



**Positive Outlook!**

**31<sup>th</sup> May, 2017**

<b>Rating</b>	
<b>CMP</b>	<b>Rs 178</b>
<b>Target Price</b>	<b>Rs 212</b>
<b>Recommendation</b>	<b>ACCUMULATE</b>

**Stock Info**

<b>BSE Group</b>	B
<b>BSE Code</b>	532705
<b>NSE Symbol</b>	JAGRAN
<b>Bloomberg</b>	JAGP IN
<b>Reuters</b>	JAG.BO
<b>BSE Sensex</b>	31,159
<b>NSE Nifty</b>	9,625

**Market Info**

<b>Market Capital</b>	5,605 cr
<b>Equity Capital</b>	65 cr
<b>Avg. Trading Vol.</b>	2,09,690
<b>52 Wk High/ Low</b>	213/163
<b>Face Value</b>	2

<b>Shareholding Pattern (%)</b>	<b>(Dec' 16)</b>
<b>Promoters</b>	60.8
<b>Domestic Institutions</b>	11.9
<b>Foreign Institutions</b>	14.3
<b>Public &amp; Others</b>	13.0

**Price Chart:**



For the quarter ended March 2017, Jagran Prakashan Ltd. reported strong profitability with net profit growing by 25% YoY to Rs 76 cr though sequentially the net profit de-grew by 15%.

Total revenue for the company grew by 4% YoY to Rs 501 cr while sequentially the revenue de-grew by 7%. Advertisement revenue for the company grew by 5.2% YoY to Rs 389 cr while the circulation revenue grew by 3.8% YoY to Rs 106.2 cr. Digital Advertisement revenue for the company grew by 60% YoY to Rs 9.5 cr. Page views for the FY17 reached to 526.8 million while unique users reached 32 million.

Revenue from Dainik Jagran grew to Rs 374 cr reporting a growth of 3.8% YoY and de-grew by 6.7% sequentially. Margins from the publication contracted to 32.8% vs. 33.3% YoY. Revenue from Other Publications (Naidunia, I-Next, Punjabi Jagran, Josh Plus & Sakhi) came in at Rs 83.8 cr reporting a growth of 5.4% YoY and de-grew 6.9% sequentially with margins improving to 10.3% vs. 7.8% YoY.

EBITDA margin for the quarter augmented to 26.3% vs. 26% in corresponding quarter of previous year and 31.7% sequentially. This was on account of other expenses which increased to Rs 129.5 cr (27.7% of revenue) against Rs 117.8 cr (24% of revenue) on sequential basis. Interest expenses for the company have dropped to Rs 4 cr against Rs 12.8 cr YoY aiding the company report higher net profit margins which increased to 16.2% vs 13.7% YoY. Total comprehensive income for the company stood at Rs 73.51 cr.

**Valuations**

Media industry which thrives on discretionary spends was impacted by demonetization in this quarter too. However, the overall performance of the company could withstand this unusual economic condition and reported net profit growth of 25% inspite of low single digit growth in advertisement revenue and circulation revenues. At CMP of Rs 178 per share the stock is trading at P/E and P/BV multiple of 10.9(x) and 2.5(x) respectively of FY19E. We have valued the stock at P/E multiple of 13(x) to FY 19E and have arrived at fair value of Rs 212 per share. We have Accumulate rating for the stock.

**Financial Snapshot**

Particulars	2016	2017	2018E	2019E
Revenue from Operations	2107	2321	2633	2980
Operating Margin	28%	29%	29%	29%
Net Profit Margin	21%	17%	17%	17%
RoE	33%	23%	24%	24%
P/E	16.4	16.6	12.6	10.9



