Deutsche Bank

3 December 2010

Jagran Prakashan

Reuters: **JAGP.BO** Bloomberg: **JAGP IN** Exchange: **BSE** Ticker: **JAGP**

The behemoth of the Hindi heartland; initiating with Buy

Harrish Zaveri
Research Analyst
(+91) 22 6658 4209
harrish.zaveri@db.com

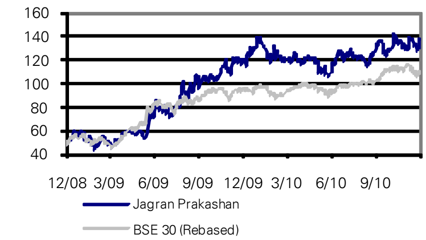
Gaurav Bhatia
Research Associate
(+91) 22 6658 4055
g.bhatia@db.com

Coverage Change

Buy

Price at 1 Dec 2010 (INR)	**135.50**
Price target - 12mth (INR)	**185.00**
52-week range (INR)	**141.50 - 106.20**
BSE 30	**19,850**

Price/price relative



Performance (%)	1m	3m	12m
Absolute	*4.9*	*5.6*	*13.8*
BSE 30	*-2.5*	*9.0*	*15.4*

Stock data

Market cap (INRm)	**40,809**
Market cap (USDm)	**899**
Shares outstanding (m)	**301.2**
Major shareholders	**–**
Free float (%)	**37**
Avg daily value traded (USDm)	**0.7**

Key indicators (FY1)

ROE (%)	**34.6**
Net debt/equity (%)	**-8.3**
Book value/share (INR)	**24.65**
Price/book (x)	**5.5**
Net interest cover (x)	**34.2**
Operating profit margin (%)	**29.7**

Delivering Uttar Pradesh to advertisers
Hindi print media leader Jagran Prakashan (JPL) is well positioned to deliver a 25% CAGR in earnings over FY10-12E as a strong economy drives local (real estate, education) and national (automotive, consumer durables and telecom) advertising to the regional leaders. We believe that the company is well placed to tackle emerging competitive pressures and newsprint costs. An INR2.25bn funding from Blackstone has put the group in an enviable position to fund its recently acquired Gujarati and Urdu language operations. Initiating with a Buy (target price: INR185).

Dominance in UP drives disproportionate share of advertising revenue
JPL's flagship daily Dainik Jagran is the highest read newspaper in the world (54.3m readers), a leader in India's biggest province Uttar Pradesh (UP) and a strong No. 2 in Bihar (India's second biggest province). Both markets together account for ~INR11bn of India's annual print advertising (~11% of India's print advertising market). The key strength of JPL is its dominance in readership in UP– it leads No. 2 'Amar Ujala' by 42% and No. 3 'Hindustan' by 74%. This dominance drives the company's relatively disproportionate share of advertising in the market.

Expanding footprint: from the Hindi heartland to Mumbai
The acquisition of Mid-day, an English language compact newspaper, we believe forms part of JPL's initiative to identify growth avenues beyond the Hindi newsprint business. Mid-day owns two language publications, Mid-day Gujarati and Urdu daily Inquilab. The strategic intent is to expand into new languages via an established brand rather than build a new brand like the group built its Hindi newsprint business.

Initiating with a Buy and a target price of INR185
A DCF-based target price of INR185 rests on a cost of equity of 12.7% and 4% terminal growth. This translates into P/Es of 23.8x FY11E and 20.1x FY12E. Downside risks include increase in newsprint prices and increase in competition due to the entry of DB Corp in Uttar Pradesh.

Forecasts and ratios

Year End Mar 31	2009A	2010A	**2011E**	2012E	2013E
Sales (INRm)	8,233.7	9,418.9	**10,758.6**	12,131.8	13,693.2
EBITDA (INRm)	1,567.1	2,825.8	**3,765.3**	4,476.6	5,003.3
Reported NPAT (INRm)	916.3	1,762.0	**2,343.5**	2,771.1	3,088.8
Reported EPS FD(INR)	3.04	5.85	**7.78**	9.20	10.26
DB EPS growth (%)	-6.6	92.3	**33.0**	18.2	11.5
PER (x)	21.0	17.1	**17.4**	14.7	13.2
EV/EBITDA (x)	11.7	10.2	**10.2**	8.3	7.1
DPS (net) (INR)	2.00	3.50	**3.00**	3.00	4.00
Yield (net) (%)	3.1	3.5	**2.2**	2.2	3.0

Source: Deutsche Bank estimates, company data

[1] DB EPS is fully diluted and excludes non-recurring items
[2] Multiples and yields calculations use average historical prices for past years and spot prices for current and future years, except P/B which uses the year end close

Deutsche Bank AG/Hong Kong

Model updated:19 November 2010

Running the numbers

Asia

India

Publishing/ Advertising

Jagran Prakashan

Reuters: JAGP.BO Bloomberg: NA

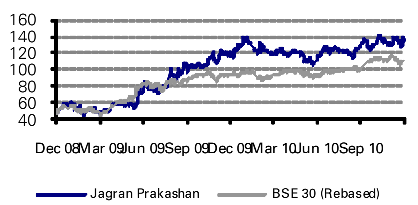
Buy

Price (1 Dec 10)	INR 135.50
Target price	INR 185.00
52-week Range	INR 106.20 - 141.50
Market Cap (m)	INRm 40,809 USDm 899

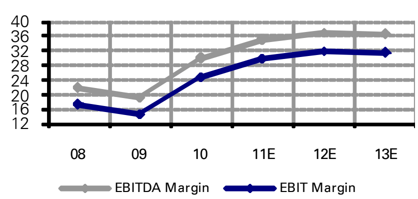
Company Profile

Jagran Prakashan Ltd (JPL) is Indiaâ ™s leading media and communications group, with its main interests across Newspapers, Outdoor, Internet and Magazines Dainik Jagran, the flagship brand of the company, is the Largest read daily in the world. With a readership of 54 mn, it has been the largest read daily of India for the last consecutive 14 rounds of the Indian Readership Survey.

