



Longreads
Newsletters
Yesterday
News
Briefs



The
Morning
Context



a

Business

A succession struggle grips the Jagran group

The family that owns India's most widely read daily is facing internal strife. At stake is the very stability of the legacy publisher.



[Ayush Tiwari](#)

Delhi

01 August, 2023





Unlocked story



Mahendra Mohan Gupta announced his desire to step down as chairman and managing director of Jagran Prakashan Ltd in 2021, the year he turned 81. For 16 years, he had helmed the company that published India's most widely read newspaper, Hindi daily Dainik Jagran. As of 2020, its readership stood at 68 million, **16 million more** than its closest rival, Hindi daily Dainik Bhaskar. Mahendra controlled the group along with his brothers and nephews as the first among equals. But now he wanted to take a step back, kicking off the search for a successor.

Two years later, Mahendra finds himself in an unenviable position. Early last month, he and his son Shailesh Gupta, a director with the Jagran group, moved court against the rest of the Gupta family. In a petition before the National Company

Law Tribunal in Allahabad, they claimed that the family tried to illegally oust them from the management of Jagran Prakashan and its holding company, Jagran Media Network Investment Pvt. Ltd. They also alleged “oppression” by the majority shareholders of the company. The biggest names in India’s legal fraternity are now part of the case, including senior lawyers Harish Salve, Mukul Rohatgi and Abhishek Manu Singhvi.

The case plays out within a larger succession struggle at one of India’s oldest media behemoths. Mahendra believes his son Shailesh should succeed him as managing director at the group while he takes on the role of non-executive chairman. According to an Exchange4Media [interview](#), Shailesh manages the group’s marketing and advertising portfolio. The rest of the family is pushing for Sunil Gupta, Mahendra’s nephew and a whole-time director at the group (whose annual reports tout him as its highest paid executive, though it’s unclear what his role is), as managing director.

There are also differences on the future of another of Mahendra’s nephews, Sanjay Gupta, the editor-in-chief of Dainik Jagran and the chairman of Mid Day Infomedia, the subsidiary that owns Inquilab, one of India’s biggest Urdu dailies, and Mid-Day, a popular Mumbai-based daily published in English and Gujarati. While Mahendra wants Sanjay to be the group’s executive vice-chairman, the family wants him to be the executive chairman.

This succession battle could be bad news for the media group. It has already reached the courts, and if it gets uglier, could affect its business. As a 25 July disclosure from the group’s flagship, Jagran Prakashan, to stock exchanges notes, “The outcome of the petition and its impact on the company cannot be anticipated at this stage.”

That’s an uncertainty the multi-billion rupee group would like to avoid, given how far it has come since the founding of Dainik Jagran in 1942 by journalist Puran Chandra Gupta. Its interests today stretch into the realms of internet and radio,

with websites like Jagran Josh (educational content) and Vishwas News (fact-checking) as well as FM radio station Radio City. It also has a streaming platform called Jagran TV and a podcast app named Jagran Podcast.

The group has also actively courted the ruling Bharatiya Janata Party, [supporting](#) its Hindu supremacist policies through its content. This has paid off. Under the Narendra Modi government, advertisements to Dainik Jagran [have more than doubled](#) compared to the Manmohan Singh-led UPA government.

Now, all of this is at risk. So are investors in Jagran Prakashan, which has a market capitalization of over Rs 2,200 crore. But these are still early days, and those in the know say that negotiations for an out-of-court settlement are ongoing—like in the case of the Times Group split between brothers Samir and Vineet Jain. Except, that affair was more private and less litigious.

Asked about the dispute and its effect on the group, Amit Jaiswal, the company secretary at Jagran Prakashan, said, “The dispute is between individuals and so the company will not comment on it.” Sanjay Gupta did not respond.

Whatever the final outcome, the succession drama couldn't have been more poorly timed.

A veteran vs the rest

Mahendra Mohan Gupta's decision to step down in May 2021 came at a difficult time for India's print media industry and, consequently, the Jagran group. Newspapers had to pause circulation when the COVID-19 pandemic hit in early 2020, and when it resumed later that year, the higher cost of newsprint made it more expensive to print newspapers.

The crunch was visible in the balance sheets of the Jagran group. In 2017-18 and 2018-19, its revenue stood at Rs 2,350 crore and Rs 2,403 crore, respectively. It slid to Rs Rs 2,129 crore in 2019-20 and collapsed to Rs 1,341 in 2020-21. The numbers from 2021-22 and 2022-23 show that the revenue is yet to return to pre-pandemic figures.

