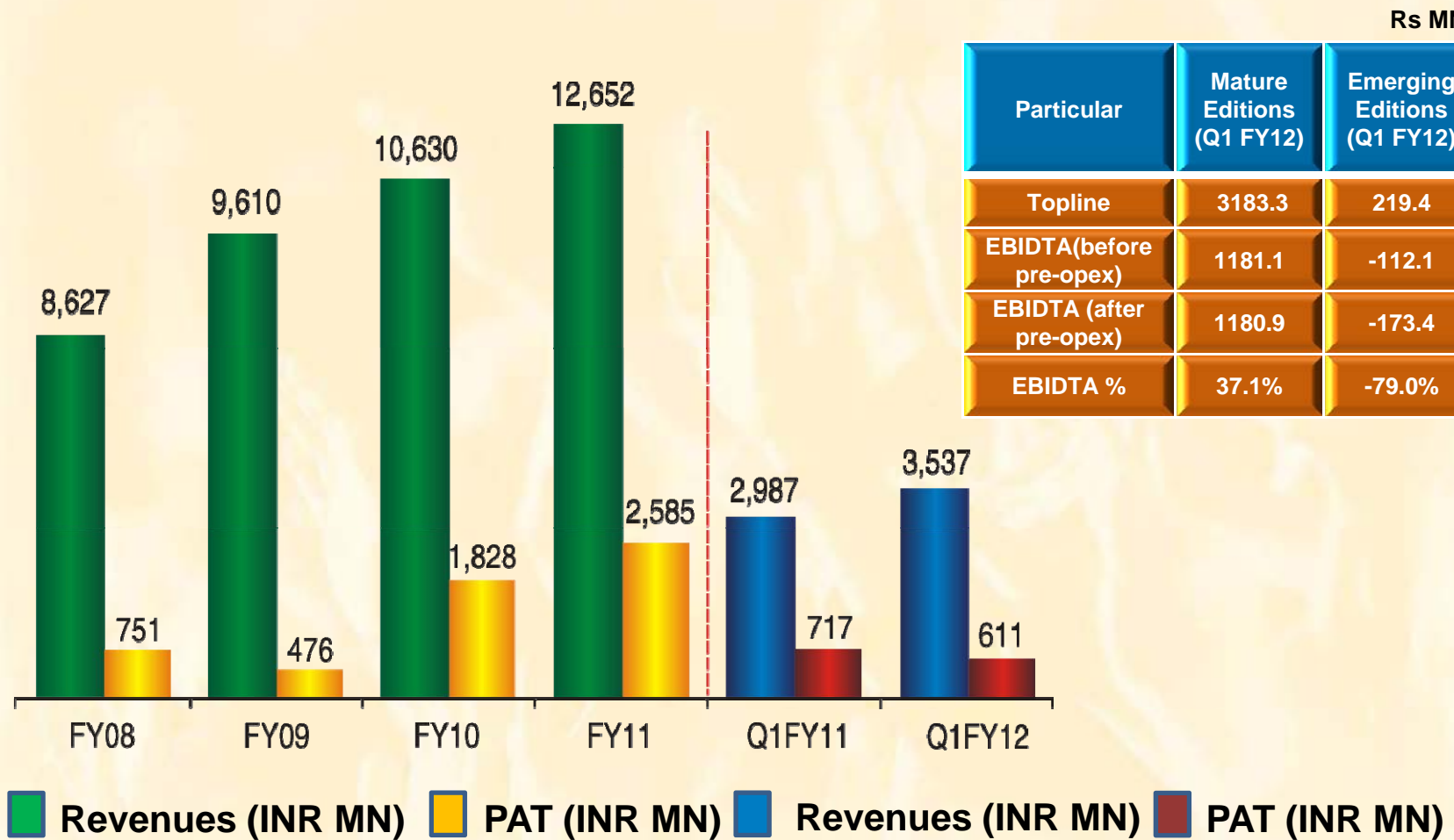


# FINANCIAL HIGHLIGHTS

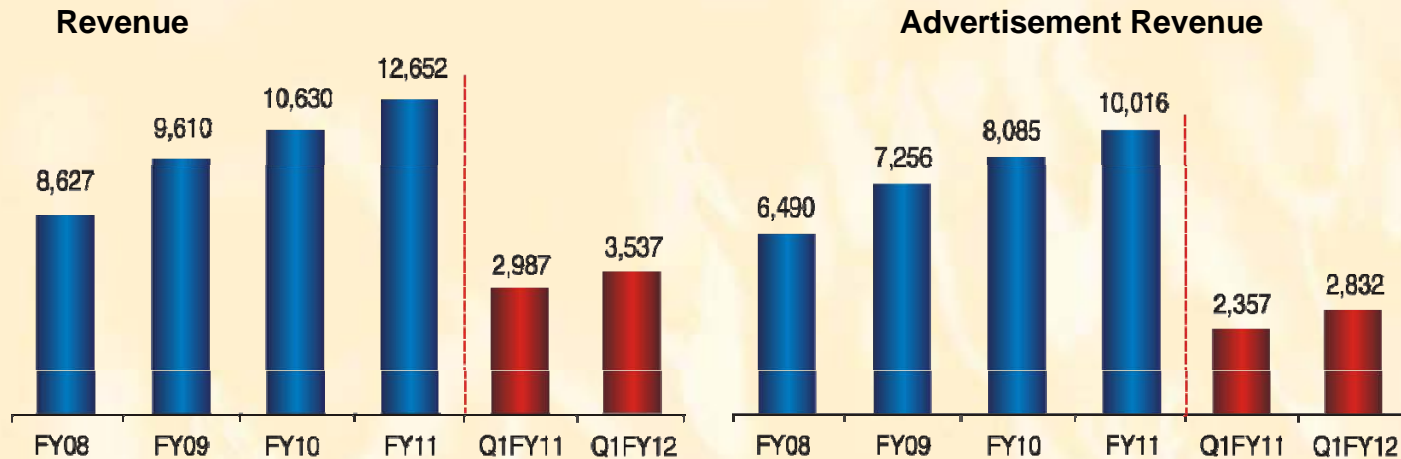
- *Robust Growth in Profits*
- *Strong Focus on ROCE*
- *Low Debt Exposure & High Networth*



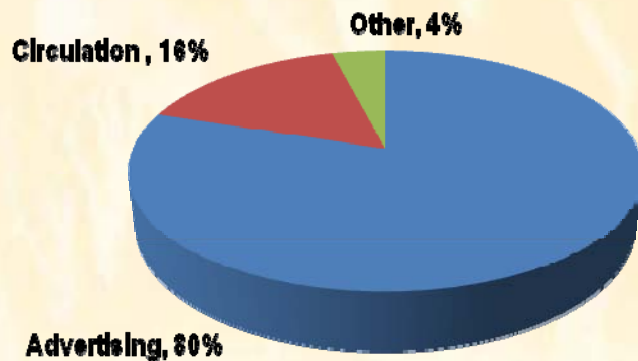
# CONSISTENT TRACK RECORD OF PROFITABILITY



# ROBUST REVENUE GROWTH



Revenue Breakdown Q1 FY2012

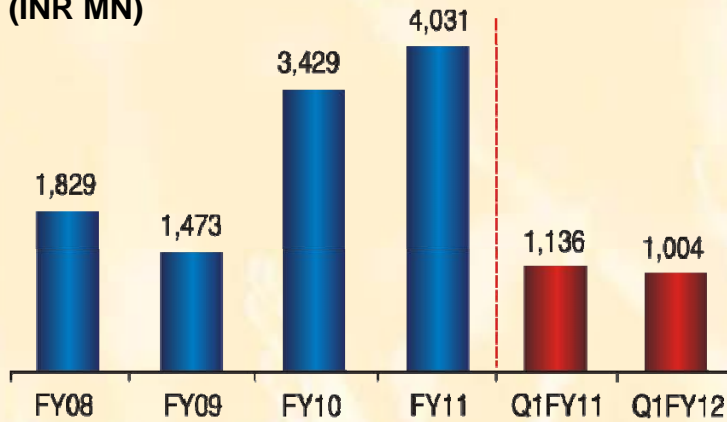


## Revenue Growth Drivers

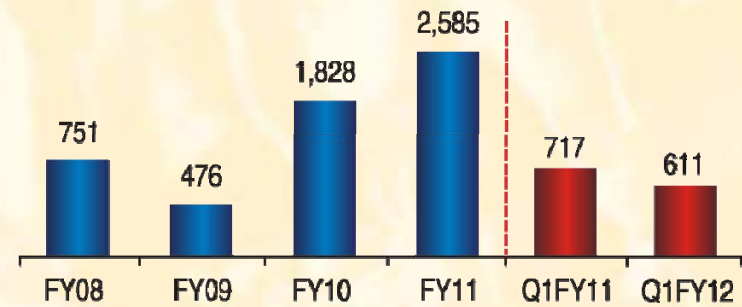
- Upward revision of ad rates at national and local level
- High focus on Retail Advertisers driving growth
- Over all Economic Conditions are positive, resulting in improved advertisement market sentiments
- Further consolidation in existing markets and expansion into new territories