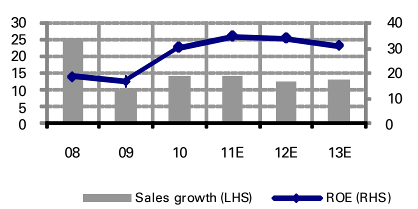
Price Performance



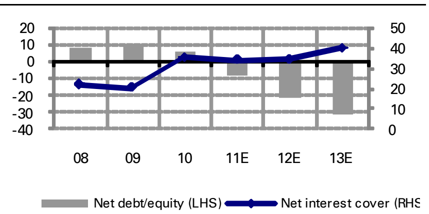
Margin Trends



Growth & Profitability



Solvency



Harrish Zaveri
+91 22 6658 4209 harrish.zaveri@db.com

Fiscal year end 31-Mar	2008	2009	2010	2011E	2012E	2013E
Financial Summary						
DB EPS (INR)	3.26	3.04	5.85	7.78	9.20	10.26
Reported EPS (INR)	3.26	3.04	5.85	7.78	9.20	10.26
DPS (INR)	0.40	2.00	3.50	3.00	3.00	4.00
BVPS (INR)	17.9	18.6	20.3	24.7	30.4	36.0
Weighted average shares (m)	301	301	301	301	301	301
Average market cap (INRm)	33,368	19,283	30,186	40,809	40,809	40,809
Enterprise value (INRm)	31,959	18,302	28,882	38,524	37,163	35,716
Valuation Metrics						
P/E (DB) (x)	34.0	21.0	17.1	17.4	14.7	13.2
P/E (Reported) (x)	34.0	21.0	17.1	17.4	14.7	13.2
P/BV (x)	4.89	3.03	5.71	5.50	4.46	3.76
FCF Yield (%)	2.9	1.2	5.0	5.0	5.9	7.0
Dividend Yield (%)	0.4	3.1	3.5	2.2	2.2	3.0
EV/Sales (x)	4.3	2.2	3.1	3.6	3.1	2.6
EV/EBITDA (x)	19.5	11.7	10.2	10.2	8.3	7.1
EV/EBIT (x)	24.5	15.5	12.5	12.1	9.7	8.3
Income Statement (INRm)						
Sales revenue	**7,496**	**8,234**	**9,419**	**10,759**	**12,132**	**13,693**
Gross profit	**3,628**	**3,755**	**5,251**	**6,216**	**6,998**	**7,851**
EBITDA	**1,638**	**1,567**	**2,826**	**3,765**	**4,477**	**5,003**
Depreciation	336	383	507	570	633	696
Amortisation	0	0	0	0	0	0
EBIT	**1,302**	**1,184**	**2,318**	**3,195**	**3,843**	**4,307**
Net interest income(expense)	-60	-59	-66	-93	-112	-108
Associates/affiliates	0	0	0	0	0	0
Exceptionals/extraordinaries	0	0	0	0	0	0
Other pre-tax income/(expense)	215	227	343	350	350	350
Profit before tax	**1,457**	**1,352**	**2,595**	**3,452**	**4,081**	**4,549**
Income tax expense	476	436	833	1,108	1,310	1,461
Minorities	0	0	0	0	0	0
Other post-tax income/(expense)	0	0	0	0	0	0
Net profit	**981**	**916**	**1,762**	**2,343**	**2,771**	**3,089**
DB adjustments (including dilution)	0	0	0	0	0	0
DB Net profit	**981**	**916**	**1,762**	**2,343**	**2,771**	**3,089**
Cash Flow (INRm)						
Cash flow from operations	**976**	**1,612**	**1,959**	**2,723**	**3,104**	**3,539**
Net Capex	-21	-1,377	-436	-700	-700	-700
Free cash flow	**956**	**235**	**1,523**	**2,023**	**2,404**	**2,839**
Equity raised/(bought back)	0	0	0	0	0	0
Dividends paid	-139	-654	-1,259	-1,044	-1,044	-1,391
Net inc/(dec) in borrowings	-394	614	-142	0	0	0
Other investing/financing cash flows	-1,069	265	-98	0	0	0
Net cash flow	**90**	**461**	**25**	**980**	**1,361**	**1,447**
Change in working capital	*-340*	*313*	*-311*	*-190*	*-300*	*-246*
Balance Sheet (INRm)						
Cash and other liquid assets	367	828	852	1,832	3,193	4,640
Tangible fixed assets	3,046	3,990	3,941	4,071	4,138	4,141
Goodwill/intangible assets	0	0	0	0	0	0
Associates/investments	1,833	1,568	1,666	1,666	1,666	1,666
Other assets	2,706	2,773	3,322	3,656	4,104	4,518
Total assets	**7,952**	**9,158**	**9,780**	**11,225**	**13,100**	**14,965**
Interest bearing debt	791	1,415	1,214	1,214	1,214	1,214
Other liabilities	1,775	2,144	2,441	2,586	2,733	2,901
Total liabilities	**2,566**	**3,559**	**3,655**	**3,799**	**3,947**	**4,115**
Shareholders' equity	5,386	5,599	6,125	7,425	9,152	10,850
Minorities	0	0	0	0	0	0
Total shareholders' equity	**5,386**	**5,599**	**6,125**	**7,425**	**9,153**	**10,850**
Net debt	*424*	*587*	*362*	*-619*	*-1,979*	*-3,427*
Key Company Metrics						
Sales growth (%)	25.3	9.8	14.4	14.2	12.8	12.9
DB EPS growth (%)	33.5	-6.6	92.3	33.0	18.2	11.5
EBITDA Margin (%)	21.9	19.0	30.0	35.0	36.9	36.5
EBIT Margin (%)	17.4	14.4	24.6	29.7	31.7	31.5
Payout ratio (%)	12.3	65.7	59.8	38.6	32.6	39.0
ROE (%)	18.7	16.7	30.1	34.6	33.4	30.9
Capex/sales (%)	9.8	16.7	4.6	6.5	5.8	5.1
Capex/depreciation (x)	2.2	3.6	0.9	1.2	1.1	1.0
Net debt/equity (%)	7.9	10.5	5.9	-8.3	-21.6	-31.6
Net interest cover (x)	21.8	20.1	35.3	34.2	34.4	40.0

Source: Company data, Deutsche Bank estimates

Investment thesis

Outlook

The leader in the Hindi print Jagran Prakashan (JPL) is well placed to deliver 25% CAGR in earnings over FY10-12E as a strong Indian economy drives local (real estate, education) and national (automotive, consumer durables and telecom) advertising to the regional leaders. We believe that the company is well placed to tackle emerging competitive pressures and newsprint costs. An INR2.25bn funding from Blackstone has put the group in an enviable position to fund its recently acquired Gujarati and Urdu language operations.

Blackstone India has invested substantially in JPL's holding company Jagran Media Network and while the group holding company remains a private company, the mandate from the private equity player seems to be an open ended one. Jagran Media Network holds a majority stake in the listed JPL, which houses the newspaper brands.

Valuation

Our DCF-derived target price of INR185 implies 46% upside potential for the share price. We believe DCF is an appropriate way to value a print media business as cash flows remain steady and circulation revenues are not dependent on advertising environment. For a dominant player like JPL, a sizable part of advertising revenues also tends to remain steady.

The key assumptions of our two-stage FCFE (free cash flow to equity) methodology are:

- Risk-free rate of 6.4%, market risk premium of 7.2% (we apply a standard estimated risk-free rate and market risk premium to all the Indian companies we cover), and beta of 0.87 (Bloomberg Finance LP data), implying cost of equity of 12.66%.
- Growth in the stable phase of 4% (which is the long-term growth rate in the number of households in India). This implies a P/E of 20x FY12E.

Risks

Increase in newsprint prices

Newsprint costs are 70% of the cost of the newspaper. We have assumed an average of USD674/tonne newsprint cost for FY11E and FY12E, vs USD527/tonne in FY10, a 28% increase. An increase in newsprint prices is a downside risk for Jagran Prakashan.

DB Corp's entry into the Uttar Pradesh media space

DB Corp's entry into Uttar Pradesh, Jagran's key market, could dent Jagran's strong positioning in the state. Also, DB Corp/Hindustan's buyout of Amar Ujala, the second biggest player in UP could mean stronger competition for Jagran.

Key investment positives

Expanding footprint: from the Hindi heartland to metro Mumbai

Hindi print media leader Jagran Prakashan (JPL) is well placed to deliver a 25% CAGR in earnings over FY10-12E as a strong economy drives local (real estate, education) and national (automotive, consumer durables and telecom) advertising to the regional leaders. We believe that the company is well able to tackle emerging competitive pressures and newsprint costs. An INR2.25bn funding from Blackstone has put the group in an enviable position to fund its recently acquired Gujarati and Urdu language operations.

Jagran delivers Uttar Pradesh to advertisers

JPL's flagship daily Dainik Jagran is globally the highest read newspaper (54.3m readers), a leader in India's biggest state Uttar Pradesh (UP) and a solid No. 2 in Bihar (India's second biggest province).

According to The Economist, if Uttar Pradesh were a country in itself it would be the world's sixth biggest country by population. Every seventh print media reader in India is from UP. Every eighth TV viewer in India is from UP. Every 20-second cable and satellite viewer in India is from UP. Every sixth FM listener in India is from UP. Every 15th cinema goer in India is from the state of UP. Every fifteenth internet surfer in India is from UP.

Between UP and Bihar, the two states account for 24% of India's population and are home to the arguably India's most politically alert population that also remain key drivers of the country's demographic transition. Both the markets put together account for ~INR10b of India's annual print advertising (~10% of India's print advertising market).

The key strength of JPL is its dominance in readership – it leads the No 2 player 'Amar Ujala' by 42% and the No 3 player 'Hindustan' (part of HT Media, HTML.BO, rated Buy, target price of INR210) by 74%. This dominance drives JPL's disproportionate share of advertising from the market. In terms of revenue market share, JPL stands at 2.5x the size of 'Hindustan' in UP. The shares do get reversed in Bihar though where 'Hindustan' is the market leader and JPL the No. 2 player (both cumulatively account for 85% of the market).

Figure 1: The Hindi belt of India

State or union territory	Population	% of total Indian population	Rural Pop	Urban Pop
Uttar Pradesh	193,977,661	16%	131,658,339	34,539,582
Bihar	102,998,509	8%	74,316,709	8,681,800
Madhya Pradesh	60,348,023	6%	44,380,878	15,967,145
Rajasthan	56,507,188	5%	43,292,813	13,214,375
Jharkhand	26,945,829	3%	20,952,088	5,993,741
Punjab	24,358,999	2%	16,096,488	8,262,511
Haryana	21,144,564	2%	15,029,260	6,115,304
Chhattisgarh	20,833,803	2%	16,648,056	4,185,747
Delhi	13,850,507	1%	944,727	12,905,780
Uttarakhand	8,489,349	1%	6,310,275	2,179,074
Chandigarh	900,635	0%	92,120	808,515
Total Hindi Belt	530,355,067	47%	369,721,753	112,853,574
India	1,206,610,328	100%	742,490,639	286,119,689

Source: Census of India - 2001

Reinventing the Hindi print space

1991 to 2006 marked a sharp rise in literacy and rural incomes…

The decade and a half from 1991 to 2006 belonged to television and the internet. This was the period when satellite channels were born and took off. Media moguls like Rupert Murdoch (via Star TV) and Sumner Redstone (via MTV) hastened to get a toehold in an emerging economy that was delivering by the mid-90s a growing volume of international advertising. In 1995 commercial internet came to India, and took hold rapidly enough to enable a dot-com boom in the late 90s.

