

BSE SENSEX

33,352

S&P CNX

10,243

CMP: INR159
TP: INR215 (+35%)
Buy


Stock Info

Bloomberg	JAGP IN
Equity Shares (m)	327
52-Week Range (INR)	209 / 156
1, 6, 12 Rel. Per (%)	2/-15/-31
M.Cap. (INR b)	56.7
M.Cap. (USD b)	0.9
Avg Val, INRm	44
Free float (%)	39.2

Financials Snapshot (INR b)

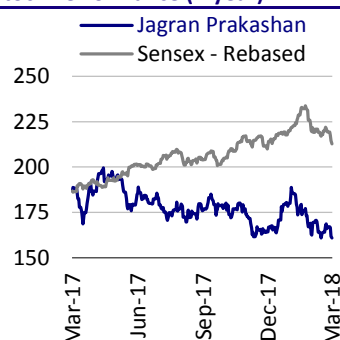
Y/E MARCH	FY18E	FY19E	FY20E
Net Sales	23.5	26.0	28.6
EBITDA	6.1	7.1	8.3
NP	3.2	4.1	5.0
EPS (INR)	10.4	13.1	16.0
EPS Gr (%)	-2.3	26.4	21.5
BV/Share (INR)	63.4	72.4	84.2
P/E (x)	15.5	12.2	10.1
P/BV (x)	2.5	2.2	1.9
EV/EBITDA (x)	7.3	5.8	4.5
RoE (%)	15.3	18.4	19.4
RoCE (%)	14.5	17.0	18.0

Shareholding pattern (%)

As On	Dec-17	Sep-17	Dec-16
Promoter	60.9	60.9	60.8
DII	15.3	14.0	12.4
FII	9.2	10.5	15.4
Others	14.6	14.6	11.5

FII Includes depository receipts

Stock Performance (1-year)



Revenue growth at the cusp of revival

Print business valued attractively at 11x FY19E EPS

- Ad revenue is likely to grow at a CAGR of 10% over FY18-20 (FICCI estimates vernacular print ad market growth of 8-9%), led by (a) revival in ad spends, (b) better monetization of IRS data, (c) favorable base, and (d) high ad spends in the run-up to the general elections.
- Increased circulation of Naidunia and other publications coupled with yield improvement should help garner 7% circulation revenue CAGR over FY18-20.
- MBL, the radio business, should post 16% revenue CAGR and 29% EBITDA CAGR over FY18-20, led by higher utilization and yield improvement.
- We expect 10% CAGR in consolidated revenue and 17% CAGR in consolidated EBITDA FY18-20, with the impact of GST/demonetization waning and a favorable base.
- Excluding MBL's current value, JAGP is trading at an EV/EBITDA of 6x (FY19E), and at 11x FY19E EPS. We value JAGP at 14x December 2019E EPS (~10% discount to 3-year average), arriving at a TP of INR215.

Growth levers lined up for resurgence in ad revenue

As the impact of GST-related hiccups is waning, print ad revenues are expected to grow at a healthy 10% CAGR over FY18-20, on the back of recovery in ad spends led by increased launches across the FMCG and auto space. JAGP should further gain due to its leadership in recent IRS ratings, which should help command higher ad rates. Besides, higher government and political ad spends in FY19 – pre-election year of 2019 general elections and low base bodes well.

Yield improvement to drive circulation revenue

Circulation revenue is likely to witness a soft 7% CAGR over FY18-20, driven by yield improvement and increase in *Naidunia* circulation copies contributing 2-3% to overall growth. However, increase in newsprint cost poses a threat. We believe JAGP is well positioned to absorb the increase in newsprint cost on (1) reduced share of imports, (2) lower pagination, and (3) 5-7% increase in price/copy.

Print – continues to garner increased eyeballs

IRS 2017 indicates a 40% surge in total readership (TR) to 385m; flat on an average readership (AIR) basis at 173m though. Readership of Hindi dailies registered a 45% increase to 176m, with *Dainik Jagran* leading the TR/AIR, with 70.3m/20.2m readership. Further, in UP (key HSP market), *Dainik Jagran* maintains leadership, with 39.8m/11.9m TR/AIR. This should support better ad yields in FY19.

Aliasgar Shakir – Research Analyst (Aliasgar.Shakir@MotilalOswal.com); +91 22 6129 1565

Hafeez Patel – Research Analyst (Hafeez.Patel@MotilalOswal.com); +91 22 6129 1568

Investors are advised to refer through important disclosures made at the last page of the Research Report.

Motilal Oswal research is available on www.motilaloswal.com/Institutional-Equities, Bloomberg, Thomson Reuters, Factset and S&P Capital.

Radio – a key growth catalyst

We expect MBL, JAGP's 70% subsidiary to grow faster at 16% CAGR over FY18-20, driven by (1) higher utilization at existing and new stations, led by revival in ad spends across sectors (including government), (2) yield improvement, and (3) low base (FY17). Besides, its unique asset-light business model should enable MBL to enjoy robust capital efficiency, with RoIC reaching 26% by FY20.

EBITDA to witness robust 17% CAGR over FY18-20

Structural reforms impacted performance in the last two years and FY19 seems to be the year of recovery. Healthy ad and robust radio revenues are expected to steer growth. We believe JAGP would witness 10%/17% revenue/EBITDA CAGR over FY18-20. Further, though rising newsprint cost could pose a hurdle to margin expansion, with JAGP's three-pronged controls, we expect margins to reach 29% by FY20.

Valuation and view

JAGP currently trades at 12.2x FY19E and 10.1x FY20E EPS, and at an EV of 5.8x FY19E and 4.5x FY20E EBITDA. Excluding MBL, the core print business trades at 10.7x FY19E and 8.9x FY20E EPS, and at an EV of 5.5x FY19E and 4.3x FY20E EBITDA. Factoring MBL's target value, the core print business is valued at just 10x FY19E EPS and an EV of 5x FY19E EBITDA. Thus, JAGP's healthy valuation is largely on the back of MBL, while print is still valued miserly. The company should continue to generate healthy FCF and RoIC of over 20% in FY19/20. If growth resumes in FY19, it should be a key trigger point in driving healthy valuations. We value JAGP at 14x December 2019 EPS (~10% discount to 3-year average), arriving at a TP of INR215.

Growth levers lined up for resurgence in ad revenue

Expect 10% CAGR over FY18-20

- As the impact of GST-related hiccups is waning, print ad revenues are expected to grow at a healthy 10% CAGR over FY18-20, on the back of recovery in ad spends led by increased launches across the FMCG and auto space.
- Monetization of IRS ratings should help command higher ad rates. Besides, higher government and political ad spending in the run-up to the 2019 general elections and low base bode well.

Ad revenue outlook to improve

In the last one year, the print ad market has been flat, weighed down by demonetization and GST rollout. The print industry is likely to grow at 5% in CY18 according to the Pitch Madison report, though Hindi publications should grow at higher single-digit rates. We believe JAGP should see 10% revenue growth in FY19 on the back of (a) recovery of GST-linked local ad spends, (b) steady growth in government and political advertisements, as the pre-election spending picks up, (c) better monetization of IRS ratings, and (d) lower revenue base.

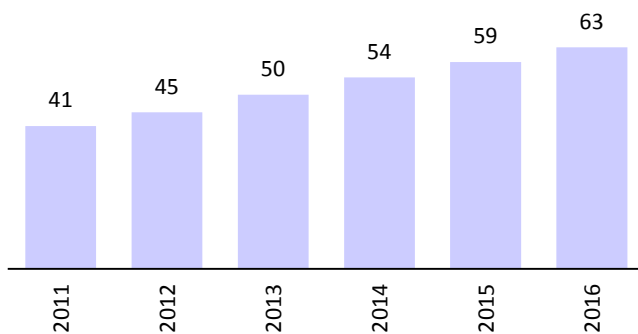
Growth levers lining up

- **Waning GST impact:** Our channel checks indicate that the impact of GST continues to wane, as local advertiser spending is improving gradually.
- **Election to boost government ad spend:** Additionally, government spending should increase in FY19, as the central government enters the final year of its five-year tenure. This was also evident in FY04 and 1HFY09, when ad growth picked up, driven by higher government spending (however, due to the subprime crisis, ad growth in 2HFY09 was subdued).
The Modi government is believed to have spent more than INR16.9b over the last three and half years on print advertisements ([Link](#)).
- **Monetizing IRS data:** The healthy IRS data should also help in getting better volumes. JAGP's leadership in IRS 2017's TR (total readership) as well as AIR (average issue readership) bodes well.

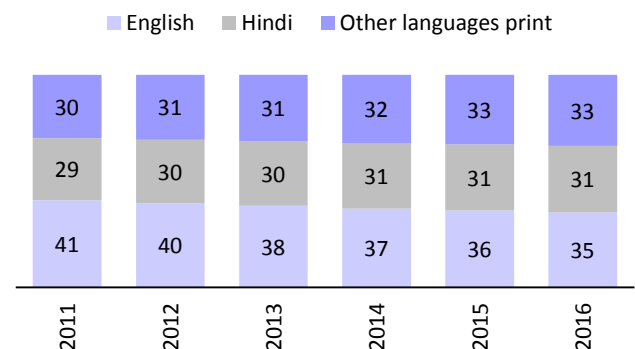
Hindi ad market – growing faster than other languages

The Hindi ad market, which forms ~1/3rd of the total print ad market, is expected to continue its historical growth trend of 8-9% CAGR, despite rising digital consumption (outpacing English). This can be attributed to (1) increased Hindi newspaper readership, and (2) lower vulnerability to digitization. IRS 2017 data indicates that the TR (during the last one month) for Hindi publications is growing fast – a 45% increase compared to IRS 2014.

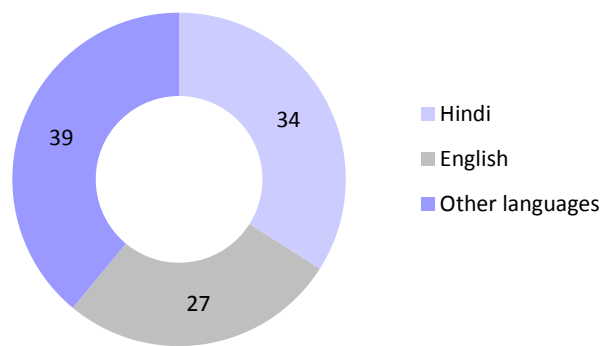
JAGP's leadership in key markets of UP and Bihar (according to IRS 2017) should further provide impetus to its ad revenues.

