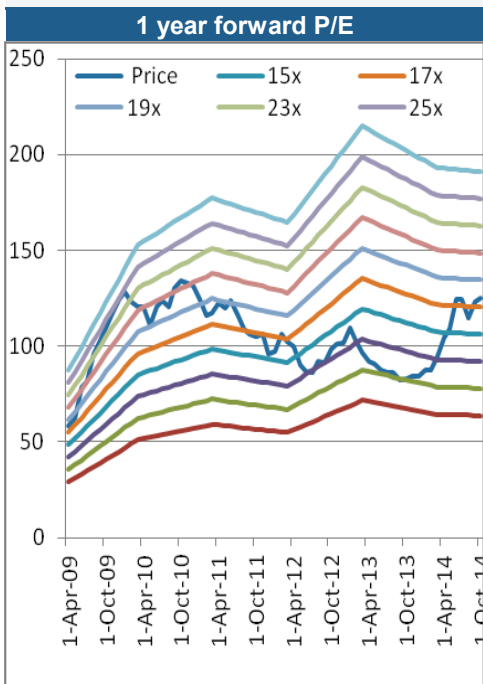


Result update	BUY
CMP	127
Target Price	143
Previous Target Price	-
Upside	13%
Change from Previous	-

Market Data	
BSE Code	532705
NSE Symbol	JAGRAN
52wk Range H/L	140/79
Mkt Capital (Rs Cr)	4202
Average Daily Volume	277000
Nifty	8169

Stock Performance	1M	1yr	YTD
Absolute	3.1	51.0	13.1
Rel. to Nift	0.5	19.7	6.3

Share Holding Pattern-%	Current	4QFY15	3QFY14
Promoters	62.59	62.59	61.6
FII	15.1	14.0	7.3
DII	9.45	9.08	5.32
Others	12.82	14.37	25.74



Result update(2QFY15):

The company has reported results inline to the street expectation. The company's overall revenue grew by 5% (yoy) to 436 cr led by better advertising and circulation revenue and PAT grew by 6% (yoy) to 57 cr led by decrease in other expenses respective to sales yoy. EBITDA margin improved by 215 bps (yoy) to 24.35% due to decline in other expenses yoy and PAT margin improved by 9 bps (yoy) to 12.97%. Its EBITDA grew by 16% (yoy) to 106 cr. Provision for depreciation has increased by 5.5 cr (yoy) to 25 cr. The company has reduced its long term debt by 23 cr in six months. The company has generated net cash of Rs.65 cr this quarter against net debt of Rs.132 cr six months ago.

Segment wise performance:

The company's advertising revenue grew by 8% (yoy) to 307 cr and its circulation revenue grew by 7% (yoy) to 96 cr. Most of the Ad revenue came from yield increase. Loss from other publication including Naidunia , Midday and I-next has reduce from 7cr (2QFY14) to 2 cr in this quarter due to improved per copy realization and robust advertisement revenue growth .

About the Company:

Jagran Prakashan is India's leading media and communications group with its interest in Print, OOH, Activations and Digital. It is amongst one of the largest media conglomerates in the country. It has nine newspaper titles in five different languages present across 15 states with over 100 editions.

Management Takeaways:

1. Management is expecting 11-12% advertisement growth in second half of FY15
2. Management is confident of achieving its operating profit target of 440cr in FY15.
3. The company may incur 55-60 cr capex in FY15E.
4. Management sees softening of raw material prices going forward.
5. According to management per copy realization is improving and will keep increasing going forward. Current per copy realization is Rs.2.36 paisa.
6. Midday has done exceptionally well. It has generated 3.2 cr of profit in 2QFY15.
7. Management is working upon improving efficiency and better cost management going forward.

View and Valuation:

Management's positive instance about the business and trend of decline in raw material prices makes us positive about this stock. Considering its long-term growth story with favorable earning scenario and strong position in key market, we are optimistic about the future of this stock. We maintain "BUY" view on the stock with the target price of Rs 143. At a CMP of Rs 127, stock trades at 13.4 x of FY16E EPS.