Over the same period, a less visible media juggernaut was rolling across a less visible part of the country. When literacy expanded in India's Hindi heartland in the last decade of the 20th century, Hindi newspapers followed, picking up readers in places where there had been none.

Figure 2: Literacy rates in the Hindi belt

State or union territory	Population	% of India's population	Rural pop	Urban pop	Literacy rate (NFHS 2005-06)	Literacy rate (Census 2001)	Literacy – all-India rank
Uttar Pradesh	193,977,661	16%	131,658,339	34,539,582	61.60%	56.27%	25/28
Bihar	102,998,509	8%	74,316,709	8,681,800	54.10%	47.00%	28/28
Madhya Pradesh	60,348,023	6%	44,380,878	15,967,145	76.50%	70.53%	8/28
Rajasthan	56,507,188	5%	43,292,813	13,214,375	68.00%	60.41%	20/28
Jharkhand	26,945,829	3%	20,952,088	5,993,741	58.60%	53.56%	27/28
Punjab	24,358,999	2%	16,096,488	8,262,511	74.00%	69.65%	12/28
Haryana	21,144,564	2%	15,029,260	6,115,304	71.40%	67.91%	17/28
Chhattisgarh	20,833,803	2%	16,648,056	4,185,747	63.60%	64.66%	23/28
Uttarakhand	8,489,349	1%	6,310,275	2,179,074	75.70%	71.62%	10/28
Total Hindi Belt	530,355,067	47%	369,721,753	112,853,574	63.6%	58.0%	
India	1,206,610,328	100%	742,490,639	286,119,689	67.60%	64.84%	

Source: National Family Health Survey, Census of India - 2001

Rajasthan recorded a decadal increase in literacy of 22.5% (between 1991 and 2001) against an all India increase of 13.2%. Madhya Pradesh and Chhattisgarh between them accounted for a nearly a fifth of the total decadal decline in illiteracy in India between 1991-2001, while accounting for less than a tenth of the population increase. Incidentally, Madhya Pradesh and Rajasthan have continued to remain the biggest gainers in the literacy rate between 2001-06. Further we believe that development in UP and Bihar over the last five years will show up in the literacy rate in the 2011 census.

Rising farm incomes and a growing service sector in the rural areas pointed to an emergence of a rural middle class whose purchasing power had made newspapers affordable. The rural middle class was then targeted by marketers who underwrote the expansion of newspapers in these parts. The markets in small town India and rural India started expanding.

Figure 3: Procurement prices for agricultural produce in the main Hindi belt

Commodity	1997-98	2003-04	1998-2004	2004-05	2009-2010	2004-10
PADDY	415	550	4.8%	560	950	11.2%
JOWAR	360	505	5.8%	515	840	10.3%
BAJRA	360	505	5.8%	515	840	10.3%
ARHAR(Tur)	900	1360	7.1%	1390	2300	10.6%
URAD	900	1370	7.3%	1410	2520	12.3%
SUNFLOWER SEED	1000	1250	3.8%	1340	2215	10.6%
SOYABEEN	670	840	3.8%	900	1350	8.5%
WHEAT	510	630	3.6%	640	1100	11.4%
BARLEY	350	525	7.0%	540	750	6.8%
COPRA	2700	3320	4.1%	3500	4450	4.9%
SUGARCANE@	48.45	73.00	7.5%	74.50	107.76	7.7%

Source: Govt of India

A growing hunger for news was fueled by the rise of television…

The rise of television and its penetration into the rural hinterland created a hunger for news. Across the Hindi belt, TV proved to be good for the newspaper business because it fuelled a curiosity that made viewers turn to the next day's newspaper. Also, the advent of the modem made possible the transmission of entire newspaper pages composed at different district centers. Expanding telecommunications including the spread of broadband telecom, made multi-edition newspapers more viable and affordable.

Newspaper circulation climbed across the Hindi-speaking states, one of the few places in India to see this happen. In Uttar Pradesh, there were 22 readers per copy in 1997, which was down to seven readers per copy by 2009, implying a falling readership-circulation ratio.

Over a period of six years from 1999 to 2005, readership of Hindi newspapers overtook that of relative stalwarts of Indian print media such as Malayalam Manorama in Kerala, Eenadu in Andhra Pradesh, Anandabazar Patrika in West Bengal and The Times of India in English.

Figure 4: Top Indian dailies by readership

	NRS 1999	NRS 2003	NRS 2005
1	Daily Thanthi	Dainik Bhaskar	Dainik Jagran
2	Dainik Jagran	Dainik Jagran	Dainik Bhaskar
3	Malayala Manorama	Daily Thanthi	Eenadu
4	Eenadu	Eenadu	Lokmat
5	Mathrubhumi	Manorama	Amar Ujala

Source: IRS

The Times of India, claiming to be the world's largest circulated broadsheet in the English language ranked at No. 7 by readership in IRS 2009. Hindi newspapers occupied four of the top five positions put out by the Indian Readership Survey in 2009 and five out of the top 10. And in 1999, only one Hindi newspaper Dainik Jagran had figured in the top five in terms of readership.

Figure 5: Top 10 newspapers by readership

Publication	Readers in (000's)
Dainik Jagran	16,072
Dainik Bhaskar	12,878
Hindustan	9,303
Malayala Manorama	8,883
Amar Ujala	8,183
Daily Thanthi	7,605
The Times Of India	6,866
Lokmat	6,789
Rajasthan Patrika	6,668
Ananda Bazar Patrika	6,549

Source: IRS

… as well as political reform and the revival of *panchayat*s

In India's Hindi-speaking states, the entry of print at the rural level was preceded by the passing of the 73rd and 74th amendments to the Indian constitution in 1992. This enabled the revival of *panchayat*s, the third tier of local self government in rural areas, and the reservation of 33% of seats in these bodies for women. When nearly half a million people's representatives are chosen in a single state, it spells a considerable degree of grassroots political participation, creating awareness and a hunger for news. Moreover, the state financed the supply of a newspaper to every *panchayat* office, which was often the first copy of a newspaper to reach that area. As they grew into their roles, the village heads began to subscribe to newspapers at home, to keep themselves aware of state, national and local news. Together with rising literacy and growth in rural purchasing power, *panchayat*s helped create a basis for growth in newspaper circulation.

UP-Bihar axis parallel's Mumbai-Delhi axis

The UP-Bihar axis is as important for Hindi newspapers as the Mumbai-Delhi axis is for the English newspapers. Delhi and Mumbai are the two biggest English ad revenue markets and account for 30% of the total print market. The parallel to these in importance for the Hindi newspapers is the UP-Bihar market which accounts for 10% of the total print ad revenues.

Figure 6: Readership data in Uttar Pradesh

	2010 Q1	2009 R2	2008 R2	2007 R2
Dainik Jagran	9,065,000	9,065,000	9,193,000	9,419,000
Amar Ujala	6,517,000	6,379,000	6,166,000	6,080,000
Hindustan	2,596,000	2,352,000	2,193,000	2,037,000

Source: IRS

Figure 7: Premium of English over Hindi and regional newspapers

Language	Ad revenue per reader (INR)	Circulation revenue per reader	Total
English	2099	728	2827
Hindi	233	208	441
Vernacular	157	203	360
Premium over Hindi	9x	3.5x	6.4x
Premium over Vernacular	13.4x	3.6x	7.9x

Source: Company data

Mid-day acquisition brings three language dailies into Jagran

This, we believe forms part of JPL's initiative to identify growth avenues beyond the Hindi newsprint business. JPL acquired Mid-day, an English language compact newspaper (All India Readership: 458,000 as per IRS 1Q2010) published out of Mumbai, for INR1.73bn). Equally important, the acquisition gives JPL two language publications: Mid-day Gujarati (AIR 91,000, IRS 1Q2010) and Urdu daily Inquilab (AIR 186,000, IRS 1Q2010).