Exhibit 1: Hindi ad market has historically grown at 9% CAGR over CY11-16 (INR b)

Source: FICCI-KPMG 2017, MOSL

Exhibit 2: Hindi ad market forms ~1/3 of the total print ad market (%)

Source: FICCI-KPMG 2017, MOSL

Exhibit 3: Hindi publications constitute 1/3rd share of ad volumes in column cc (CY17, %)

Source: FICCI-EY 2018, MOSL

Jagran's ad market landscape

In Uttar Pradesh, Delhi/NCR and Bihar, which could have a cumulative Hindi print ad market of ~INR22b, JAGP's flagship daily, *Dainik Jagran* remains dominant. It commands 40-50% ad market share, contributing over 2/3rd of JAGP's ad revenues.

Apart from these key markets, the MPCG belt (~INR6-8b print ad market size) coupled with Punjab, Chandigarh and Haryana (~INR5-7b print ad market size) could act as a catalyst to the overall ad revenue growth.

■ Uttar Pradesh

In the recent IRS, *Dainik Jagran* garnered 12.1m AIR, holding the largest daily readership, 28% ahead of *Amra Ujala* and 23% ahead of *Hindustan*. UP being a dominant Hindi-speaking population, has an estimated print ad market size of ~INR15b. One of the oldest players in UP, with dominance in central, western and eastern UP, *Dainik Jagran* being the leader is estimated to have a lion's share of 40-45% of the print ad market.

■ Delhi/NCR (including Gurgaon) and Bihar

~20% of the estimated INR15b print ad market of Delhi/NCR region could be the Hindi market; *Dainik Jagran* would have about 50% share of the Hindi print ad market. Bihar print ad market size could be INR4b; *Dainik Jagran* should be amongst the top two players with ~40% market share. With *Prabhat* and now even *Dainik*

Bhaskar expanding reach, *Dainik Jagran* has been witnessing some market share pressure, particularly in Bihar.

Exhibit 4: Ad market landscape (INR b)

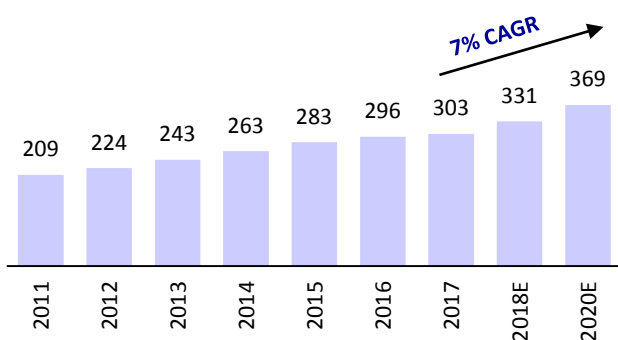
	Total	Dainik Jagran's share	
	(INR b)	(INR b)	(%)
Uttar Pradesh	15.0	6.8	40-45%
Delhi/NCR incl. Gurgaon	15.0		
--Hindi market @ ~20%	3.0	1.5	~50%
Bihar	4.0	1.8	~45%
MPCG	6.0-8.0	1.0	~15%
Chandigarh, Punjab, Haryana, HP (CPH)	5.0-7.0	2.0	30-35%

Source: MOSL, Industry estimates

Ad revenue to drive overall print growth

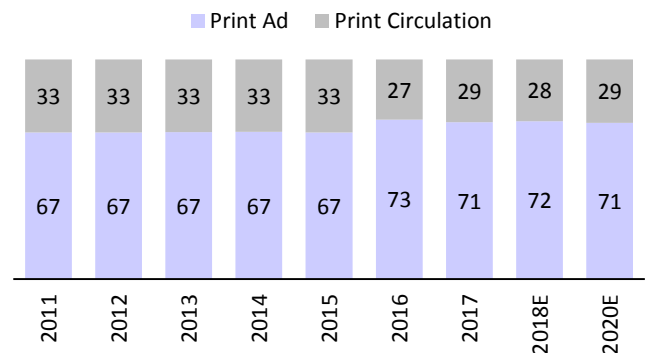
The print ad industry (2/3rd of the total print industry revenues) had grown at a soft 6% CAGR (lowest of the M&E pack) over CY11-16, with Hindi witnessing a 9% CAGR over the same period. The structural reforms further dampened ad revenues in CY17 – a meager 1% growth according to FICCI. With major headwinds behind, the overall print ad market is expected to register 7% CAGR over CY17-20 (as per FICCI) on the back of increased readership (9% increase in IRS 2017 compared to IRS 2014), despite rising digital content consumption, with vernacular print ad market, expected to grow at 8-9% CAGR over the same period.

Exhibit 5: Print industry expected to grow at 7% CAGR over CY17-20 (INR b)

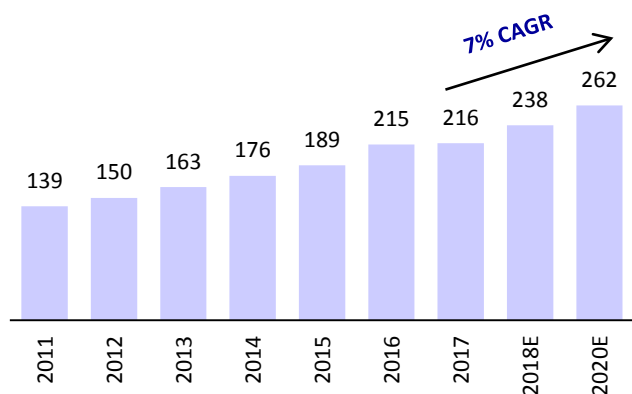


Source: FICCI-EY 2018, MOSL

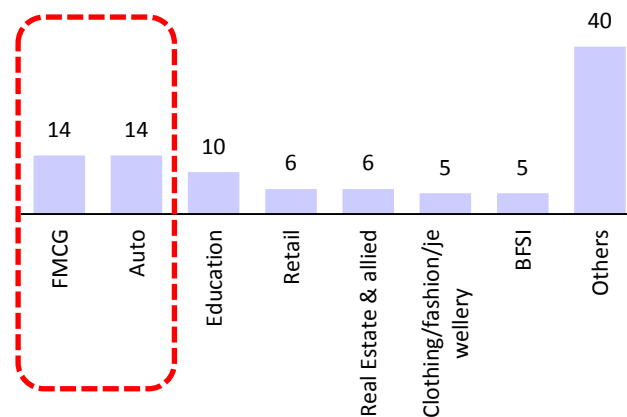
Exhibit 6: Ad revenues constitute more than 2/3 of total print industry revenue (%)



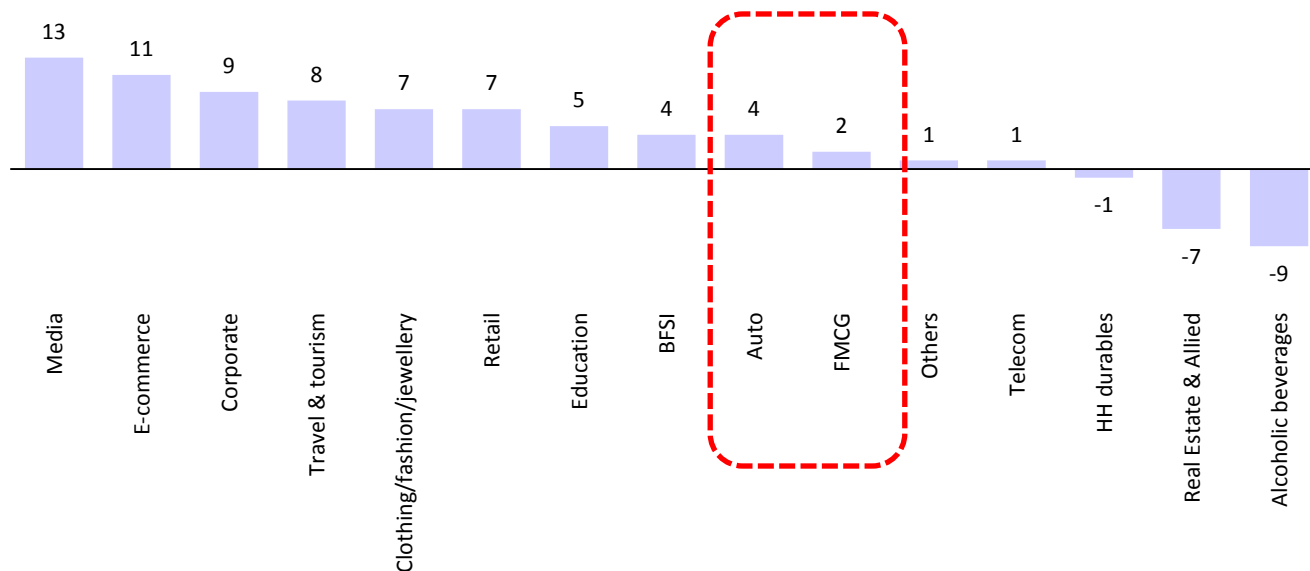
Source: FICCI-EY 2018, MOSL

Exhibit 7: Print ad industry expected to grow at 7% CAGR over CY17-20 (INR b)

Source: FICCI-EY 2018, MOSL

Exhibit 8: Sector-wise contribution to newspaper ads (2017, %)

Source: FICCI-EY 2018, MOSL

Exhibit 9: Change in sectorial ad spends 2017 v/s 2016 (%)

Source: FICCI-EY 2018, MOSL

Yield improvement to drive circulation revenue

Expect 7% CAGR over FY18-20

- Circulation revenue is likely to witness a soft 7% CAGR over FY18-20, driven by yield improvement and increase in Naidunia circulation copies contributing 2-3% to overall growth. However, increase in newsprint cost poses a threat.
- We believe JAGP is well positioned to absorb the increase in newsprint cost on (1) reduced share of imports, (2) lower pagination, and (3) increase in price/copy.