Standalone Quarterly Results					
Particulars	Q4 FY 17	Q4 FY 16	YoY	Q3 FY 17	QoQ
Total Revenue	467	442	6%	501	-7%
Cost of Materials Consumed	148	151		159	
Total Expenditure	348	330		345	
EBITDA	120	112	6%	155	-23%
EBITDA Margin	25.6%	25.4%		31.0%	
Depreciation	22	20		21	
Interest	4	12		5	
Other Income	12	9		8	
PBT	105	90		137	
Tax	29	29		48	
Net Profit	76	61	25%	89	-15%
PATM%	16.2%	13.7%		17.8%	
Major Business Performance					
Particulars	Q4 FY 17	Q4 FY 16	YoY	Q3 FY 17	QoQ
<b>Dainik Jagran</b>					
Revenue	374	360	4%	400	-7%
Profit	123	120	3%	152	-19%
Margin	33%	33%		38%	
<b>Other Publications</b>					
Revenue	84	80	5%	90	-7%
Profit	8.6	6.2	38%	12.0	-28%
Margin	10%	8%		13%	
<b>Digital</b>					
Revenue	9.5	5.9	60%	7.0	35%
Profit	-4.9	-3.5	42%	-4.1	20%
Margin	-52%	-58%		-58%	
<b>Outdoor &amp; Event</b>					
Revenue	32	22	45%	34	-5%
Profit	-0.4	-3.4	-87%	1.6	-127%
Margin	-1%	-15%		5%	



Income Statement				
Particulars	2016	2017E	2018E	2019E
Revenue from Operations	2107	2321	2633	2980
Cost of raw material consumed	629	708	816	924
Employee cost	320	348	390	447
Total Expenditure	1521	1659	1864	2116
Operating Profit	586	661	769	864
Depreciation	104	114	123	137
EBIT	481	548	646	728
Finance Costs	52	48	46	37
Other Income	38	42	42	48
PBT	467	542	641	739
Tax	139	154	192	222
PAT	328	388	449	517

Balance Sheet				
Particulars	2016	2017E	2018E	2019E
Share Capital	65	63	63	63
Shareholders Fund	1581	1732	1993	2280
Long term borrowings	254	240	270	210
Non-current Liability	355	345	380	348
Current Liability	635	657	714	723
<b>Total Liabilities</b>	<b>2571</b>	<b>2734</b>	<b>3087</b>	<b>3351</b>
Net Block	1323	1329	1326	1329
Non-current Investment	14	16	16	17
Total Non-current assets	1580	1611	1733	1753
Cash & Balance	49	59	94	111
Total Current Assets	991	1124	1354	1598
<b>Total Assets</b>	<b>2571</b>	<b>2734</b>	<b>3087</b>	<b>3351</b>

Cashflow Statement				
Particulars	2016	2017E	2018E	2019E
Profit Before Tax	467	542	641	739
Non-operating activities	148	162	170	173
Op. Profit before W.C changes	616	703	811	912
Changes In working Capital	-68	-76	-113	-132
Tax Paid	-146	-158	-197	-243
Cash From Operating Activities	518	469	501	538
Capex	-356	-133	-128	-150
Other Investing Activities	350	-13	-15	-15
Cash Flow from Investing Activities	-6	-146	-143	-165
Dividend & taxes	-137	-47	-189	-230
Other financing activities	-417	-315	-183	-175
Cash from Financing Activities	-554	-361	-371	-405
Net Cash Inflow / Outflow	-42	-39	-14	-32
Closing Cash	45	54	89	105

Ratios				
Particulars	2016	2017E	2018E	2019E
Revenue Growth	19%	10%	13%	13%
Operating Margin	28%	29%	29%	29%
Net Profit Growth	44%	18%	16%	15%
<b>Du-Pont Analysis</b>				
Net Profit Margin	21%	17%	17%	17%
Asset Turnover	0.9	0.9	0.9	0.9
Financial Leverage	1.8	1.6	1.6	1.5
RoE	33%	23%	24%	24%
Current Ratio	1.6	1.7	1.9	2.2
D/E	0.3	0.3	0.2	0.2
<b>Valuation</b>				
P/E	16.4	15.4	13.3	11.6
P/B	3.4	3.4	3.0	2.6
EV/EBITDA	10.0	9.7	8.2	7.2

Source: Ace Equity, Aриhant Research

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**Stock Rating Scale**

	<b>Absolute Return</b>
Buy	> 20%
Accumulate	12% to 20%
Hold	5% to 12%
Neutral	-5% to 5%
Reduce	< -5%

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