The strategic intent is to expand into new languages via an established brand rather than build one from grounds up like the group has built its Hindi newsprint business. We believe that the company will relaunch Mid-day Gujarati as a broadsheet, first in Mumbai and then in the state of Gujarat (one of India's more prosperous states). We also believe that the Urdu daily Inquilab will drive readership both in the states of Uttar Pradesh and Madhya Pradesh. Also, the respective state governments would remain advertisers in language publications.

The acquisition of the Mid-day print media business was executed via a share swap that values Mid-day's EBITDA at 9x FY10 earnings. The acquisition will be completed over the next six weeks following the court approvals.

Key investment risks

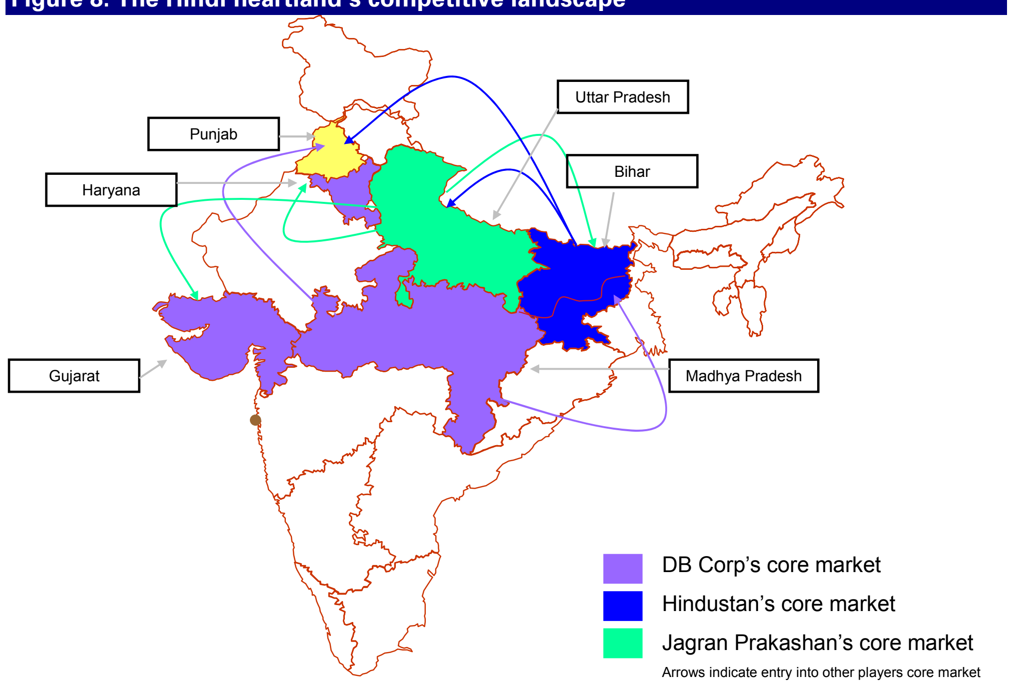
Ability to handle emerging competitive pressures

We perceive the key threat to JPL's growth to be DB Corp (DB IN), a rival Hindi publication which leads in the adjacent state of Madhya Pradesh (see figure below) and has plans to enter Bihar over the next 12 months. Historically, DB Corp's strategy has been first to identify target markets with a large readership base with most reading the dominant leading newspaper. Next, a hundred of its staff conduct surveys that make readers come up with qualities that their current newspaper lacks. A few months later, a truncated version of the new newspaper designed based on the collective reader feedback is shown to survey participants who are then asked if they would subscribe to the new newspaper at a discounted price.

By employing this strategy, DB Corp would, by the time of launch, have enough annual subscriptions to kick off Day One with a print order that is close to the leader's print order. By launching with a circulation equal to the leader, its newspaper would attract advertisements right off the bat. This has allowed DB Corp to break even in most new markets within three to four years of launch.

DB Corp has followed this strategy successfully in the states of Madhya Pradesh, Rajasthan (1996) Gujarat (2003) and Punjab (2006). The apprehensions regarding JPL are that it will be forced to first cut cover prices (that are equal to what an English reader pays in Mumbai!) or cut advertisement rates, similar to what has happened in the neighboring state of Jharkhand.

Figure 8: The Hindi heartland's competitive landscape



Source: Company data, Deutsche bank estimates

Figure 9: Circulation revenue

(INR m) Consolidated revenues	FY07	FY08	FY09	FY10	FY11E	FY12E	FY13E
Sale of Publications	1678	1811	1954	2138	2288	2471	2668
Growth (%)	23%	8%	8%	9%	7%	8%	8%
Sale of Publications % of total sales	28.1	24.2	23.7	22.7	21.3	20.4	19.5

Source: company data

We however believe that JPL has already started expanding its Hindi base. It has had a family dispute which has a prevented an entry into Madhya Pradesh (MP), the bastion of DB Corp. JPL's core brand is known in MP and it has to simply relaunch the newspaper in MP. Also, with two brands INext and City Plus, an entry into MP can be contemplated though we believe management will wait for the litigation to be resolved before entering with its core brand.

Increase in newsprint prices

Newsprint accounts for 70% of the cost of a newspaper. We have assumed an average of USD674/tonne newsprint cost for FY11E and FY12E. An increase in newsprint prices is a downside risk for Jagran Prakashan (see page 14 for newsprint assumptions).

Tectonic shifts in print

Advertising category shifts – from consumer durables to services

The INR100b print advertising market has witnessed an interesting shift from consumer durables (primarily home electronics) to services (see chart on top 10 print categories). While televisions, home theatres, and DVD players continue to remain important, educational institutions, automobiles, government advertising, retailing, and real estate have become equally prominent.

Figure 10: Top 10 print advertisers - 1999 and 2009

	Year 1999	Year 2009
1	Sony	Tata Motors
2	Bajaj Auto	Maruti Suzuki
3	Sanyo BPL	LG Electronics
4	LG electronics	Pantaloon Retail
5	LML	SBI
6	Videocon	BSNL
7	Philips Electronics	Planman Consulting
8	UTI	Samsung India
9	Samsung India	Nokia
10	Maruti Suzuki	Reliance Communication

Source: Group M

This shows up in the top advertiser names as well, with Tata Motors, Maruti and Pantaloon Retail featuring among the top 10 advertisers. The pecking order within consumer durables has changed, with LG Electronics and Samsung India emerging as the top consumer durables companies, replacing Sony, Sanyo BPL and Philips Electronics.

Figure 11: Top 10 advertised categories in print media, 1999 and 2009

	Year 1999	Year 2009
1	TV sets	Educational institutions
2	Two wheelers	Social advertisements
3	Cars/SUVs	Independent retailers
4	Computer education	Properties/Real estate
5	Other Consumer durables	Cars/SUVs
6	Corporate/brand image	Corporate brand image
7	Music systems	Events
8	Tractors	Coaching centre/competitive exams
9	Suitings	Hospital/Clinics
10	Refrigerators	Travel and Tourism

Source: Group M

Regional advertising growth outpacing English….

The story about print advertising is also a shift from national to regional/vernacular advertising. The Hindi advertising market has posted 30% CAGR over FY05-09 with an overall share of 28%. Overall, English newspapers have lost market share from 39% in 1999 to 32% in 2009. If one were to include the Hindi market within the regional newspapers, the entire non-English segment would boast 68% of total print advertising market, a trend mirrored by magazines as well where English magazine advertising has dropped to 69% from 72%.

Figure 12: Newspaper language share in advertising

	1999	2009
English	39%	32%
Regional	37%	40%
Hindi	25%	28%

Source: IRS

Figure 13: Magazine language share in advertising

	1999	2009
English	72%	69%
Regional	23%	25%
Hindi	6%	6%

Source: IRS

GDP driven advertising spend in India: print and TV both benefit

The advertising spend in India is being driven by GDP growth, with advertising growing at 1.5x GDP. Typically, the correlation between GDP and print ad spend is 0.5. TV and print ad spend also move together as shown by the correlation of 0.95, obviously reflecting that both sub-sectors are clear beneficiaries of the increase in ad spend.