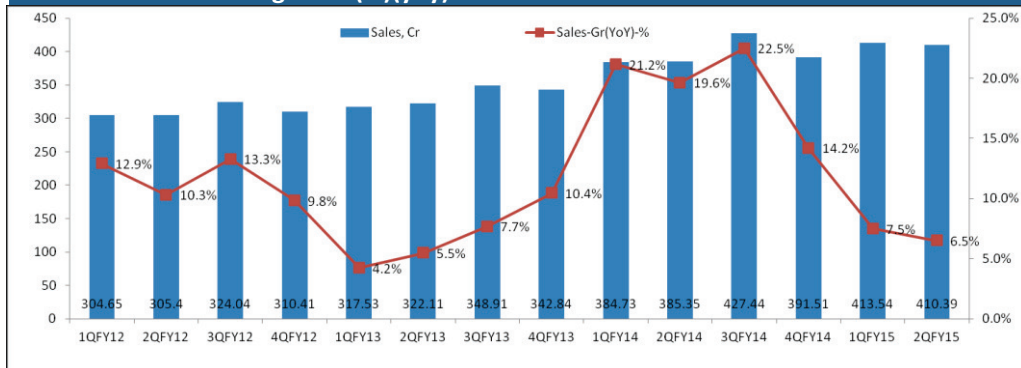
Financials

	2QFY15	1QFY15	(QoQ)-%	2QFY14	(YoY)-%
Revenue	436.27	440.3	-0.9%	413.73	5.4%
EBITDA	106.24	107.05	-1%	91.84	16%
PAT	56.6	55.16	3%	53.3	6%
EBITDA Margin	24.4%	24.3%	4 bps	22.2%	215 bps
PAT Margin	13.0%	12.5%	45 bps	12.88%	9 bps

(Source: Company/Eastwind)

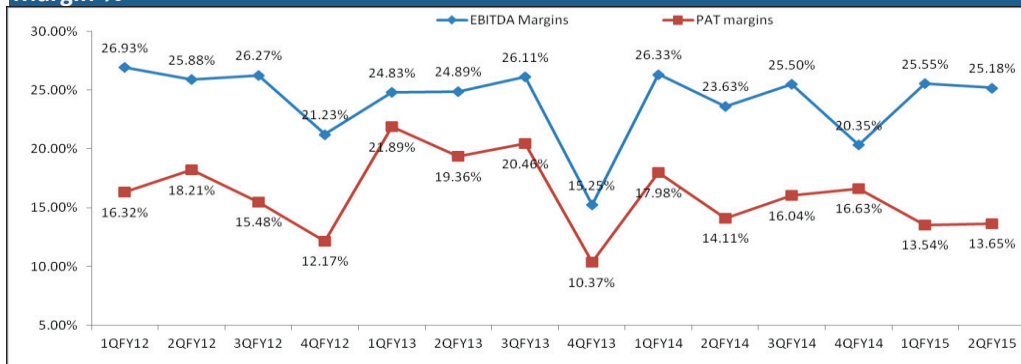
JAGRAN

Sales and Sales growth%(yoy)



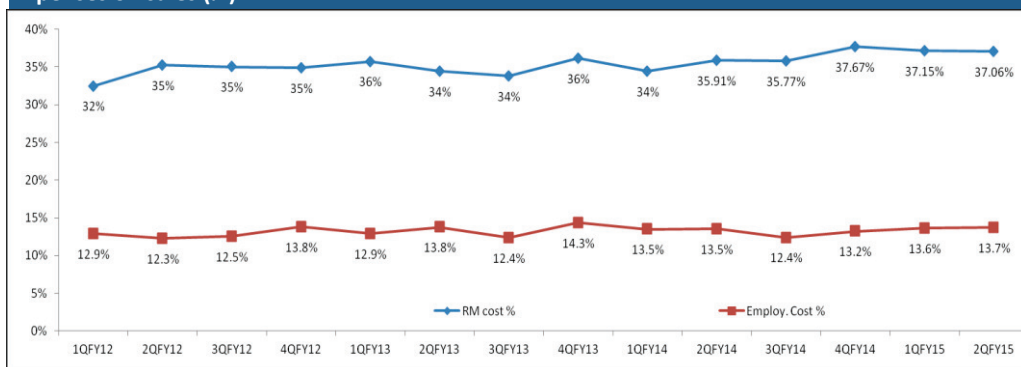
(Source: Company/Eastwind)