Yield improvement to drive circulation growth

Circulation revenues have been impacted due to the lower pricing by new peers, particularly in Bihar. We believe JAGP's circulation revenues should grow at 7% over FY18-20 on two counts: (a) management targets to gradually increase *Naidunia's* circulation from the current 600k copies by 12-15%, which should add 2-3% to its overall circulation, and (b) *Dainik Jagran's* realization at INR2.35/copy is 8-10% below peers in respective markets. JAGP might bring parity in pricing and take 10-15% premium in leadership markets. Further, average newsprint price increase of 8-10% in the last two quarters has compelled print companies to pass on cost inflation, supporting circulation price increase.

Revenue growth to cushion newsprint price increase

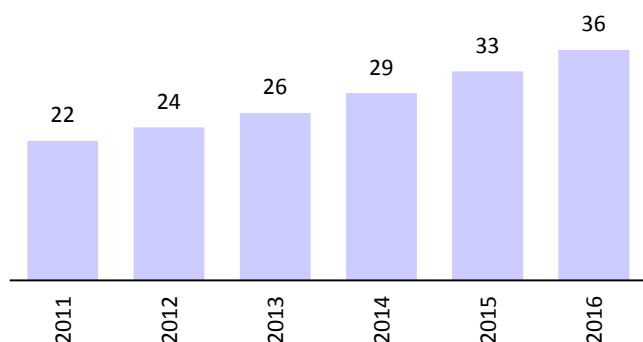
We expect print cost to increase 9-10% in FY19. Current newsprint price is about INR39k/tonne compared to JAGP's long-term fixed pricing of INR35k/tonne till March 2018. The management expects prices to go up further. This could have a 15-20% price impact. However, we believe this should get partly mitigated to an 8-9% increase, as the company may (a) reduce the share of imported newsprint (10-15% higher price) from 30% to about 20%, (b) reduce pagination by 1-2 pages (5%) from the current 22-23 pages and also tinker with the width, and (c) price/copy may also improve partially, as *Dainik Jagran* is priced about 10% below peers.

During the last nine months, newsprint prices have increased by ~3-5%, but JAGP's printing cost has largely remained flat in the last two quarters, as the company had entered into long-term pricing contracts until March 2018.

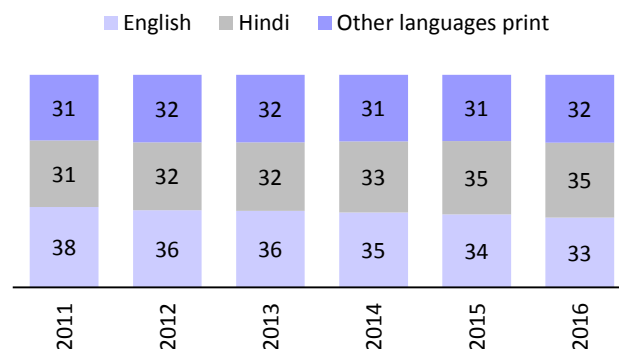
Circulation market analysis

Analogous to the Hindi ad market, the Hindi circulation market too constitutes ~1/3rd of the total print circulation market. However, Hindi newspapers dominate the overall circulation copies, with 51% share.

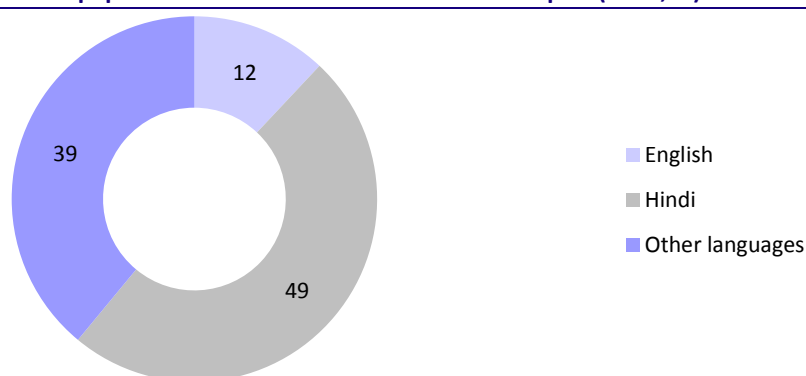
- UP remains the largest print circulation market, with about 6.5m copies. *Dainik Jagran* is estimated to have a circulation of 2.6m copies, a 40% share, with peers garnering 1.8-2m copies.
- Delhi/NCR (Hindi language) region could be a 2m-2.2m market, with *Dainik Jagran* holding 600k copies being the 2nd largest player, 200-300k below the leader.
- Bihar is estimated to have 2.5m-3m circulation copies. *Dainik Jagran* is number-2 with 700k-800k copies, behind the leader (~1m copies).

Exhibit 10: Hindi circulation market has historically grown at 11% CAGR over CY11-16 (INR b)

Source: FICCI-KPMG 2017, MOSL

Exhibit 11: Hindi circulation market forms ~1/3 of the total print circulation market (%)

Source: FICCI-KPMG 2017, MOSL

Exhibit 12: Hindi newspapers form half of the total circulation copies (CY17, %)

Source: FICCI-EY 2018, MOSL

Exhibit 13: Circulation copies market landscape ('000)

	Total ('000)	Dainik Jagran's share	
		('000)	(%)
Uttar Pradesh	6,200-6,500	~2,600	40-45%
Delhi/NCR incl. Gurgaon			
--Hindi market	2,000-2,200	~600	25-30%
Bihar	2,500-3,000	700-800	30-35%
MPCG	2,500	400-600	15-20%
Chandigarh, Punjab, Haryana, HP (CPH)	1,500	~500	30-35%

Source: MOSL, Industry estimates

Print – not a sunset industry yet

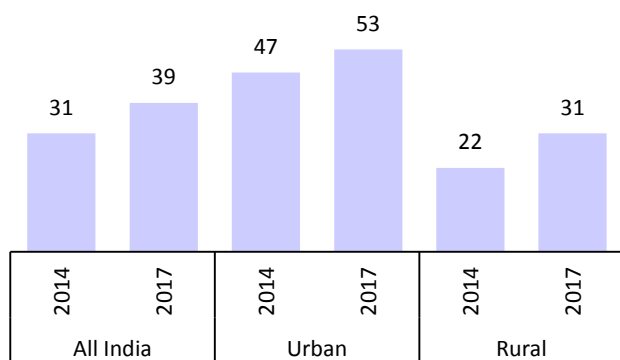
IRS data a testimony

- IRS 2017 indicates a 40% surge in total readership (TR) of dailies to 385m; flat on an average readership (AIR) basis at 173m though.
- Readership of Hindi dailies registered a 45% increase to 176m, with Dainik Jagran leading the TR/AIR, with 70.3m/20.2m readership.
- Further, in UP (key HSP market), Dainik Jagran maintains leadership, with 39.8m/11.9m TR/AIR.

Print media not a sunset industry yet

- The recent IRS results indicate that the dailies' readership has grown 40% to 385m (individuals aged 12+ years); for the Hindi category, readership has grown 45% to ~176m, albeit on "one month readership" basis (person reading the newspaper at least once in the last one month).
- On "yesterday" basis (only counting the person reading the newspaper one day prior or yesterday), the readership has remained flat at ~173m. This too, we believe, is a healthy number, given the evolution of the digital medium.

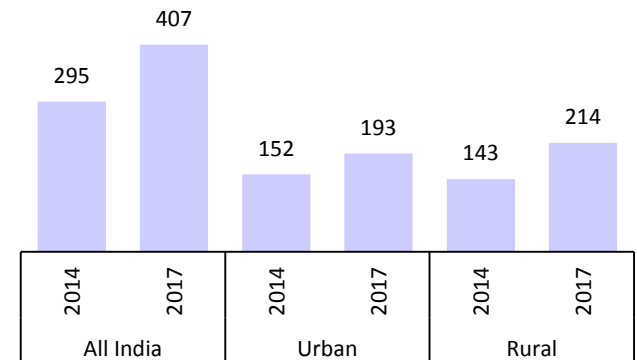
Exhibit 14: Increased penetration of dailies in 2017 (v/s 2014, %)



Read in last 1 month

Source: IRS 2017, MOSL

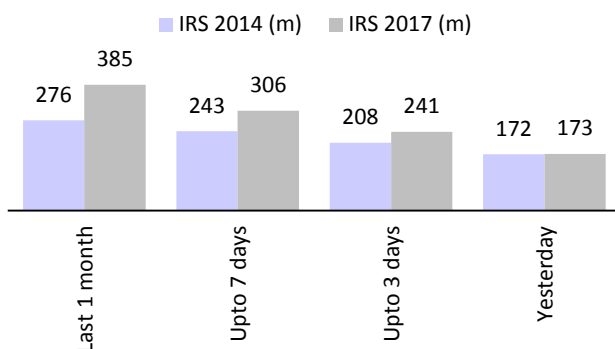
Exhibit 15: Total readers increased by ~110m in 2017 (v/s 2014, m)...



Read in last 1 month

Source: IRS 2017, MOSL

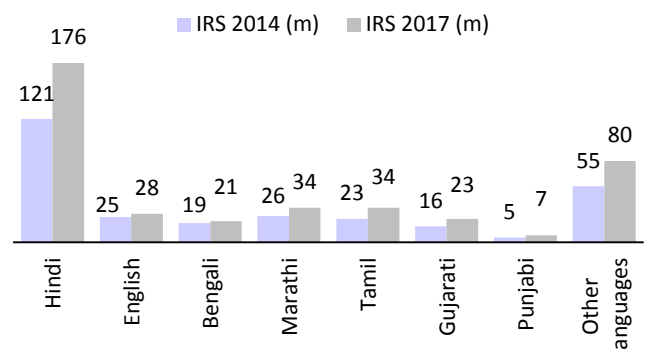
Exhibit 16: ...'yesterday' readership flat, though



Read in last 1 month (12+ years)

Source: IRS 2017, MOSL

Exhibit 17: Hindi readership has grown 45% to 176m



Read in last 1 month (12+ years)

Source: IRS 2017, MOSL

Dainik Jagran leads in Hindi print readership

On “yesterday” basis, termed as average issue readership (AIR), *Dainik Jagran* leads with 20.2m readership, about 14%/45% ahead of *Hindustan*/*Dainik Bhaskar*, the two Hindi peer publications. *Dainik Jagran*’s urban readership stands at 9.2m (45% of its total yesterday readership) – still number-1, though just 2% ahead of the urban-centric *Dainik Bhaskar* (61% of its yesterday readership), while 19% ahead of *Hindustan* (43% of its total yesterday readership).