Figure 14: GDP growth to print ad growth multiplier

	2004	2005	2006	2007	2008	2009	2010
Ad growth in print media	14.7%	25.1%	22.3%	18.0%	8.2%	-5.0%	10.3%
Real GDP Growth	8.5%	7.5%	9.5%	9.7%	9.2%	6.7%	7.7%
Multiplier	1.73	3.36	2.35	1.86	0.89	-0.74	1.34

Source: FICCI KPMG report 2010k

Figure 15: Advertising spend in India

INR bn	2003	2004	2005	2006	2007	2008	2009	2010
TV	42.8	48.38	51.9	60.5	71.1	82.5	88	98.6
% Growth		13.0%	7.3%	16.6%	17.5%	16.0%	6.7%	12.0%
Print	48.4	55.46	69.4	84.9	100.2	108.4	103	113.6
% Growth		14.7%	25.1%	22.3%	18.0%	8.2%	-5.0%	10.3%
Radio	1.5	2.36	4.9	6	7.4	8.4	7.8	8.7
% Growth		57.3%	107.6%	22.4%	23.3%	13.5%	-7.1%	11.5%
Internet	0.2	0.59	2	2	3.9	6.2	7.8	11
% Growth		195.0%	239.0%	0.0%	95.0%	59.0%	25.8%	41.0%
OOH	10.0	11.21	10	11.7	14	16.1	13.7	15
% Growth		12.1%	-10.8%	17.0%	19.7%	15.0%	-14.9%	9.5%

Source: KPMG FCCI report 2010

Financials

Advertising revenues growing at 16.4% CAGR over FY10-12E

Our revenue projections for JPL assume that 70% of total revenue comes from advertising and 21.3% from circulation. Historically, JPL's advertisement revenues have been a function of the environment and the increase in editions. At present, Jagran runs 39 editions and we continue to base our future ad revenues on the same number of editions. A higher proportion of circulation revenues are a reflection of higher cover prices (as against English newspapers that typically run on a 90:10 proportion in favor of advertising).

Figure 16: Revenue breakdown

(INR m) Consolidated revenues	FY07	FY08	FY09	FY10	FY11E	FY12E	FY13E
Advertisement Revenue	3882	4988	5517	6384	7533	8663	9962
Growth (%)		28.5%	10.6%	15.7%	18.0%	15.0%	15.0%
Sale of Publications	1678	1811	1954	2138	2288	2471	2668
Growth (%)		8%	8%	9%	7%	8%	8%
Other Publications' Sale	30.0	18.0	16.9	17.9	17.9	17.9	17.9
Growth (%)	-	-40%	-6%	6%	0%	0%	0%
Job revenues	348.0	622.1	684.4	819.4	860.4	920.7	985.1
Growth (%)					5%	7%	7%
Scrap and waster paper	43.3	57.0	61.2	60.0	60.0	60.0	60.0
TOTAL	5982	7496	8234	9419	10759	12132	13693

Source: Deutsche Bank, company data

Advertising revenues in FY11 continue to remain high, driven by the education, telecom and auto categories. Strong real estate advertising and state elections in Bihar (driving political advertising) will provide an added impetus during the third quarter (ending December 2010.) We estimate that JPL will be able to deliver 18% yoy growth in FY11, which is the mainstay of our 33% earnings growth estimate for FY11.

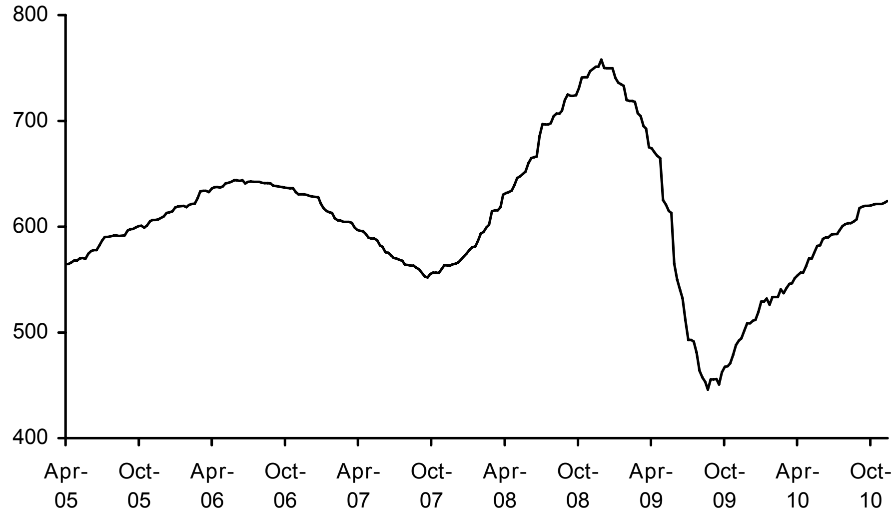
Newsprint

Newsprint accounts for ~60-70% of the cost of the newspaper and ~95% of its raw material. Across the industry, print companies import 45-50% of their newsprint requirements. Across a cycle, the landed cost of newsprint varies between USD450-800 per tonne in India.

JPL typically sources 80% of its newsprint locally and prefers not to store inventory. Over the past two years, newsprint costs have been at the higher end of the price band. While demand in US and Europe is on the decline, it has been increasing in China and India.

The reason for the newsprint price decline in US and Europe has been partially led by the change in international newsprint formats (broadsheet to tabloid and web width reductions) and reduction in page count (elimination of the daily stock tables). Also, once the pricing direction gets established, it tends to maintain momentum until it reaches a level where high cost producers fare better financially by shutting down equipment.

Figure 17: Newsprint price (USD/tn)



Source: Bloomberg Finance LP

We give below our estimates for JPL's newsprint costs and have assumed that JPL's newsprint costs for FY11 and FY12 are INR27,490 and INR27,700 per tonne respectively.

Figure 18: Newsprint cost assumptions

Year ended 31 March	FY07	FY08	FY09	FY10	FY11E	FY12E	FY13E
Newsprint cost	2,184	2,505	2,898	2,466	3,116	3,451	3,856
yoy growth (%)	5.14	14.74	15.66	-14.89	26.37	10.73	11.76
Quantity (tonnes)	83,085	98,940	100,275	103,052	113,357	124,693	137,162
yoy growth (%)	-0.9	19.1	1.3	2.8	10.0	10.0	10.0
Average price (per tonne, '000s)	26.28	27.33	28.90	23.93	27.49	27.67	28.12
yoy growth (%)	6.11	4%	6%	-17%	15%	1%	2%

Source: Deutsche Bank

Interestingly, the correlation between growth in ad revenues and growth in newsprint cost is 0.12 indicating that JPL's operating leverage during an advertising boom phase would be higher than its competitors indicating consequently higher yields.

Figure 19: Ad revenue growth vs newsprint costs

	FY08	FY09	FY10	FY11e	FY12e	FY13e
Ad revenue growth	28.5%	10.6%	15.7%	18.0%	15.0%	15.0%
Newsprint cost growth	4.0%	5.7%	-17.2%	14.9%	0.7%	1.6%

Source: Deutsche Bank

Strong cash-rich balance sheet drives further acquisition

JPL has cash and cash equivalents of INR1.88b and net cash of INR1.30bn in its balance sheet as at 30 September 2010. Also, the group has raised INR2.25bn from Blackstone, which sits in the books of its holding company. We believe that this ample war chest has put JPL in the sweet spot to both drive the expansion of its current acquisitions as well as explore future potential print language acquisitions. We have factored in a cut in the payout ratio as we believe that the company will conserve cash for possible future acquisitions, as and when the opportunity arises. Our assumptions factor in FY11 income from investments at INR350m, (INR343m in FY10) assuming that the company deploys cash in liquid investments (that carry relatively lower interest).

Figure 20: Strong net cash position of Jagran Prakashan

INR m	FY07	FY08	FY09	FY10	FY11E	FY12E
Debt	1,067	791	1,415	1,214	1,214	1,214
Cash	1,013	367	828	852	1,832	3,193
Investments	1,446	1,833	1,568	1,666	1,666	1,666
Net Cash/Investments	1,392	1,409	981	1,304	2,284	3,645

Source: Deutsche Bank, Company data

For the purpose of a like for like comparison, we stack JPL against HT Media, its closest peer within the Indian print space. While HT Media's flagship is an English newspaper, it also competes with JPL in Uttar Pradesh and Bihar with its Hindi newspaper 'Hindustan'. The key difference between the two is HT Media's capital allocation in the internet space.

HT Media has invested a cumulative amount of INR900m on developing its job portal www.shine.com as well as on building a platform for putting future classifieds on the platform which includes matrimonial ads, government tenders, real estate classified and auto classified, apart from an education portal www.htcampus.com. HT plans to invest INR250m each in FY11 and FY12 in its internet business.

This accounts for the difference between HT Media and JPL's return on capital. While the former is expected to report a FY11 return on capital of 20.3%, JPL is expected to report an ROCE of 31.6%.