Jagran Prakashan is controlled by six branches of the Gupta family—one branch each for the six sons of founder Puran Chandra: Mahendra Mohan Gupta, Dharendra Mohan Gupta, Devendra Mohan Gupta, Shailendra Mohan Gupta, Narendra Mohan Gupta and Yogendra Mohan Gupta. Narendra died in 2002 and Yogendra passed away in 2021. Their branches are represented by their sons Sanjay and Sunil, respectively.

Puran Chandra's sons control the Jagran group through indirect stakes. They, along with their spouses and children, own anywhere between 14-18% each in a holding company called Jagran Media Network Investment Pvt. Ltd, or JMNIPL, which has a 67.97% stake in Jagran Prakashan.

The petition, filed in the tribunal in Allahabad on 10 July, gives a glimpse into how the Jagran Prakashan board set the succession ball rolling. In May 2021, it let four independent directors of the company form a Succession Planning Committee, or SPC, and propose a new managing director and chairman from the Gupta family, who would take over the positions in October 2023. In the meantime, Mahendra would continue to hold his positions.

After a series of interviews with members of the Gupta family, the SPC submitted its proposal to an internal board committee for approval in December 2022: Sanjay could be the vice-chairman, it suggested, while Shailesh could be managing director.

The four members of the SPC were Ravi Sardana, a former senior executive at ICICI Bank; Vikram Sakhuja, the group CEO of media agency Madison Media; Shailendra Swarup, a senior advocate; and Vijay Tandon, a chartered accountant. All four became directors in the Jagran group between 2005 and 2019, when Mahendra was managing director.

Interestingly, the internal board committee vested with the power to approve the succession plan had five members. Four of them were Sardana, Sakhuja, Swarup and Tandon. The fifth member was Shailendra Mohan Gupta.

The problems began with Shailendra's dissent. The petition says that he "expressed his grievances and objections to the methodology and procedure adopted by the SPC and the conclusions reached by it in the succession plan". At the same time, it insisted that Mahendra "was not involved in any of the actions undertaken by the SPC, including its final recommendation".

In a board meeting to discuss the succession in January 2023, Devendra also took Shailendra's side, telling Mahendra to "resign immediately". Mahendra, the petition adds, "was shocked at such a volte-face".

The 18-member board passed the succession plan at its January meeting, but the dissent did not ebb. Six directors of the Gupta family—Shailendra, Devendra, Dhirendra, Sunil, Sanjay and his brother Sandeep—dissented to the proposal.

Over the next four months, the Gupta family negotiated the succession plan but could not settle. Mahendra argued that his son should be the managing director because it had been decided by the SPC, a statutory body. The other five branches of the family wanted Sunil Gupta—the son of late Yogendra Mohan Gupta—as managing director and Sanjay as the executive chairman.

According to a lawyer representing one of the respondents before the NCLT, the rest of the family's stand was based on the argument that "among people who are equally competent, seniority should be the criterion for succession". Sunil (60) and Sanjay (59) have been directors at Jagran Prakashan since 1993. Shailesh (53) became a director a year later.

Mahendra refuses to budge on the family's recommendations. In the petition, he says that "they were not only belated but were also in contravention of law, being contrary to the recommendations of the SPC" and the internal board committee. His brothers and nephews, in his view, are "exercising their brute majority to override the recommendations made by the SPC".

If the chairman and managing director thought that his family had let him down, there was more to come.

From bad to worse

In the last few months, ties have become more strained. In May, Mahendra decided to put the succession plan into action and appoint Shailesh as the managing director. This was supposed to happen at a board meeting on 30 May. But a day before, the dissenting section of the family told the board that Mahendra and Shailesh were not nominees of the Gupta family on the Jagran Prakashan board.

Letters and emails with accusations and counter-accusations were traded by both sides and the board meeting was postponed to 10 June. On that day, the Jagran board, led by the 82-year-old, elected Shailesh as the group's managing director, effective from October. This is subject to the approval of the public shareholders, who will vote in the annual general meeting later this month.

To offset this decision, the dissenters shifted their focus from Jagran Prakashan to JMNIPL, the holding company. On 22 June, they scheduled a JMNIPL board meeting for 14 July to revoke Mahendra's power of attorney at the holding company—that is, his ability to act and vote on behalf of the Gupta family. This is a strategic move since, in the annual general meetings, the Gupta family votes through JMNIPL.

According to the lawyer cited above, who spoke on condition of anonymity, the family is concerned that if Shailesh takes over as managing director, “there might be conflict of interest” as his father’s “judgment might become clouded”.

In an attempt to preempt the JMNIPL board meeting, Mahendra moved NCLT on 10 July. In an email prior to this meeting, he called the meeting invalid, but said he would attend it nevertheless. “Sadar Charan Sparsh,” replied Sanjay, in an email seen by The Morning Context. “The board meeting, which has been convened by me in exercise of my rights as a director of the company, has been convened to discuss issues that are essential to the company’s interests, and are separate from any issues arising between family members.”