Exhibit 18: Dainik Jagran leads TR Hindi readership (2017, 000’s)

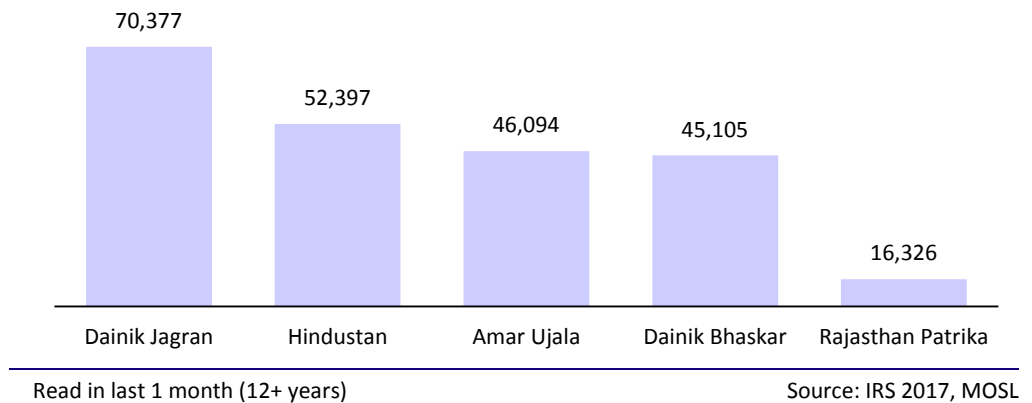


Exhibit 19: Though Punjabi Jagran TR has been miniscule...(2017, 000's)

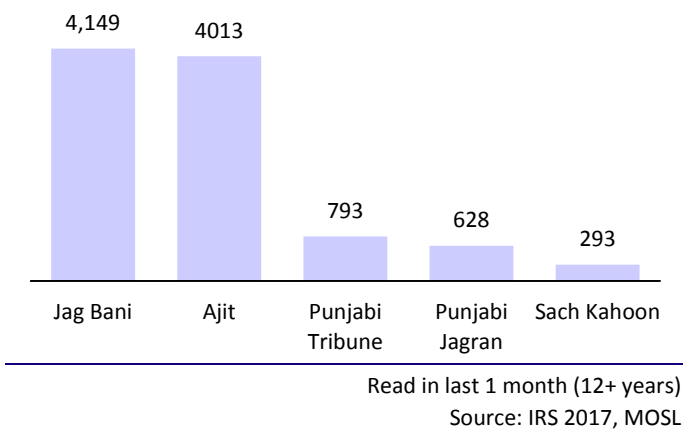
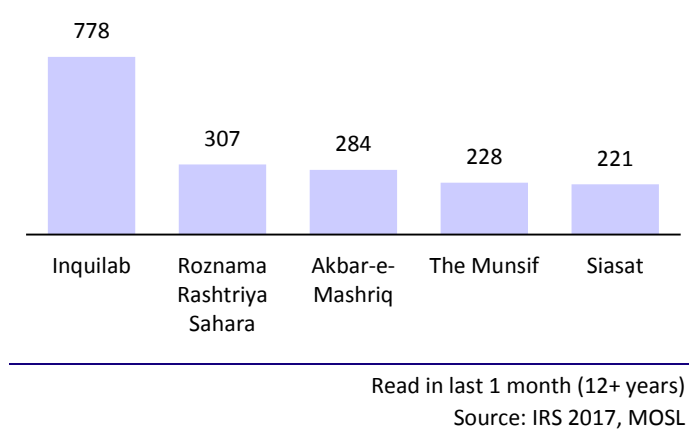
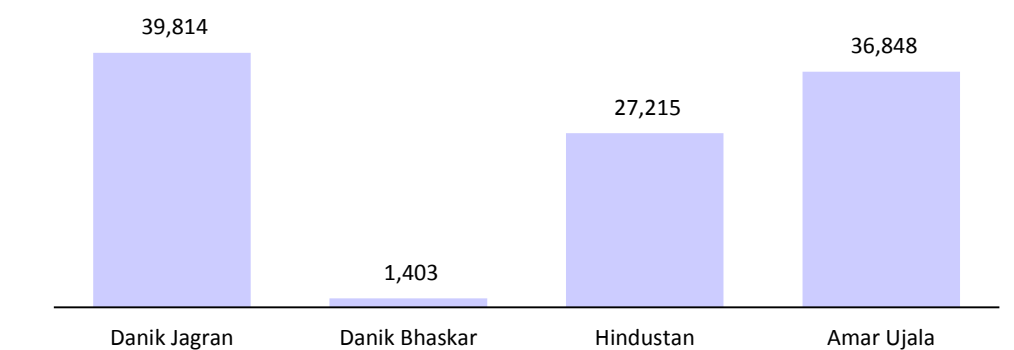


Exhibit 20: .. Inquilab leads the TR Urdu pack (2017, 000's)

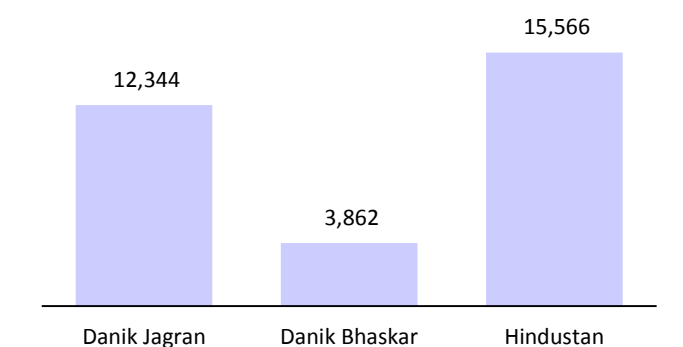


Remains dominant in UP

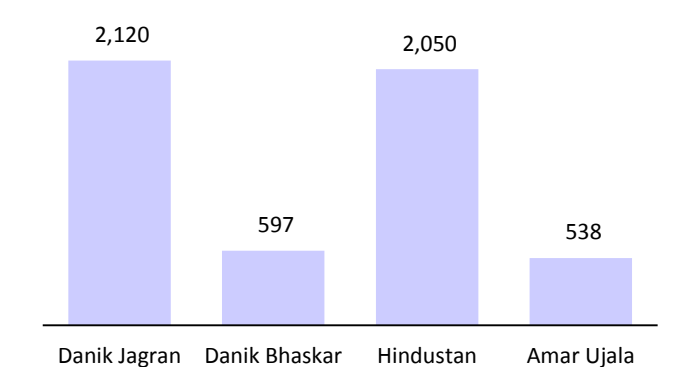
In UP, *Dainik Jagran* has 11.9m AIR, 23% higher than the second player, *Hindustan*, and 35% higher than the third player, *Amar Ujala*. *Dainik Jagran* has leadership in 12 of the top 15 cities in UP. In Bihar, it is the second-largest player, with 3.5m AIR and 32% urban readership against leader, *Hindustan*’s 26% urban readership. *Dainik Bhaskar*, the latest entrant, has 47% urban readership, with 1.3m AIR.

Exhibit 21: Dainik Jagran leader in UP (TR 2017, 000's)

Source: IRS 2017, MOSL, Company

Exhibit 22: Dainik Jagran stands 2nd in Bihar (TR 2017, 000's)

Source: IRS 2017, MOSL, Company

Exhibit 23: Dainik Jagran tops in Delhi UA (TR 2017, 000's)

Source: IRS 2017, MOSL, Company

Radio – a key growth catalyst

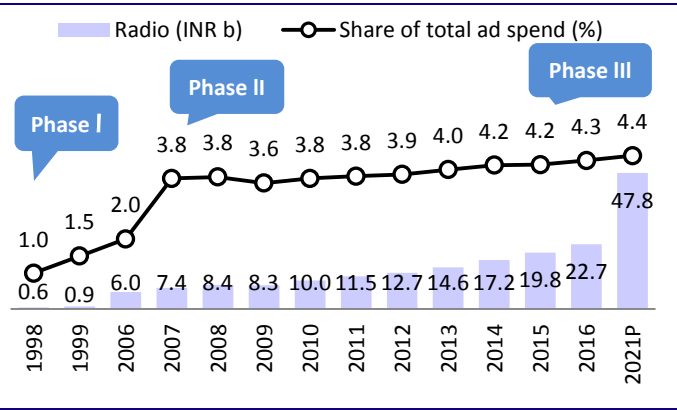
Expect 16% revenue CAGR over FY18-20

- We expect MBL, JAGP's 70% subsidiary to grow faster at 16% CAGR over FY18-20, driven by (1) higher utilization at existing and new stations, led by revival in ad spends across sectors (including government), (2) yield improvement, and (3) low base.
- Besides, its unique asset-light business model should enable MBL to enjoy robust capital efficiency, with RoIC reaching 26% by FY20.

JAGP's subsidiary, Music Broadcast Limited (MBL) has completed its heavy lifting in terms of phase-III capex and is on the verge of turning profitable its 11 newly launched stations of the total 39 stations. We expect MBL's revenue to grow at 16% and EBITDA to grow at 29% over FY18-20.