Figure 21: Comparison with HT Media

Period	2009	2010E	2011E	2012E
HT Media (HTML.BO) (BUY), TP 210				
Net sales (INR m)	13,230	12,830	15,318	17,493
Sales growth%	11.5	-3.0	19.4	14.2
EBITDA Margin %	14.0	22.5	23.5	26.1
EPS				
(INR)	4.4	6.8	9.3	12.0
EPS grth (%)	-28.0	54.4	35.9	29.2
ROCE (%)	9.6	12.2	20.3	25.1
PE (X)	21.4	21.9	16.1	12.5
Jagran Prakashan JAGP.BO (BUY) TP 185				
Net sales (INR m)	8234	9419	10,759	12,132
Sales growth%	9.8	14.4	14.2	12.8
EBITDA Margin %	19.0	30.0	35.0	36.9
EPS				
(INR)	3.0	5.9	7.8	9.2
EPS grth (%)	-6.6	92.3	33.0	18.2
ROCE (%)	16.4	28.8	31.6	30.3
PE (X)	21.0	17.1	17.1	14.5

Source: Deutsche Bank, company data

Valuation

DCF-derived target price of INR185 (46% upside potential)

The key assumptions of our two-stage FCFE (free cash flow to equity) methodology are:

- Risk-free rate of 6.4%, market risk premium of 7.2% (we apply a standard estimated risk-free rate and market risk premium to all the Indian companies we cover), and beta of .87 (*Bloomberg Finance LP* data), implying cost of equity of 12.66%.
- Growth in the stable phase of 4% (which is the long-term growth rate in the number of households in India). This implies a P/E of 20x FY12E.

We believe that the DCF is the most appropriate way of valuing a print business as the cash flows remain steady and the circulation revenues are not dependent on the advertising environment. For a dominant player like JPL, a substantial part of the advertising revenues also tends to remain steady.

Our comparison with its listed peer HT Media (see section on Financials on pg 15) reveals a higher multiple primarily due to a focused capital allocation from JPL. We believe that HT Media's investments in radio and the internet are ahead of time (leading to a relatively lower return on capital), while JPL has focussed on acquiring print properties.

Figure 22: Jagran Prakashan – Discounted free cash flow valuation

Cost of Equity =	12.66%	
Proportion of Debt: Capital Spending (DR)=		11.71%
Proportion of Debt: Working Capital (DR)=		11.71%
Current Earnings per share=		9.2
(Capital Spending - Depreciation)*(1-DR)		0.2
Change in Working Capital * (1-DR)		4.9
Current FCFE		4.1

Growth Rate in Earnings per share

	Growth Rate	*Weight*
Historical Growth =	29.45%	50.00%
Outside Estimates =	17.50%	50.00%
Fundamental Growth =	20.41%	0.00%
Weighted Average	*23.48%*	

Growth Rate in capital spending, depreciation and working capital

	High Growth	*Stable Growth*
Growth rate in capital spending =	0.00%	Do not enter
Growth rate in depreciation =	10.00%	Do not enter
Growth rate in revenues =	10.00%	0.00%

Working Capital as percent of revenues =	42%	(in percent)

The FCFE for the high growth phase are shown below (upto 6 years)

INR/share	**1.00**	**2.00**	**3.00**
Earnings	11.4	14.0	17.3
- (CapEx-Depreciation)*(1-DR)	0.0	- 0.2	- 0.4
-Chg. Working Capital*(1-DR)	1.5	1.7	1.8
Free Cashflow to Equity	9.8	12.6	15.9
Present Value	**8.7**	**9.9**	**11.1**

Growth Rate in Stable Phase =	4.50%	
FCFE in Stable Phase =	18.10	
Cost of Equity in Stable Phase =	12.66%	
Price at the end of growth phase (INR/share) =	**222**	
Present Value of FCFE in high growth phase (INR/share)=		**30**
Present Value of Terminal Price (INR/share) =		**155**
Value of the stock (INR/share)=		**185**

Estimating the value of growth (INR/share)

Value of assets in place =	33
Value of stable growth =	20
Value of extraordinary growth =	132
Value of the stock =	185

Source: Company data, Deutsche Bank

Historically, JPL has traded within the 14-20x P/E multiple band except for a brief period in October 2007 when it surpassed 30x. This was primarily due to an extremely buoyant stock market which re-rated strong cash flow companies. The reverse was true in the period of October 2008 and March 2009, when the stock de-rated to 8x FY09 earnings. Our target price implies an earnings multiple of 20.1x FY12 primarily due to 26.6% FCF CAGR between FY10-12.

Figure 23: Historic PE band chart

Source: Deutsche Bank estimates, company data, Bloomberg Finance LP

Figure 24: International comparison

USD m		Mcap	Revenues FY11/ CY10	Revenues FY12/ CY11	Net profit FY11/ CY10	Net profit FY12/ CY11	PE FY11/ CY10	PE FY12/ CY11	EV/EBITDA FY11/ CY10	EV/EBITDA FY12/ CY11	Debt FY11/ CY10	EBITDA FY11/ CY10	EBITDA FY12/ CY11
STAR MK EQUITY#	Star Publications (Malaysia)	790	331.5	347.6	55.8	60.1	65.7	14	13	7	-150.5	64.2	90.9
INM ID Equity#	Independent News & Media PLC	361	1723.2	1749.7	65.3	89.6	109.4	6	4	5	1368.3	265.2	341.3
SPH SP Equity*	Singapore Press Hldgs	5119	935.3	982.5	321.1	337.9	16	15	14	13	777.7	419.3	441.4
JAGP IN Equity*	Jagran Prakashan	888	236.7	266.6	51.5	60.9	17	15	11	9	-13.6	82.7	98.4

*Source: * Deutsche Bank estimates, # Bloomberg Finance LP estimates,*

Where we are vs. consensus

We are 13.5% higher than consensus in terms of our earnings assumptions in FY11 and 17% higher than consensus than FY12. Our estimates are primarily driven by the leverage accruing to a dominant market leader from the 18% and 15% advertising revenue growth in FY11 and FY12 respectively.

Figure 25: Deutsche bank estimates vs consensus

	FY11 DB	FY11 Consensus	FY11 Difference %	FY12 DB	FY12 Consensus	FY12 Difference %
Sales	10758.62	10874.85	-1.1%	12131.75	12449.82	-2.6%
EBITDA	3765.34	3385.923	11.2%	4476.648	3895	14.9%
PAT	2343.457	2065.278	13.5%	2771.129	2365.588	17.1%

Source: Deutsche Bank,, Bloomberg Finance LP

Company background and management

Company background

Jagran Prakashan publishes India's largest read Hindi daily newspaper Dainik Jagran with a readership of 54.2m readers (source IRS 2Q2010). It also publishes two other newspapers I-next (a bilingual newspaper) and Cityplus (a weekly English paper). The newspapers are published from 73 locations, and the company has 200 sub-editions and 30 printing facilities.

The company has acquired with effect from April 1, 2010 the Mumbai-based afternoon compact daily Mid-day, along with its Gujarati language edition and the largest Urdu language daily 'Inquilab'. The cumulative readership of Mid-day is 2.4m (source IRS 2Q2010).

Jagran Prakashan is a family run enterprise promoted by the Gupta family and has interests in magazines, outdoor advertising, promotional marketing, event management

Figure 26: Shareholding pattern (Sep 2010)

Company Name	Jagran Prakashan Ltd.
Promoters holding (%)	55.33
Non-promoters holding (%)	44.67
Mutual funds (%)	17.73
Banks, FI's, Insurance Cos. (%)	1.03
FII's (%) - Non-Promoters	10.35
Non-institutions - Non-Promoters (%)	15.55

Source: Company data

A chronology of some key events in the history of the Company is set forth below:

- 1975 Incorporation of the Company
- 1979 Launched the Lucknow edition of *Dainik Jagran.*
- 1986 Launched the Agra edition of *Dainik Jagran.*
- 1997 Launched the website www.jagran.com.
- 2000 Launched the Hisar and Patna editions of *Dainik Jagran.*
- 2001 Launched the Aligarh edition of *Dainik Jagran.*
- 2002 Declared India's largest read daily newspaper (Source: IRS 2002)
- 2003 Launched the Ranchi, Jamshedpur, Dhanbad, Panipat and Bhagalpur editions of *Dainik Jagran.*
- 2004 Launched the Ludhiana and Haldwani editions of *Dainik Jagran.*
- 2005 Became the first Indian newspaper to cross readership beyond 20 million as per NRS survey. Launched the Muzaffarpur, Jammu and Dharamshala editions of *Dainik Jagran.*

Management details

Mr. Mahendra Mohan Gupta is the Chairman and Managing Director of the Company. He also holds the position of Managing Editor of Dainik Jagran. He holds a bachelor's degree in commerce. Mr. Gupta has more than 48 years of experience in the print media industry. Mr. Gupta has held various key positions in the industry including being the Chairman of United News of India ("UNI"), President of The Indian Newspaper Society (“INS”), President of Indian Languages Newspaper Association ("ILNA"), Council Member of Audit Bureau of Circulations, Member of Press Council of India and Member of Film Censor Board of India, Member of the Board of Press Trust of India (PTI) besides holding senior honorary positions in various social and cultural organizations. Mr. Gupta is also a Member of Parliament (Rajya Sabha) and presently a Member on the Board of PTI, INS and Merchants' Chambers of Uttar Pradesh. He has been a Director of the Company since its inception and is a nominee of the Promoters.