# PROPELLING OVERALL MARGIN EXPANSION

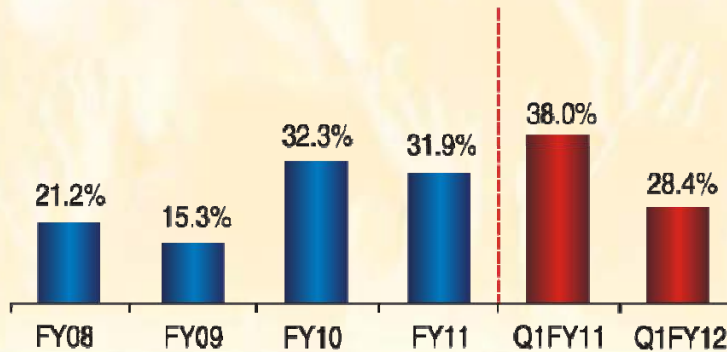
**EBITDA Growth  
(INR MN)**



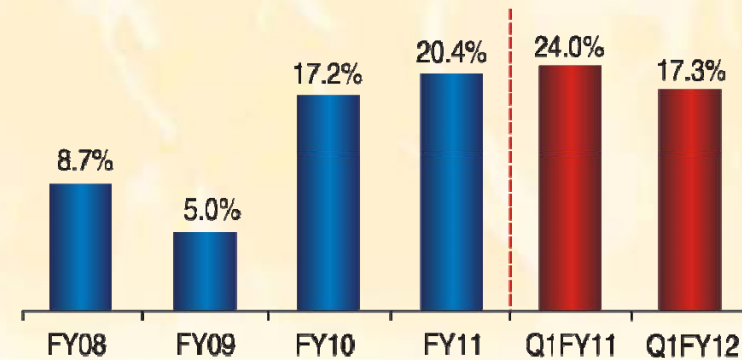
**PAT Growth  
(Net Margin in INR MN)**



**EBITDA Margin**



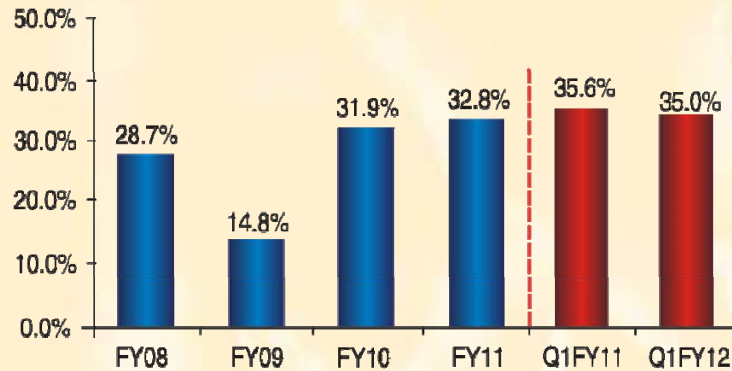
**PAT Margins (Net Margin)**



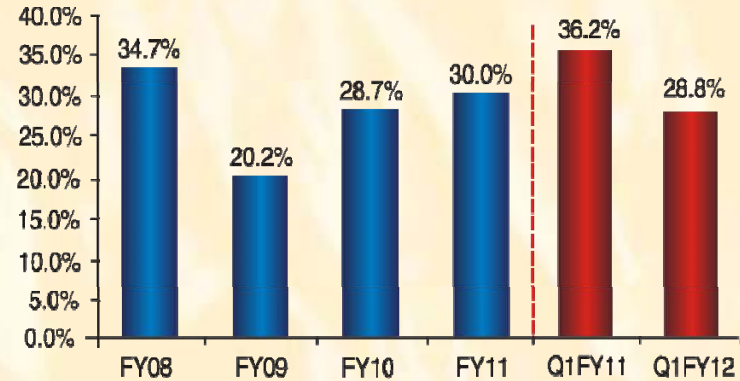


# STRONG FOCUS ON ROCE

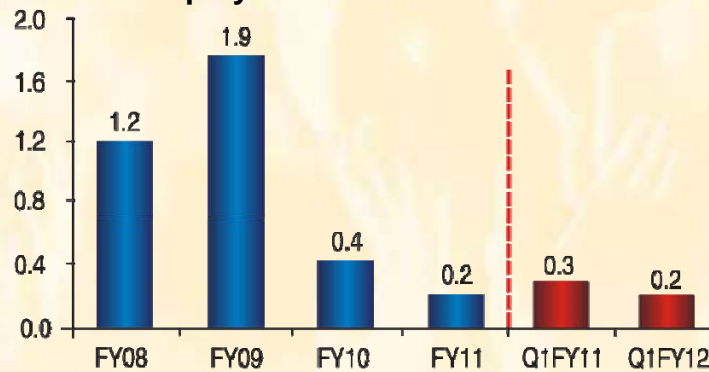
## Return on Capital Employed (ROCE)