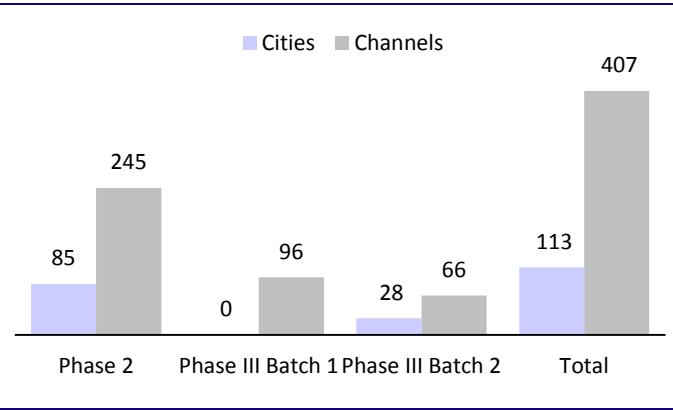
- **Wide reach:** MBL operates 39 radio stations (28 legacy and 11 new), with presence across 12 of the top 15 cities, covering 60% of the population having access to FM radio. This acts as a catalyst to deepen JAGP's penetration.
- **In asset monetization mode:** Post the renewal of existing 28 licenses and acquisition of 11 new stations, the incremental capex that needs to be incurred is miniscule. We expect RoIC to jump to 26% in FY20 (from 13% in FY17).
- **Legacy stations to continue contributing a lion's share of earnings:** During 9MFY18, the 28 old legacy stations contributed 94% of the revenue and entire EBITDA, as the new stations remained loss making. The 11 new stations are expected to turn profitable in FY19 and contribute revenue/EBITDA of 9%/6%, recording EBITDA of INR96m in FY20 against an estimated loss of INR38m in FY18. On the other hand, the old legacy stations standing at 70% capacity utilization are in a sweet spot to garner steady revenue/EBITDA CAGR of 16%/29% over FY18-20.
- **Scouting for acquisitions:** As the lock-in period for phase-III licenses expires in March 2018, MBL should be able to find good inorganic growth opportunities. Leveraging its brand and INR1.5b cash in hand, the management expects to foray into the untapped markets of Kolkata, Gwalior, Indore, Bhopal, Kerala and Kochin; MBL already has sales alliances in Kolkata and Gwalior. Given large peer's limited appetite for acquisitions due to the heavy investments in the two rounds of auctions, and high revenue potential from small radio players, we see acquisitions as a strong growth opportunity.
- **Phase-III expansion to improve radio reach:** Radio penetration is limited in India. However, after the auction of all ~800 phase-III channels, its reach should touch ~60%. As reach increases, the wide ad cost gap between other media and radio (~1/10th of TV and ~1/3rd of print) will shrink fast.

Exhibit 24: Strong growth expected with addition of new licenses



Source: FICCI-KPMG 2017, MOSL

Exhibit 25: Phase-III – total number of channels increased by two thirds



Source: FICCI-KPMG 2017, MOSL

EBITDA to witness robust 17% CAGR over FY18-20...

...led by healthy ad and robust radio revenue

- Structural reforms impacted performance in the last two years and FY19 seems to be the year of recovery. Healthy ad and robust radio revenues should steer growth.
- We believe JAGP would witness 10%/17% revenue/EBITDA CAGR over FY18-20. Further, though rising newsprint cost could pose a hurdle to margin expansion, with JAGP's three-pronged controls, we expect margins to reach 29% by FY20.

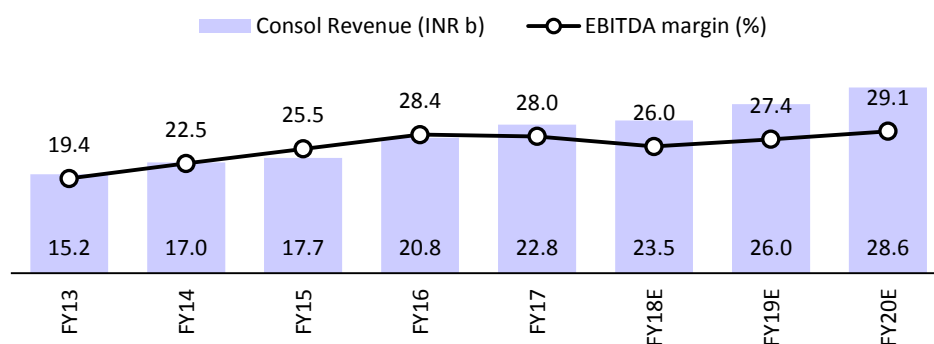
FY19 – year of recovery! Expect 17% EBITDA CAGR over FY18-20

The last two years witnessed steep impact of demonetization and GST, which severely constrained local advertisement, particularly by real estate, education, and local retail among others. Further, unlike TV, wherein ~75% of the revenue comes from 3-4 key sectors (particularly FMCG), which recovered faster from GST issues, print revenues are more diversified across sectors that saw prolonged GST issues, thus lagging in recovery.

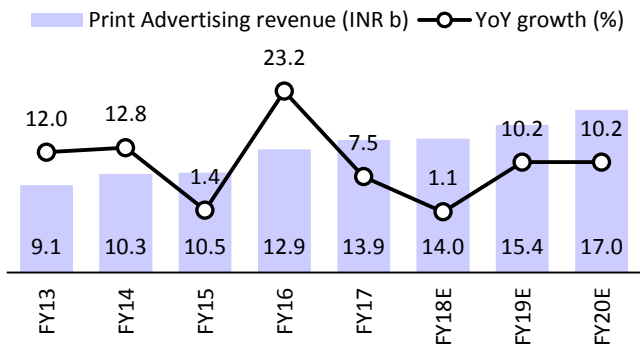
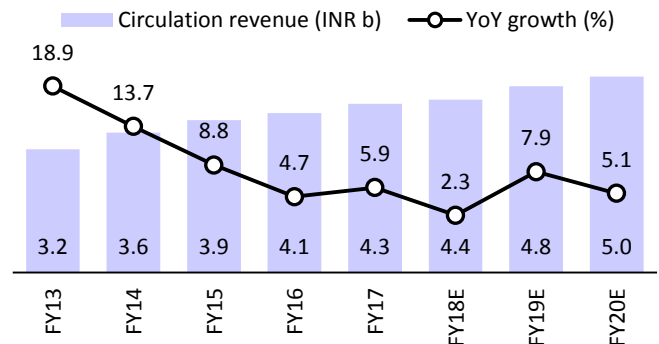
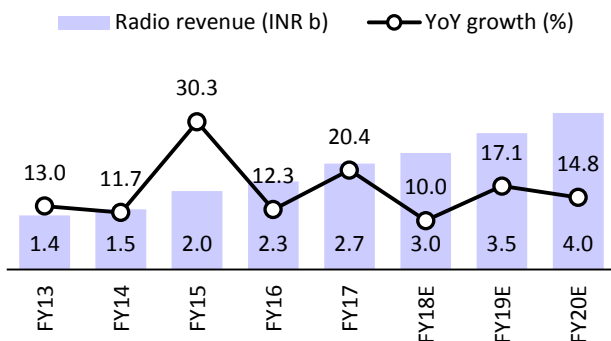
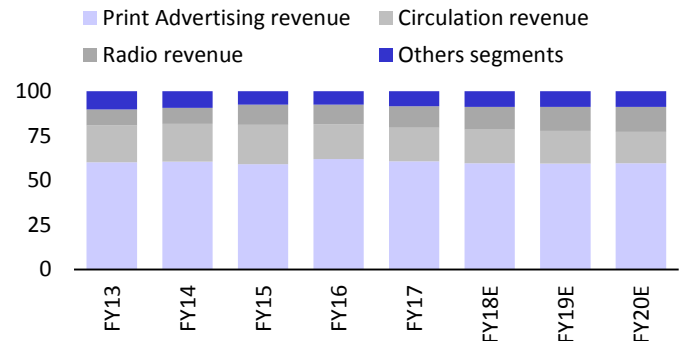
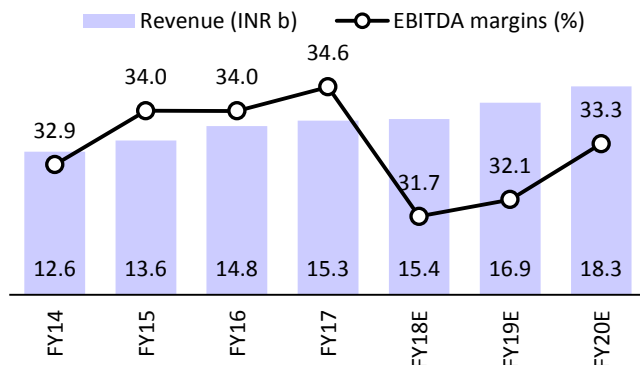
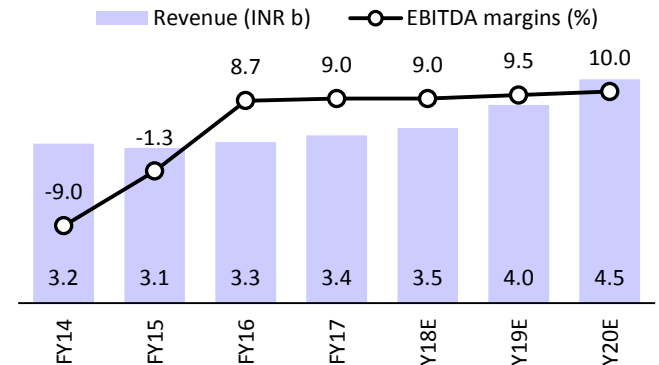
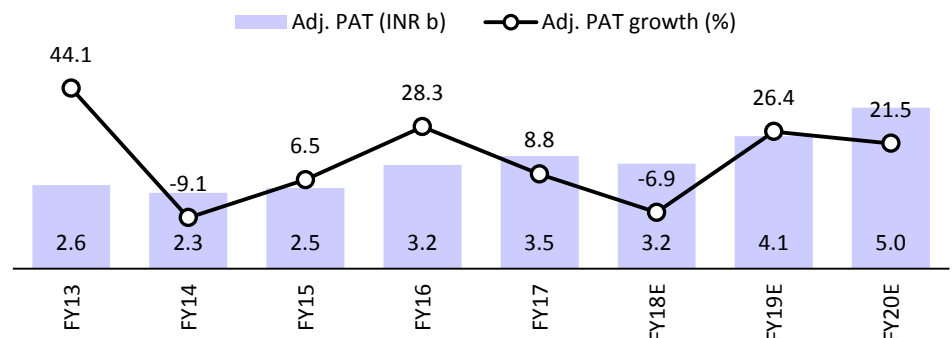
We expect 11%/10% revenue growth in FY19/20, as both ad and circulation segment should recover, with 10% and 8% growth, respectively. With the complete launch of phase-III channels, radio should grow by 17%. EBITDA should grow 17% on the back of margin recovery from the current low of 26%, despite the increase in newsprint prices. We expect EBITDA margin in FY19 to improve 140bp to 27.4%, factoring 9% increase in print cost. PAT should grow 26% in FY19 and 22% in FY20, as both depreciation and interest cost should remain flat.

Segment-wise, we expect *Dainik Jagran* to witness 9%/ 12% revenue/EBITDA CAGR over FY18-20, led by revival in ad spending across key markets and yield improvement (monetization of IRS data). Under other publications segment, increase in circulation of *Naidunia* and *Mid-Day* should help garner higher ad and circulation revenues. We expect 13%/ 19% revenue/EBITDA CAGR over the same period.