Mr. Sanjay Gupta is a whole-time Director, CEO and also the Editor of Dainik Jagran. He holds a bachelor’s degree in science. Mr. Gupta has more than 26 years of experience in the print media industry. Mr. Gupta is also a Director of the Motilal Nehru Institute of Technology, Allahabad. Mr. Gupta has been a Director of the Company since 1993 and is a nominee of the Promoters.

Mr. Dhirendra Mohan Gupta is a whole-time Director. He holds a bachelor’s degree in arts. Mr. Gupta has more than 43 years of experience in the print media industry. He is the Director-in-charge of the operations in the western regions of Uttar Pradesh and Uttaranchal. Mr. Gupta has been a Director of the Company since inception and is a nominee of the Promoters.

Mr. Sunil Gupta is a whole-time Director. He holds a bachelor’s and a master’s degree in commerce. Mr. Gupta has more than 26 years of experience in the print media industry. He is in charge of the operations in Bihar, Jharkhand and parts of eastern Uttar Pradesh. Mr. Gupta has been a Director of the Company since 1993 and is a nominee of the Promoters.

Mr. Shailesh Gupta is a whole-time Director of the Company. He holds a bachelor's degree in commerce. Mr. Gupta has more than 19 years of experience in the print media industry. He is a Member of Council of the Audit Bureau of Circulations, The Indian Newspaper Society and heads the advertisement and marketing department. Mr. Gupta has been a Director of the Company since 1994 and is a nominee of the Promoters.

Mr. Bharat Ji Agrawal is an independent Director. He holds a bachelor’s degree in science and a bachelor’s degree in law. Mr. Agrawal has been practicing as an advocate for about 46 years. Mr. Agrawal has been designated as Senior Advocate by the High Court, Allahabad in 1997 and has been appointed as the Senior Standing Counsel of the Income Tax Department in the High Court at Allahabad. He has been the Chairman and the Vice Chairman of U.P. Bar Council and has been nominated as National President of All India Federation of Tax Practitioners. Mr. Agrawal joined the Board in 2005.

Devendra Mohan Gupta is a non-executive Director. He holds a bachelor’s degree in Engineering (Mechanical). Mr. Gupta has more than 14 years of experience in handling Product Design, Research & Development, Production, Purchase & ales (Domestic & Overseas). Mr. Gupta had been appointed as the Director of the company in 2008 and is a nominee of the Promoters.

Mr. Gavin K. O’Reilly is a non-executive Director. He holds a bachelor’s degree in science from Georgetown University Business School, Washington D.C. He has been a Director of Independent News & Media Plc. since 1997 and is now the Chief Executive Officer of Independent News & Media Plc. Mr. O’Reilly is the President of the World Association of Newspapers and Chairman of the National Newspapers of Ireland. Mr. Gavin O’ Reilly joined the Board in 2005 as a nominee of Independent News & Media Investments Limited.

Mr. Kishore Biyani is an independent Director. He holds a bachelor's degree in commerce and a post graduate degree in marketing. Mr. Biyani is the Group CEO of Future Group and is the Founder and Managing Director of Pantaloon Retail (India) Limited. Pantaloon Retail (India) Limited is India's leading retail company that operates chains like Pantaloons, Big Bazaar, Food Bazaar, Central, among other formats. Mr. Biyani joined the Board in 2005.

Mr. Naresh Mohan is an independent Director. He holds a bachelor's degree in arts. Mr. Naresh Mohan has more than 45 years of work experience in the print media industry. Prior to retirement in 1998, he worked with The Hindustan Times Limited as Executive President. Subsequently, Mr. Naresh Mohan is engaged in media consultancy. Mr. Naresh Mohan has held various key positions in the print media industry including being the President of Indian Newspaper Society, Chairman of United News of India, Chairman of Audit Bureau of Circulations and Member of Press Council of India. Mr. Mohan joined the Board in 2005.

Mr. R.K. Jhunjhunwala is an Independent Director. He holds a bachelor's degree in commerce. He has been managing the working of the Sugar Mill, Vanaspati Plant and Steel Foundry from the year 1964 in the group company of Motilal Padampat Udyog Limited. Mr. R.K. Jhunjhunwala had been appointed as the Director of the company in 2008.

Mr. Rashid Mirza is an independent Director. He holds a diploma in leather technology from Leather Sellers College, London and served with various leather companies in the U.K. Upon his return to India, he joined his family business. In 1979, he along with his father promoted Mirza International Limited. He has a vast experience of more than 33 years in the leather industry. Mr. Mirza joined the Board in 2005.

Mr. Shailendra Mohan Gupta is a non-executive Director. He holds a bachelor's degree in science. He has over 30 years of experience in administration, sales and marketing fields in Sugar and Electronics industry. Mr. Shailendra Mohan Gupta has been appointed as the Director of the company since 2008 and is a nominee of the Promoters.

Mr. Shashidhar Narain Sinha is an Independent Director. He is the CEO of Lodestar Universal India. A veteran of 26 years experience in media management and development, he has overseen his agency's recognition as a national "Agency of the Year" twice and "Runner Up" twice in the past five years. He is actively involved and drives key industry bodies like the Advertising Standards Council of India, AAAI's – Indian Broadcasting Federation joint body on industry practices, Audit Bureau of Circulation and the Joint Industry Body set up to monitor TV measurement. Mr. Shashidhar Sinha had been appointed as the Director of the company in 2008.

Mr. Vijay Tandon is an independent Director. He graduated from the University of Delhi. Mr. Tandon is a chartered accountant and fellow of the Institute of Chartered Accountants of India. As a chartered accountant and financial management consultant, with over 32 years of professional experience in various capacities, Mr. Tandon has been associated with number of private and public sector companies and banks in the capacity of auditor. Also, as a management consultant, Mr. Tandon has been associated with a number of consulting services in diverse sectors of economy, industry and public utilities in India as well as South & Central Asia. Mr. Tandon joined the Board in 2005.

Mr. Vikram Bakshi is an independent Director. He holds a bachelor's degree in science. Mr. Bakshi has extensive experience spanning 27 years in real estate, hospitality and retail. As the Managing Director, Connaught Plaza Restaurants Pvt. Ltd. & JV Partner of McDonald's India. Mr. Bakshi joined the Board in 2005.

Appendix 1

Important Disclosures

Additional information available upon request

Disclosure checklist			
Company	**Ticker**	**Recent price***	**Disclosure**
Jagran Prakashan	JAGP.BO	138.85 () 2 Dec 10	NA

*Prices are sourced from local exchanges via Reuters, Bloomberg and other vendors. Data is sourced from Deutsche Bank and subject companies.

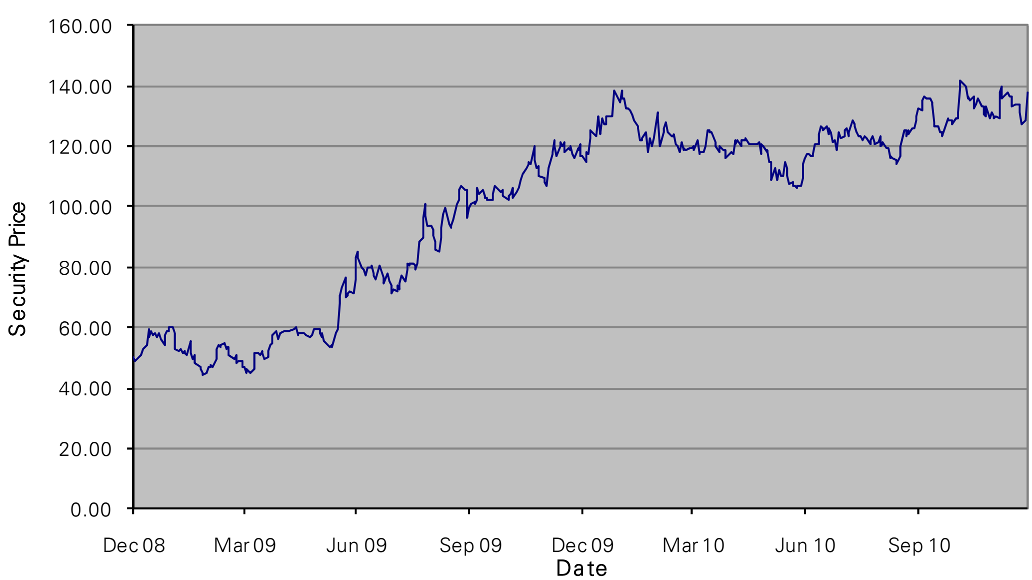
For disclosures pertaining to recommendations or estimates made on securities other than the primary subject of this research, please see the most recently published company report or visit our global disclosure look-up page on our website at http://gm.db.com/ger/disclosure/Disclosure.eqsr?ricCode=JAGP.BO.