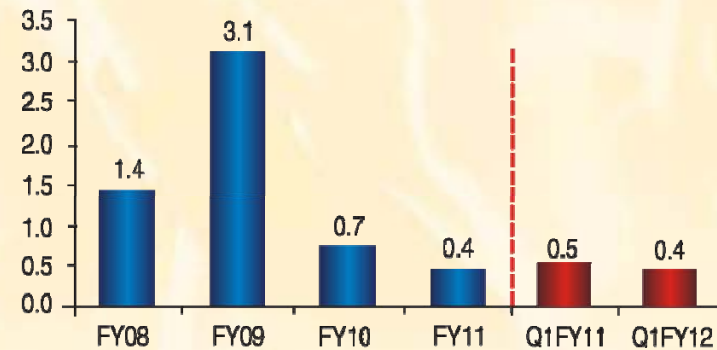
## Return on Net Worth (RONW)



## Debt to Equity

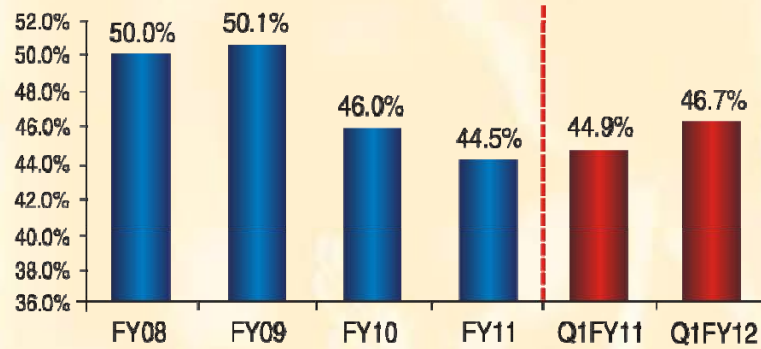


## Debt to EBIDTA

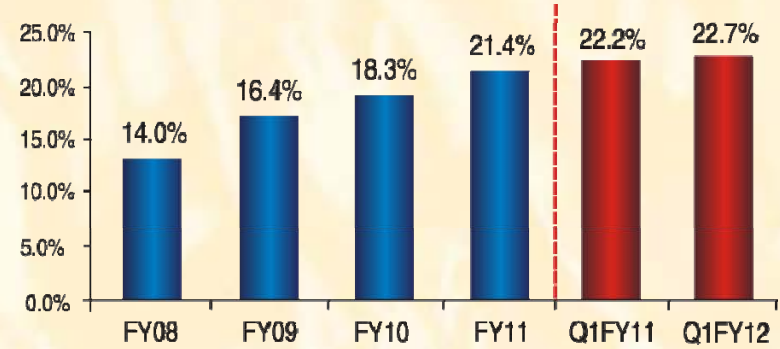


# KEY FINANCIAL RATIOS

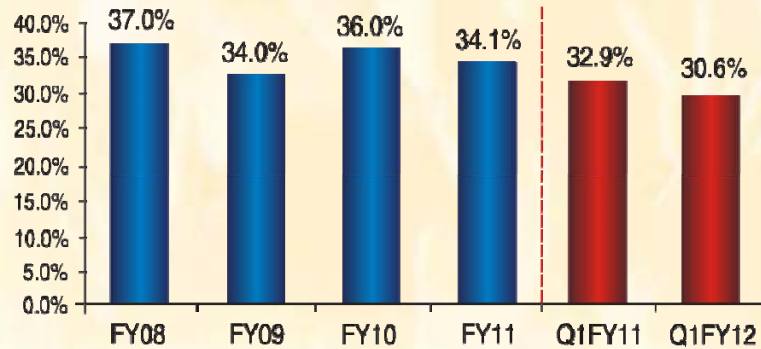
### Newsprint Cost to Total Cost



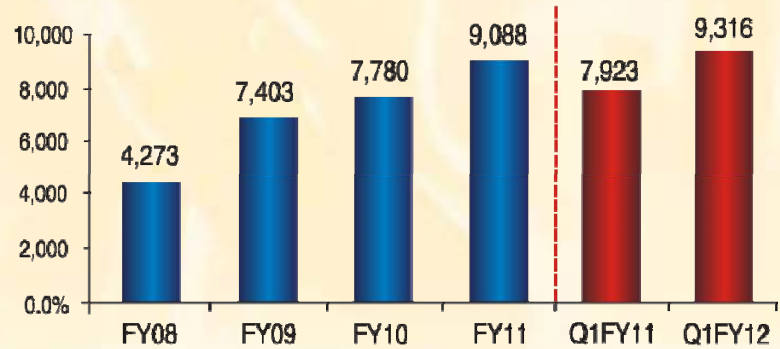
### Personnel Cost to Total Cost



### Other Operating Cost to Total Cost

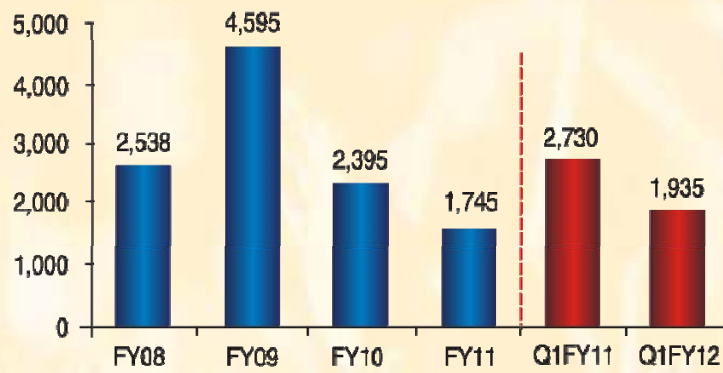


### Gross Fixed Assets (INR MN)

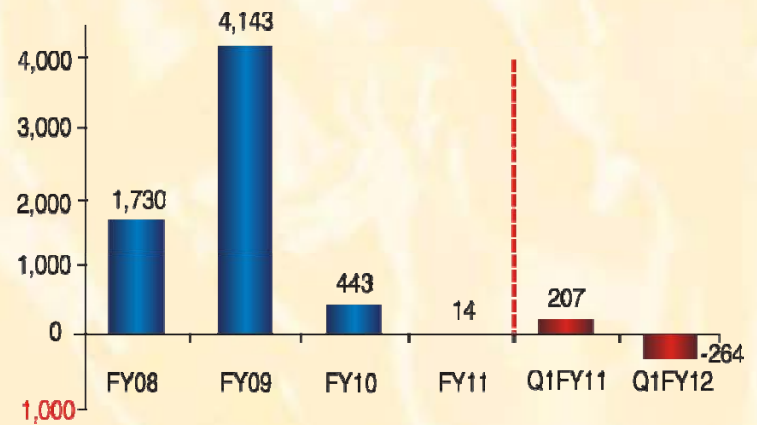


# CONTINUOUS REDUCTION IN DEBT

Gross Debt (INR MN)



Net Debt (INR MN)



# FINANCIAL SUMMARY

Particulars (INR million)	Year Ended			Quarter ended		
	March-09	March-10	March-11	June-10	June-11	Growth %
Advertising Income	7,256	8,086	10,016	2357	2832	20.2%
Circulation Revenue	2,009	2,118	2,144	537	568	5.7%
Total Income	9,610	10,630	12,652	2987	3537	18.4%
Newsprint	(4,075)	(3,279)	(3,838)	(832)	(1,184)	42.3%
Other Operating Expenditure	(4,062)	(3,922)	(4,783)	(1,019)	(1,350)	32.5%
Total Expenditure	(8,137)	(7,200)	(8,621)	(1,851)	(2,534)	36.9%
EBITDA	1,473	3,429	4,031	1136	1004	-11.7%
EBITDA Margin	15.3%	32.3%	31.9%	38.0%	28.4%	
Net Profit	476	1,828	2,585	717	611	-14.8%
Net Worth	2,360	6,361	8,610	7131	8799	
Secured Long Term Gross Loan	4,595	2,394	1,745	2300	1700	
Cash & Bank Balance	452	1,960	1,731	2093	1963	
Secured Working Capital Loan	817	573	337	430	234	
Total Secured Gross Debt	5412	2966	2082	2730	1935	
Net Block (Fixed)	6471	6475	7358	6515	7470	
ROCE	15%	31.9%	32.8%	35.6%	35.0%	
RONW	20%	28.7%	30.0%	36.2%	28.8%	



# 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**