Exhibit 26: Consolidated revenue to grow at 10% CAGR over FY18-20



Source: MOSL, Company

Exhibit 27: Print ad revenue to grow at 10% CAGR over FY18-20**Exhibit 28: Circulation revenue to grow at 10% CAGR over FY18-20****Exhibit 29: Radio revenue to grow at 16% CAGR over FY18-20****Exhibit 30: Consolidated revenue mix (%)****Exhibit 31: Dainik Jagran business EBITDA margins to revive****Exhibit 32: Other publication business revenue to grow at 13% CAGR over FY18-20****Exhibit 33: Adjusted PAT to grow at 24% CAGR over FY18-20**

Source: MOSL, Company

Valuation and view

Maintain Buy with a target price of INR215

- With growth revival in FY19 and steady FCF generation, the stock offers healthy upside. Besides, excluding the upside from radio business, valuations are alluring.
- We value JAGP at 14x December 2019E EPS (~10% discount to 3-year average), arriving at a TP of INR215.

Excluding radio business, valuations alluring

JAGP currently trades at 12.2x FY19E and 10.1x FY20E EPS, and at an EV of 5.8x FY19E and 4.5x FY20E EBITDA. Excluding MBL, the core print business trades at 10.7x FY19E and 8.9x FY20E EPS, and at an EV of 5.5x FY19E and 4.3x FY20E EBITDA. Factoring MBL's target value, the core print business is valued at just 10x FY19E EPS and an EV of 5x FY19E EBITDA. Thus, JAGP's healthy valuation is largely on the back of MBL, while print is still valued miserly.

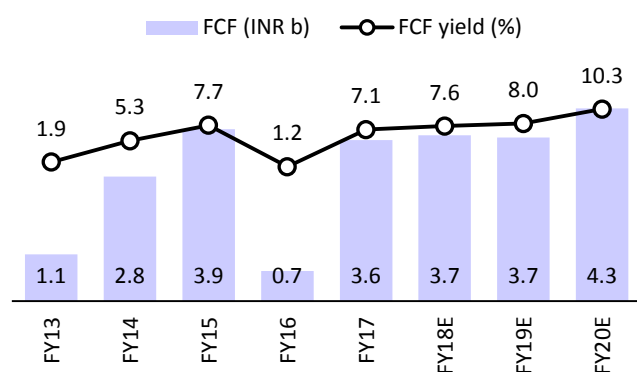
The company should continue to generate healthy FCF and RoIC of over 20% in FY19/20. If growth resumes in FY19, it should be a key trigger point in driving healthy valuations. We value JAGP at 14x December 2019E EPS (~10% discount to 3-year average), arriving at a TP of INR215.

Exhibit 34: Valuation based on December 2019E EPS

Valuation	Dec-19E
EPS (INR)	15
PE multiple (x)	14
Target Price (INR)	215
CMP (INR)	159
Upside (%)	35%

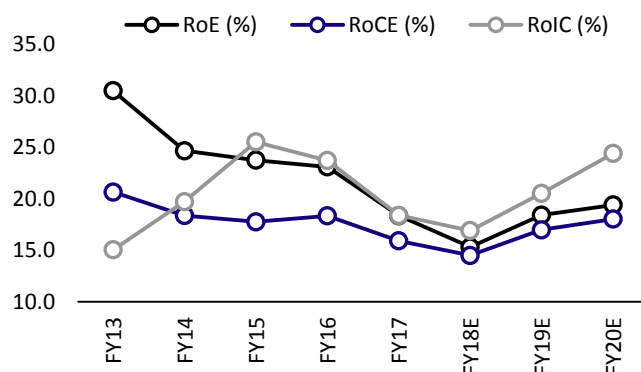
Source: MOSL, Company

Exhibit 35: FCF yield to touch new high

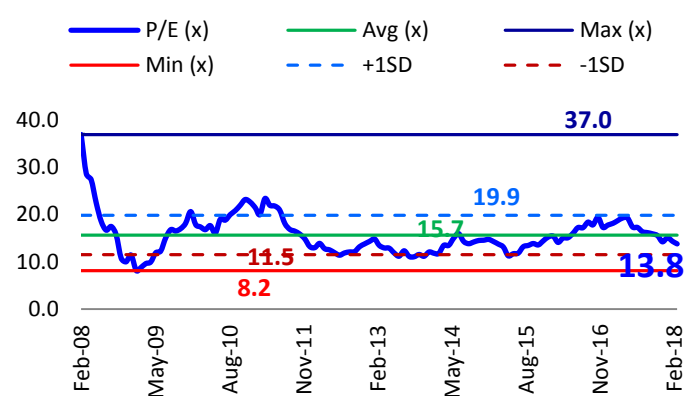


Source: MOSL, Company

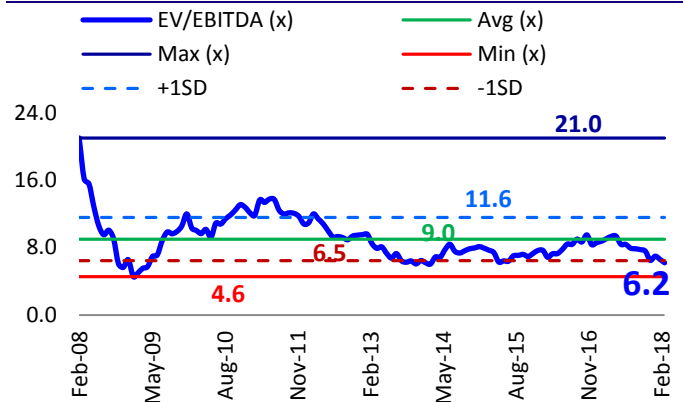
Exhibit 36: RoE to reach 19% by FY20



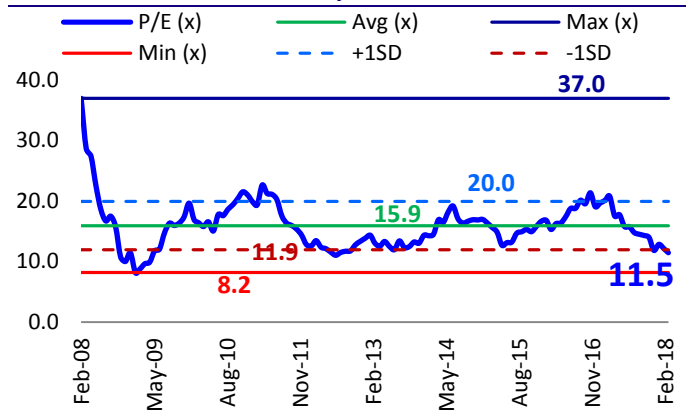
Source: MOSL, Company

Exhibit 37: JAGP: 1-year forward P/E

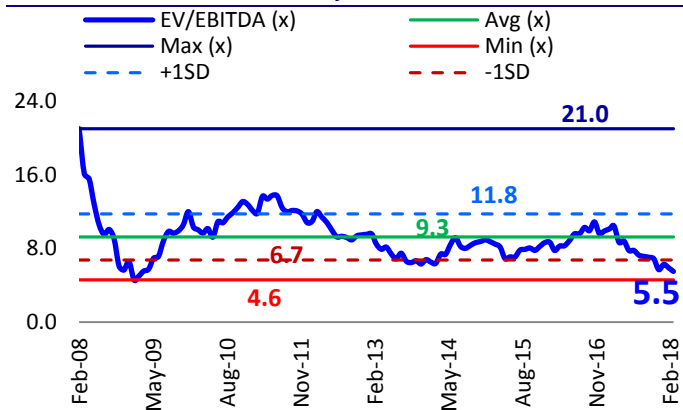
Source: Bloomberg, MOSL

Exhibit 38: JAGP: 1-year forward EV/EBITDA

Source: Bloomberg, MOSL

Exhibit 39: JAGP – ex MBL: 1-year forward P/E

Source: Bloomberg, MOSL

Exhibit 40: JAGP – ex MBL: 1-year forward EV/EBITDA

Source: Bloomberg, MOSL

Financials and Valuation

Consolidated - Income Statement						(INR Million)		
Y/E March	FY13	FY14	FY15	FY16	FY17	FY18E	FY19E	FY20E
Total Income from Operations	15,218	17,027	17,698	20,792	22,829	23,485	25,985	28,550
Change (%)	12.3	11.9	3.9	17.5	9.8	2.9	10.6	9.9
Printing costs	5,437	6,088	6,255	6,287	6,525	6,938	7,590	8,080
Employees Cost	2,274	2,396	2,634	3,227	3,740	3,974	4,331	4,721
Other Expenses	4,554	4,718	4,303	5,374	6,170	6,478	6,931	7,449
Total Expenditure	12,265	13,202	13,192	14,887	16,434	17,389	18,853	20,250
% of Sales	80.6	77.5	74.5	71.6	72.0	74.0	72.6	70.9
EBITDA	2,953	3,826	4,506	5,905	6,395	6,096	7,132	8,300
Margin (%)	19.4	22.5	25.5	28.4	28.0	26.0	27.4	29.1
Depreciation	1,255	789	1,035	1,219	1,289	1,340	1,440	1,541
EBIT	1,698	3,037	3,470	4,686	5,107	4,756	5,692	6,759
Int. and Finance Charges	307	345	369	545	350	301	308	308
Other Income	1,190	466	279	499	412	484	719	965
PBT bef. EO Exp.	2,581	3,158	3,380	4,639	5,168	4,939	6,103	7,416
EO Items	-28	-101	803	440	0	0	0	0
PBT after EO Exp.	2,552	3,057	4,183	5,079	5,168	4,939	6,103	7,416
Total Tax	5	795	1,102	1,572	1,675	1,630	2,014	2,447
Tax Rate (%)	0.2	26.0	26.3	30.9	32.4	33.0	33.0	33.0
Minority Interest	6	1	1	10	17	73	0	0
Reported PAT	2,542	2,261	3,080	3,497	3,476	3,236	4,089	4,969
Adjusted PAT	2,570	2,336	2,488	3,194	3,476	3,236	4,089	4,969
Change (%)	44.1	-9.1	6.5	28.3	8.8	-6.9	26.4	21.5
Margin (%)	16.9	13.7	14.1	15.4	15.2	13.8	15.7	17.4