Analyst Certification

The views expressed in this report accurately reflect the personal views of the undersigned lead analyst(s) about the subject issuer and the securities of the issuer. In addition, the undersigned lead analyst(s) has not and will not receive any compensation for providing a specific recommendation or view in this report. Harrish Zaveri

Historical recommendations and target price: Jagran Prakashan (JAGP.BO)

(as of 12/1/2010)



Previous Recommendations

Strong Buy
Buy
Market Perform
Underperform
Not Rated
Suspended Rating

Current Recommendations

Buy
Hold
Sell
Not Rated
Suspended Rating

*New Recommendation Structure as of September 9, 2002

Equity rating key

Buy: Based on a current 12- month view of total share-holder return (TSR = percentage change in share price from current price to projected target price plus pro-jected dividend yield) , we recommend that investors buy the stock.

Sell: Based on a current 12-month view of total share-holder return, we recommend that investors sell the stock

Hold: We take a neutral view on the stock 12-months out and, based on this time horizon, do not recommend either a Buy or Sell.

Notes:

1. Newly issued research recommendations and target prices always supersede previously published research.

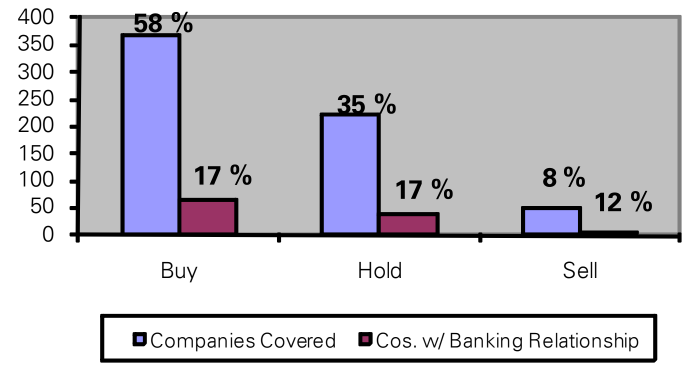
2. Ratings definitions prior to 27 January, 2007 were:

Buy: Expected total return (including dividends) of 10% or more over a 12-month period

Hold: Expected total return (including dividends) between -10% and 10% over a 12-month period

Sell: Expected total return (including dividends) of -10% or worse over a 12-month period

Equity rating dispersion and banking relationships



Asia-Pacific Universe

Regulatory Disclosures

1. Important Additional Conflict Disclosures

Aside from within this report, important conflict disclosures can also be found at https://gm.db.com/equities under the "Disclosures Lookup" and "Legal" tabs. Investors are strongly encouraged to review this information before investing.

2. Short-Term Trade Ideas

Deutsche Bank equity research analysts sometimes have shorter-term trade ideas (known as SOLAR ideas) that are consistent or inconsistent with Deutsche Bank's existing longer term ratings. These trade ideas can be found at the SOLAR link at http://gm.db.com.

3. Country-Specific Disclosures

Australia: This research, and any access to it, is intended only for "wholesale clients" within the meaning of the Australian Corporations Act.
Brazil: The views expressed above accurately reflect personal views of the authors about the subject company(ies) and its(their) securities, including in relation to Deutsche Bank. The compensation of the equity research analyst(s) is indirectly affected by revenues deriving from the business and financial transactions of Deutsche Bank.
EU countries: Disclosures relating to our obligations under MiFiD can be found at http://globalmarkets.db.com/riskdisclosures.
Japan: Disclosures under the Financial Instruments and Exchange Law: Company name - Deutsche Securities Inc. Registration number - Registered as a financial instruments dealer by the Head of the Kanto Local Finance Bureau (Kinsho) No. 117. Member of associations: JSDA, The Financial Futures Association of Japan. Commissions and risks involved in stock transactions - for stock transactions, we charge stock commissions and consumption tax by multiplying the transaction amount by the commission rate agreed with each customer. Stock transactions can lead to losses as a result of share price fluctuations and other factors. Transactions in foreign stocks can lead to additional losses stemming from foreign exchange fluctuations. "Moody's", "Standard & Poor's", and "Fitch" mentioned in this report are not registered as rating agency in Japan unless specifically indicated as Japan entities of such rating agencies.
New Zealand: This research is not intended for, and should not be given to, "members of the public" within the meaning of the New Zealand Securities Market Act 1988.
Russia: This information, interpretation and opinions submitted herein are not in the context of, and do not constitute, any appraisal or evaluation activity requiring a license in the Russian Federation.

Asia-Pacific locations

Deutsche Bank AG
Deutsche Bank Place
Level 16
Corner of Hunter & Phillip Streets
Sydney, NSW 2000
Australia
Tel: (61) 2 8258 1234

Deutsche Bank AG
Filiale Hongkong
International Commerce Centre,
1 Austin Road West,Kowloon,
Hong Kong
tel: (852) 2203 8888

Deutsche Equities India Pte Ltd
DB House, Ground Floor
Hazarimal Somani Marg
Fort, Mumbai 400 001
India
Tel: (91) 22 6658 4600

Deutsche Securities Inc.
2-11-1 Nagatacho
Sanno Park Tower
Chiyoda-ku, Tokyo 100-6171
Japan
Tel: (81) 3 5156 6770

Deutsche Bank (Malaysia) Berhad
Level 18-20
Menara IMC
8 Jalan Sultan Ismail
Kuala Lumpur 50250
Malaysia
Tel: (60) 3 2053 6760

In association with
Deutsche Regis Partners, Inc.
Level 23, Tower One
Ayala Triangle, Ayala Avenue
Makati City, Philippines
Tel: (63) 2 894 6600

Deutsche Securities Korea Co.
17th Floor, YoungPoong Bldg.,
33 SeoRin-Dong,
Chongro-Ku, Seoul (110-752)
Republic of Korea
Tel: (82) 2 316 8888

Deutsche Bank AG Singapore
One Raffles Quay
South Tower
Singapore 048583
Tel: (65) 6423 8001

Deutsche Securities Asia Ltd
Taiwan Branch
Level 6
296 Jen-Ai Road, Sec 4
Taipei 106
Taiwan
Tel: (886) 2 2192 2888

In association with
TISCO Securities Co., Ltd
TISCO Tower
48/8 North Sathorn Road
Bangkok 10500
Thailand
Tel: (66) 2 633 6470

In association with
PT Deutsche Verdhana Indonesia
Deutsche Bank Building,
6th Floor, Jl. Imam Bonjol No.80,
Central Jakarta,
Indonesia
Tel: (62 21) 318 9541

International locations

Deutsche Bank Securities Inc.
60 Wall Street
New York, NY 10005
United States of America
Tel: (1) 212 250 2500

Deutsche Bank AG London
1 Great Winchester Street
London EC2N 2EQ
United Kingdom
Tel: (44) 20 7545 8000

Deutsche Bank AG
Große Gallusstraße 10-14
60272 Frankfurt am Main
Germany
Tel: (49) 69 910 00

Deutsche Bank AG
Deutsche Bank Place
Level 16
Corner of Hunter & Phillip Streets
Sydney, NSW 2000
Australia
Tel: (61) 2 8258 1234

Deutsche Bank AG
Filiale Hongkong
International Commerce Centre,
1 Austin Road West,Kowloon,
Hong Kong
Tel: (852) 2203 8888

Deutsche Securities Inc.
2-11-1 Nagatacho
Sanno Park Tower
Chiyoda-ku, Tokyo 100-6171
Japan
Tel: (81) 3 5156 6770

Global Disclaimer