Margin-%



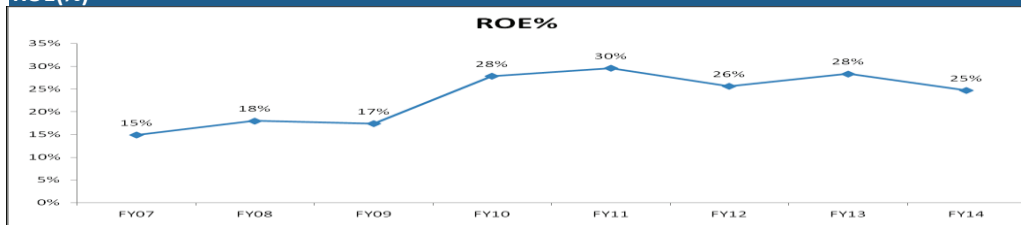
(Source: Company/Eastwind)

Expenses on sales (%)



(Source: Company/Eastwind)

ROE(%)



(Source: Company/Eastwind)

(Source: Company/Eastwind)

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Financials							
Rs,cr	FY10	FY11	FY12	FY13	FY14	FY15E	FY16E
Sales	942	1221	1356	1526	1703	1786	1979
RM Cost	296	386	461	544	609	648	693
WIP	0	0	0	0	0	0	0
Employee Cost	121	173	194	227	240	259	267
Other expenses	242	308	383	462	472	430	473
Total expenses	660	867	1039	1233	1320	1337	1432
EBITDA	282	354	317	292	383	448	546
Depreciation and Amortisation	51	65	71	126	79	108	109
Other Income	26	26	46	129	47	31	55
EBIT	232	289	246	167	304	340	437
Interest	7	9	16	31	35	33	31
PBT	251	306	276	265	316	338	462
Tax Exp	83	98	77	0	79	108	152
PAT	168	208	199	264	236	230	310
Growth-% (YoY)							
Sales	14%	30%	11%	13%	12%	5%	11%
EBITDA	71%	26%	-11%	-8%	31%	17%	22%
PAT	72%	24%	-4%	33%	-11%	-3%	35%
Expenses on Sales-%							
RM Cost	31%	32%	34%	36%	36%	36%	35%
Employee Cost	13%	14%	14%	15%	14%	15%	14%
Other expenses	26%	25%	28%	30%	28%	24%	24%
Tax rate	33%	32%	28%	0%	25%	32%	33%
Margin-%							
EBITDA	30%	29%	23%	19%	22%	25%	28%
EBIT	25%	24%	18%	11%	18%	19%	22%
PAT	18%	17%	15%	17%	14%	13%	16%
Valuation:							
CMP	100	124	109	96	87	127	127
No of Share	30.12	31.63	31.63	33.19	33.19	32.69	32.69
NW	612	702	752	932	962	1058	1214
EPS	5.57	6.58	6.29	7.96	7.12	7.03	9.47
BVPS	20.33	22.20	23.77	28.09	28.97	32.36	37.15
RoE-%	27.4%	29.6%	26.5%	28.3%	24.6%	21.7%	25.5%
P/BV	4.92	5.57	4.59	3.43	3.01	3.93	3.42
P/E	17.94	18.80	17.33	12.11	12.23	18.06	13.41

(Source: Company/Eastwind)