Consolidated - Balance Sheet						(INR Million)		
Y/E March	FY13	FY14	FY15	FY16	FY17	FY18E	FY19E	FY20E
Equity Share Capital	633	623	635	654	654	623	623	623
Total Reserves	8,691	8,990	10,704	15,656	20,895	20,093	23,061	26,908
Net Worth	9,324	9,612	11,339	16,309	21,549	20,715	23,683	27,531
Minority Interest	11	9	10	334	2,363	2,436	2,436	2,436
Total Loans	4,623	4,658	5,479	5,913	3,084	3,084	3,084	3,084
Deferred Tax Liabilities	711	854	725	1,449	1,701	1,701	1,701	1,701
Capital Employed	14,669	15,133	17,553	24,005	28,698	27,937	30,905	34,753
Gross Block	10,277	11,232	11,789	12,038	14,020	14,959	15,999	17,141
Less: Accum. Deprn.	4,034	4,823	5,858	1,192	2,478	3,818	5,258	6,799
Net Fixed Assets	6,242	6,409	5,931	10,846	11,542	11,141	10,741	10,342
Goodwill on Consolidation	2,510	2,323	2,323	3,377	3,377	3,377	3,377	3,377
Capital WIP	316	316	200	1,450	759	759	759	759
Total Investments	2,225	3,316	3,570	3,625	5,346	5,347	5,347	5,347
Curr. Assets, Loans&Adv.	6,726	6,888	10,524	7,343	11,092	10,596	14,300	18,891
Inventory	833	999	929	669	935	667	728	763
Account Receivables	3,190	3,426	3,636	4,480	5,158	5,147	5,695	6,258
Cash and Bank Balance	522	325	4,931	502	3,492	3,264	6,240	10,114
Loans and Advances	2,181	2,138	1,029	1,693	1,508	1,518	1,637	1,756
Curr. Liability & Prov.	3,350	4,119	4,995	2,636	3,419	3,283	3,619	3,963
Net Current Assets	3,376	2,769	5,529	4,707	7,673	7,313	10,682	14,928
Appl. of Funds	14,669	15,133	17,553	24,005	28,698	27,937	30,905	34,753

E: MOSL Estimates

Financials and Valuation

Ratios

Y/E March	FY13	FY14	FY15	FY16	FY17	FY18E	FY19E	FY20E
Basic (INR)								
EPS	8.1	7.5	7.8	9.8	10.6	10.4	13.1	16.0
Cash EPS	11.7	9.6	10.8	13.5	14.6	14.0	16.9	19.9
BV/Share	28.5	29.4	34.7	49.9	65.9	63.4	72.4	84.2
DPS	3.5	3.0	2.9	3.5	0.0	3.0	3.0	3.0
Payout (%)	50.6	49.4	35.7	39.3	0.0	34.6	27.4	22.6
Valuation (x)								
P/E			20.5	16.5	15.1	15.5	12.2	10.1
Cash P/E			14.9	11.9	11.0	11.5	9.5	8.1
P/BV			4.6	3.2	2.4	2.5	2.2	1.9
EV/Sales			2.7	2.6	2.1	1.9	1.6	1.3
EV/EBITDA			10.7	9.2	7.3	7.3	5.8	4.5
Dividend Yield (%)	2.1	1.8	1.8	2.1	0.0	1.8	1.8	1.8
FCF per share	3.3	9.0	12.2	2.1	11.1	12.0	11.8	13.9
Return Ratios (%)								
RoE	30.5	24.7	23.8	23.1	18.4	15.3	18.4	19.4
RoCE	20.7	18.4	17.8	18.3	15.9	14.5	17.0	18.0
RoIC	15.0	19.7	25.5	23.7	18.4	16.9	20.5	24.4
Working Capital Ratios								
Fixed Asset Turnover (x)	1.5	1.5	1.5	1.7	1.6	1.6	1.6	1.7
Asset Turnover (x)	1.0	1.1	1.0	0.9	0.8	0.8	0.8	0.8
Inventory (Days)	20	21	19	12	15	10	10	10
Debtor (Days)	77	73	75	79	82	80	80	80
Creditor (Days)	60	62	72	15	23	23	23	23
Leverage Ratio (x)								
Current Ratio	2.0	1.7	2.1	2.8	3.2	3.2	4.0	4.8
Interest Cover Ratio	5.5	8.8	9.4	8.6	14.6	15.8	18.5	21.9
Net Debt/Equity	0.2	0.1	-0.3	0.1	-0.3	-0.3	-0.4	-0.4

Consolidated - Cash Flow Statement

(INR Million)

Y/E March	FY13	FY14	FY15	FY16	FY17	FY18E	FY19E	FY20E
OP/(Loss) before Tax	2,552	3,057	3,380	4,640	5,169	4,939	6,103	7,416
Depreciation	1,247	890	1,035	1,219	1,289	1,340	1,440	1,541
Interest & Finance Charges	307	345	369	545	350	301	308	308
Direct Taxes Paid	-501	-621	-701	-1,358	-1,387	-1,630	-2,014	-2,447
(Inc)/Dec in WC	-692	-120	-506	-513	-429	132	-392	-372
CF from Operations	2,913	3,551	3,577	4,533	4,992	5,082	5,445	6,446
Others	-895	-245	808	-288	-219	-410	-719	-965
CF from Operating incl EO	2,019	3,305	4,385	4,245	4,773	4,672	4,726	5,481
(Inc)/Dec in FA	-961	-497	-512	-3,567	-1,145	-939	-1,039	-1,142
Free Cash Flow	1,057	2,808	3,873	678	3,628	3,733	3,686	4,339
(Pur)/Sale of Investments	-1,615	-1,064	-160	-777	-1,442	0	0	0
Others	940	-53	812	5,945	171	484	719	965
CF from Investments	-1,635	-1,614	140	1,600	-2,415	-456	-320	-177
Issue of Shares	-6	0	0	0	3,823	-3,022	0	0
Inc/(Dec) in Debt	1,200	-484	1,556	-3,733	-2,781	0	0	0
Interest Paid	-222	-283	-288	-621	-410	-301	-308	-308
Dividend Paid	-1,286	-1,118	-1,100	-1,373	0	-1,121	-1,121	-1,121
CF from Fin. Activity	-314	-1,884	168	-5,727	632	-4,444	-1,430	-1,430
Inc/Dec of Cash	69	-193	4,693	119	2,990	-228	2,976	3,875
Opening Balance	453	518	238	383	502	3,492	3,264	6,240
Closing Balance	522	325	4,931	502	3,492	3,264	6,240	10,114

Explanation of Investment Rating	
Investment Rating	Expected return (over 12-month)
BUY	>=15%
SELL	< - 10%
NEUTRAL	> - 10 % to 15%
UNDER REVIEW	Rating may undergo a change
NOT RATED	We have forward looking estimates for the stock but we refrain from assigning recommendation

*In case the recommendation given by the Research Analyst becomes inconsistent with the investment rating legend, the Research Analyst shall within 28 days of the inconsistency, take appropriate measures to make the recommendation consistent with the investment rating legend.

Disclosures:

The following Disclosures are being made in compliance with the SEBI Research Analyst Regulations 2014 (herein after referred to as the Regulations).

Motilal Oswal Securities Ltd. (MOSL) is a SEBI Registered Research Analyst having registration no. INH000000412. MOSL, the Research Entity (RE) as defined in the Regulations, is engaged in the business of providing Stock broking services, Investment Advisory Services, Depository participant services & distribution of various financial products. MOSL is a subsidiary company of Motilal Oswal Financial Service Ltd. (MOFSL). MOFSL is a listed public company, the details in respect of which are available on www.motilaloswal.com. MOSL is registered with the Securities & Exchange Board of India (SEBI) and is a registered Trading Member with National Stock Exchange of India Ltd. (NSE) and Bombay Stock Exchange Limited (BSE), Metropolitan Stock Exchange Of India Ltd. (MSE) for its stock broking activities & is Depository participant with Central Depository Services Limited (CDSL) & National Securities Depository Limited (NSDL) and is member of Association of Mutual Funds of India (AMFI) for distribution of financial products. Details of associate entities of Motilal Oswal Securities Limited are available on the website at <http://online.reports.motilaloswal.com/Dormant/documents/Associate%20Details.pdf>

Regulatory Enquiries against Motilal Oswal Securities Limited by SEBI:

SEBI pursuant to a complaint from client Shri C.R. Mohanraj alleging unauthorized trading, issued a letter dated 29th April 2014 to MOSL notifying appointment of an Adjudicating Officer as per SEBI regulations to hold inquiry and adjudge violation of SEBI Regulations; MOSL requested SEBI to provide all documents, records, investigation report relied upon by SEBI which were referred in Show Cause Notice. The matter is closed and MOSL had to pay Rs. 2 lakhs towards penalty for misplacement of original POA of client.

MOSL, its associates, Research Analyst or their relative may have any financial interest in the subject company. MOSL and/or its associates and/or Research Analyst may have beneficial ownership of 1% or more securities in the subject company at the end of the month immediately preceding the date of publication of the Research Report. MOSL and its associate company(ies), their directors and Research Analyst and their relatives may: (a) from time to time, have a long or short position in, act as principal in, and buy or sell the securities or derivatives thereof of companies mentioned herein. (b) be engaged in any other transaction involving such securities and earn brokerage or other compensation or act as a market maker in the financial instruments of the company(ies) discussed herein or act as an advisor or lender/borrower to such company(ies) or may have any other potential conflict of interests with respect to any recommendation and other related information and opinions.; however the same shall have no bearing whatsoever on the specific recommendations made by the analyst(s), as the recommendations made by the analyst(s) are completely independent of the views of the associates of MOSL even though there might exist an inherent conflict of interest in some of the stocks mentioned in the research report. Research Analyst may have served as director/officer, etc. in the subject company in the last 12 month period. MOSL and/or its associates may have received any compensation from the subject company in the past 12 months.

In the last 12 months period ending on the last day of the month immediately preceding the date of publication of this research report, MOSL or any of its associates may have:

- managed or co-managed public offering of securities from subject company of this research report,
- received compensation for investment banking or merchant banking or brokerage services from subject company of this research report,
- received compensation for products or services other than investment banking or merchant banking or brokerage services from the subject company of this research report.
- Subject Company may have been a client of MOSL or its associates during twelve months preceding the date of distribution of the research report.

