

JAGRAN

Book Profit

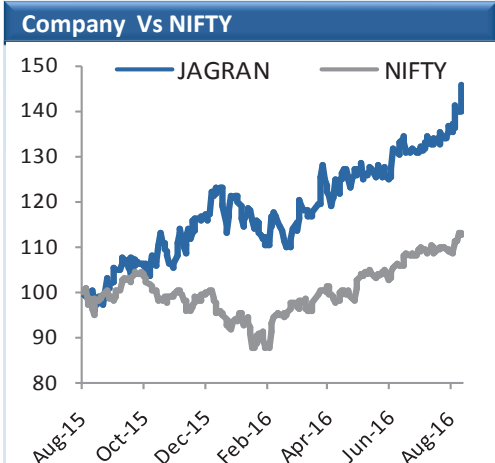
9th Sept. 2016

| Company Update | |
|-----------------------|-----|
| CMP | 207 |
| Target Price | 205 |
| Previous Target Price | 205 |
| Upside | -1% |
| Change from Previous | 0% |

| Market Data | |
|---------------------|---------|
| BSE Code | 532705 |
| NSE Symbol | JAGRAN |
| 52wk Range H/L | 213/127 |
| Mkt Capital (Rs Cr) | 6866 |
| Av. Volume(,000) | 121 |
| Nifty | 8953 |

| Stock Performance | | | |
|-------------------|------|------|------|
| | 1M | 3M | 12M |
| Absolute | 11.8 | 21.0 | 52.3 |
| Rel.to Nifty | 7.1 | 11.8 | 35.4 |

| Share Holding Pattern-% | | | |
|-------------------------|--------|--------|--------|
| | 1QFY17 | 4QFY16 | 3QFY16 |
| Promoters | 60.8 | 60.8 | 60.8 |
| Public | 39.2 | 39.2 | 39.2 |
| Others | -- | -- | -- |
| Total | 100.0 | 100.0 | 100.0 |



The company has reported consolidated numbers better than our expectation. Consolidated revenue grew by 17% YoY to Rs 558 cr led by growth in ad revenue of 21% YoY. Circulation revenue for this quarter grew by 6% YoY to Rs107 cr from Rs 100 cr. Jagran's radio business grew by 23% YoY in terms of sales and reported profit of Rs 7cr in 1QFY17. Jagran's management is confident on better growth going forward. According to management second half for the company will be much better than first half due to better monsoon, seventh pay commission payout and elections in UP. In this quarter, company's other publications and radio business has done nicely and expected to do much better going forwards. But at this price of Rs 205 we think that Jagran is fairly valued.

Recently, the company has achieved our recommended target of Rs 205. We had initiated our 'BUY' in Jagran at Rs141 on 6th Oct 2015. Now we are recommending to book profit in Jagran, as company is fairly valued at this price ,45% up from our initiating target.

1QFY17 result Update (Standalone)

Jagran's sales grew by 9% YoY to Rs 473 cr led by ad revenue growth of 9% YoY. Circulation revenue at Rs 100 cr in 1QFY17, up by 6.2% YoY from Rs 94.48 cr. EBITDA grew by 6% YoY to Rs 130cr. Gross margin for this quarter declined by 19 bps YoY to 65.7%. EBITDA margin declined by 72 bps YoY to 27.5% due to higher COGS(19 bps YoY) and Other expenses(83 bps YoY).PAT for this quarter grew by 5%YoY to Rs 74 cr.

JAGRAN's 1QFY17 result concall highlights

- The company has witnessed growth in radio business better than expectation. The company has revised its earlier growth guidance of 15% to 16-17% for FY17. This can further improve as new channels come into play.
- For radio business: All sector performed well except e-commerce. 20% improvement in inventory utilization in smaller towns for Radio City.
- MPCG market: Revenue growth is below than expectation. Expects Q2,Q3 and Q4 will be much better.
- Nai Duniya: Advertisement grew by 5% YoY for Nai Duniya. This quarter the company has reported profit as against the loss in 1QFY16. For Nai Duniya growth in circulation will continue going forwards.
- Current year management's focus will be on digital and radio business.
- Second half will be better than first half due to seventh pay commission pay out and good monsoon.
- Newsprint price will remain stable going forwards.
- Growth from Bihar is more than 11-12%.
- Capex: Radio: 26-27Cr for FY17 out of this already invested Rs6-7 cr in

| Financials | 2012 | 2013 | 2014 | 2015 | 2016 |
|------------|------|------|------|------|------|
| Sales | 1356 | 1522 | 1703 | 1770 | 2107 |
| EBITDA | 296 | 286 | 366 | 451 | 590 |
| Net Profit | 178 | 255 | 226 | 308 | 445 |
| EPS | 6 | 8 | 7 | 9 | 14 |
| ROE | 24% | 27% | 24% | 27% | 28% |

(Source: Company/Eastwind)