MOSL and its associates have not received any compensation or other benefits from the subject company or third party in connection with the research report. To enhance transparency, MOSL has incorporated a Disclosure of Interest Statement in this document. This should, however, not be treated as endorsement of the views expressed in the report. MOSL and / or its affiliates do and seek to do business including investment banking with companies covered in its research reports. As a result, the recipients of this report should be aware that MOSL may have a potential conflict of interest that may affect the objectivity of this report. Compensation of Research Analysts is not based on any specific merchant banking, investment banking or brokerage service transactions.

Terms & Conditions:

This report has been prepared by MOSL and is meant for sole use by the recipient and not for circulation. The report and information contained herein is strictly confidential and may not be altered in any way, transmitted to, copied or distributed, in part or in whole, to any other person or to the media or reproduced in any form, without prior written consent of MOSL. The report is based on the facts, figures and information that are considered true, correct, reliable and accurate. The intent of this report is not recommendatory in nature. The information is obtained from publicly available media or other sources believed to be reliable. Such information has not been independently verified and no guaranty, representation of warranty, express or implied, is made as to its accuracy, completeness or correctness. All such information and opinions are subject to change without notice. The report is prepared solely for informational purpose and does not constitute an offer document or solicitation of offer to buy or sell or subscribe for securities or other financial instruments for the clients. Though disseminated to all the customers simultaneously, not all customers may receive this report at the same time. MOSL will not treat recipients as customers by virtue of their receiving this report.

Analyst Certification

The views expressed in this research report accurately reflect the personal views of the analyst(s) about the subject securities or issues, and no part of the compensation of the research analyst(s) was, is, or will be directly or indirectly related to the specific recommendations and views expressed by research analyst(s) in this report.

Disclosure of Interest Statement	Jagran Prakashan
Analyst ownership of the stock	No

A graph of daily closing prices of securities is available at www.nseindia.com, www.bseindia.com. Research Analyst views on Subject Company may vary based on Fundamental research and Technical Research. Proprietary trading desk of MOSL or its associates maintains arm's length distance with Research Team as all the activities are segregated from MOSL research activity and therefore it can have an independent view with regards to subject company for which Research Team have expressed their views.

Regional Disclosures (outside India)

This report is not directed or intended for distribution to or use by any person or entity resident in a state, country or any jurisdiction, where such distribution, publication, availability or use would be contrary to law, regulation or which would subject MOSL & its group companies to registration or licensing requirements within such jurisdictions.

For Hong Kong:

This report is distributed in Hong Kong by Motilal Oswal capital Markets (Hong Kong) Private Limited, a licensed corporation (CE AYY-301) licensed and regulated by the Hong Kong Securities and Futures Commission (SFC) pursuant to the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) "SFO". As per SEBI (Research Analyst Regulations) 2014 Motilal Oswal Securities (SEBI Reg No. INH000000412) has an agreement with Motilal Oswal capital Markets (Hong Kong) Private Limited for distribution of research report in Hong Kong. This report is intended for distribution only to "Professional Investors" as defined in Part I of Schedule 1 to SFO. Any investment or investment activity to which this document relates is only available to professional investor and will be engaged only with professional investors." Nothing here is an offer or solicitation of these securities, products and services in any jurisdiction where their offer or sale is not qualified or exempt from registration. The Indian Analyst(s) who compile this report is/are not located in Hong Kong & are not conducting Research Analysis in Hong Kong.

For U.S.

Motilal Oswal Securities Limited (MOSL) is not a registered broker - dealer under the U.S. Securities Exchange Act of 1934, as amended (the"1934 act") and under applicable state laws in the United States. In addition MOSL is not a registered investment adviser under the U.S. Investment Advisers Act of 1940, as amended (the "Advisers Act" and together with the 1934 Act, the "Acts"), and under applicable state laws in the United States. Accordingly, in the absence of specific exemption under the Acts, any brokerage and investment services provided by MOSL, including the products and services described herein are not available to or intended for U.S. persons. This report is intended for distribution only to "Major Institutional Investors" as defined by Rule 15a-6(b)(4) of the Exchange Act and interpretations thereof by SEC (henceforth referred to as "major institutional investors"). This document must not be acted on or relied on by persons who are not major institutional investors. Any investment or investment activity to which this document relates is only available to major institutional investors and will be engaged in only with major institutional investors. In reliance on the exemption from registration provided by Rule 15a-6 of the U.S. Securities Exchange Act of 1934, as amended (the "Exchange Act") and interpretations thereof by the U.S. Securities and Exchange Commission ("SEC") in order to conduct business with Institutional Investors based in the U.S., MOSL has entered into a chaperoning agreement with a U.S. registered broker-dealer, Motilal Oswal Securities International Private Limited, ("MOSIPL"). Any business interaction pursuant to this report will have to be executed within the provisions of this chaperoning agreement.

The Research Analysts contributing to the report may not be registered /qualified as research analyst with FINRA. Such research analyst may not be associated persons of the U.S. registered broker-dealer, MOSIPL, and therefore, may not be subject to NASD rule 2711 and NYSE Rule 472 restrictions on communication with a subject company, public appearances and trading securities held by a research analyst account.

For Singapore

Motilal Oswal Capital Markets Singapore Pte Limited is acting as an exempt financial advisor under section 23(1)(f) of the Financial Advisers Act(FAA) read with regulation 17(1)(d) of the Financial Advisors Regulations and is a subsidiary of Motilal Oswal Securities Limited in India. This research is distributed in Singapore by Motilal Oswal Capital Markets Singapore Pte Limited and it is only directed in Singapore to accredited investors, as defined in the Financial Advisers Regulations and the Securities and Futures Act (Chapter 289), as amended from time to time. In respect of any matter arising from or in connection with the research you could contact the following representatives of Motilal Oswal Capital Markets Singapore Pte Limited:

Disclaimer:

The report and information contained herein is strictly confidential and meant solely for the selected recipient and may not be altered in any way, transmitted to, copied or distributed, in part or in whole, to any other person or to the media or reproduced in any form, without prior written consent. This report and information herein is solely for informational purpose and may not be used or considered as an offer document or solicitation of offer to buy or sell or subscribe for securities or other financial instruments. Nothing in this report constitutes investment, legal, accounting and tax advice or a representation that any investment or strategy is suitable or appropriate to your specific circumstances. The securities discussed and opinions expressed in this report may not be suitable for all investors, who must make their own investment decisions, based on their own investment objectives, financial positions and needs of specific recipient. This may not be taken in substitution for the exercise of independent judgment by any recipient. Each recipient of this document should make such investigations as it deems necessary to arrive at an independent evaluation of an investment in the securities of companies referred to in this document (including the merits and risks involved), and should consult its own advisors to determine the merits and risks of such an investment. The investment discussed or views expressed may not be suitable for all investors. Certain transactions -including those involving futures, options, another derivative products as well as non-investment grade securities - involve substantial risk and are not suitable for all investors. No representation or warranty, express or implied, is made as to the accuracy, completeness or fairness of the information and opinions contained in this document. The Disclosures of Interest Statement incorporated in this document is provided solely to enhance the transparency and should not be treated as endorsement of the views expressed in the report. This information is subject to change without any prior notice. The Company reserves the right to make modifications and alternations to this statement as may be required from time to time without any prior approval. MOSL, its associates, their directors and the employees may from time to time, effect or have effected an own account transaction in, or deal as principal or agent in or for the securities mentioned in this document. They may perform or seek to perform investment banking or other services for, or solicit investment banking or other business from, any company referred to in this report. Each of these entities functions as a separate, distinct and independent of each other. The recipient should take this into account before interpreting the document. This report has been prepared on the basis of information that is already available in publicly accessible media or developed through analysis of MOSL. The views expressed are those of the analyst, and the Company may or may not subscribe to all the views expressed therein. This document is being supplied to you solely for your information and may not be reproduced, redistributed or passed on, directly or indirectly, to any other person or published, copied, in whole or in part, for any purpose. This report is not directed or intended for distribution to, or use by, any person or entity who is a citizen or resident of or located in any locally, state, country or other jurisdiction, where such distribution, publication, availability or use would be contrary to law, regulation or which would subject MOSL to any registration or licensing requirement within such jurisdiction. The securities described herein may or may not be eligible for sale in all jurisdictions or to certain category of investors. Persons in whose possession this document may come are required to inform themselves of and to observe such restriction. Neither the Firm, not its directors, employees, agents or representatives shall be liable for any damages whether direct or indirect, incidental, special or consequential including lost revenue or lost profits that may arise from or in connection with the use of the information. The person accessing this information specifically agrees to exempt MOSL or any of its affiliates or employees from, any and all responsibility/liability arising from such misuse and agrees not to hold MOSL or any of its affiliates or employees responsible for any such misuse and further agrees to hold MOSL or any of its affiliates or employees free and harmless from all losses, costs, damages, expenses that may be suffered by the person accessing this information due to any errors and delays.

Registered Office Address: Motilal Oswal Tower, Rahimullah Sayani Road, Opposite Parel ST Depot, Prabhadevi, Mumbai-400025; Tel No.: 022-3980 4263; www.motilaloswal.com. Correspondence Address: Palm Spring Centre, 2nd Floor, Palm Court Complex, New Link Road, Malad (West), Mumbai- 400 064. Tel.No: 022 3080 1000. Compliance Officer: Neeraj Agarwal, Email Id: na@motilaloswal.com, Contact No.:022-30801085.

Registration details of group entities.: MOSL: SEBI Registration: INZ000158836 (BSE/NSE/MSE); CDSL: IN-DP-16-2015; NSDL: IN-DP-NSDL-152-2000; Research Analyst: INH000000412. AMFI: ARN 17397. Investment Adviser: INA000007100. Motilal Oswal Asset Management Company Ltd. (MOAMC): PMS (Registration No.: INP000000670) offers PMS and Mutual Funds products. Motilal Oswal Wealth Management Ltd. (MOWML): PMS (Registration No.: INP000004409) offers wealth management solutions. "Motilal Oswal Securities Ltd. is a distributor of Mutual Funds, PMS, Fixed Deposit, Bond, NCDs, Insurance and IPO products. " Motilal Oswal Commodities Broker Pvt. Ltd. offers Commodities Products. " Motilal Oswal Real Estate Investment Advisors II Pvt. Ltd. offers Real Estate products. " Motilal Oswal Private Equity Investment Advisors Pvt. Ltd. offers Private Equity products