Mahendra’s defence, as outlined in the petition, is that a shareholders’ agreement from 2011 endows him with an “irrevocable” power of attorney. He says that the articles of association of Jagran Prakashan uphold his status as the family’s nominee and representative. His brothers and nephews, he adds, “aim to vindictively oust” him and his “branch of the family from their managerial capacities in the companies in a deceptive, clandestine and illegal manner”.

The JMNIPL board meeting took place on 14 July. Its highlight was the resolution to divest the managing director of his voting powers, while vesting them with Sanjay and Dharendra Gupta. The resolution pushed for the two to be “authorized to attend and vote as authorized representative of the Company, in all the general meeting of the JPL”.

The minutes of the meeting recorded the resolution as having passed “with requisite majority”, adding: “The Chairman opposed and his dissent was noted.” This means that at Jagran Prakashan’s upcoming annual general meeting on 25 August, the family’s vote on Shailesh’s appointment as managing director will be cast by his cousin Sanjay and uncle Dharendra, and not by his father.

A way out?

The Jagran group is a family-run business and, as such, cannot be stable if the family is at war. Honour and respect are the core values that such a business runs on; if they are breached, there is little that can bind the family together.

In seeking Mahendra's exit, the dissenters would thus be setting a bad precedent. As would Mahendra with his intransigence on heeding the suggestions of other family members. Given that the group's articles of association define 21 individuals as constituting "the Gupta family", the playbook being written over the past few months would only lead to more family feuds being played out in public. And, further instability.

There are serious consequences for the group's financial health as well. Mahendra's stint at the helm coincided with the group's phenomenal growth. In 2004-05, when he took over, the group posted a mere Rs 1.23 crore profit. In 2022-23, this figure stood at Rs 196 crore. As mentioned earlier, his son looks after the crucial advertising and marketing departments. Their combined departure could hit continuity of operations—at least in the short term. This will feed into the problems besetting the print media industry, which faces a historic [fall in government advertisements](#) along with a steady drop in circulation numbers.

Much like the [ongoing split at the Times Group](#), the developments at Jagran point to the country's biggest legacy media companies battling financial headwinds as well as internal strife. The only way out for the Gupta family then is to arrive at a negotiated settlement of the succession crisis.

[media](#)
[succession planning](#)
[stock exchange](#)
[Print media](#)
All eyes will be on the NCLT hearing on 9 August and the developments thereafter.

[Jagran](#)
[tribunal](#)
[company law](#)
[newspaper](#)
[succession](#)
[dainik jagran](#)

Disclaimers: *The Morning Context has raised money from a clutch of investors, entirely in their personal capacity. It is quite likely that some of them may be directly or indirectly involved in a competing line of business similar to the companies we write about. Our full list of investors is [here](#)*



As a TMC subscriber you are part of the select group who has access to this story. Hope you are enjoying your subscription of TMC.



GIFT THIS STORY

Great stories deserve to be shared
Gift your friend, colleague or a family member this story.



RELATED STORIES

[Internet](#)



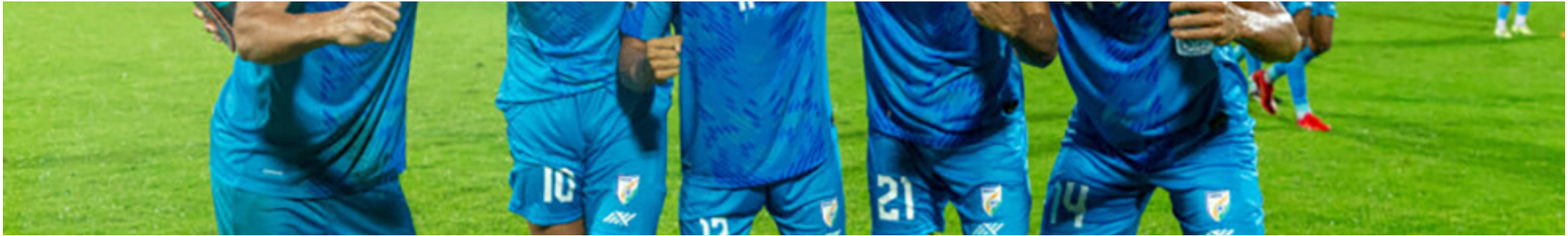


Axis Bank, SBI get stricter on credit cards

[Ashwin Manikandan](#)

01 August, 2023

[Chaos](#)



Indian football has a chicken and egg situation

[Prem Panicker](#)

01 August, 2023

[Internet](#)



Davidson Kempner accuses Byju's of financial misconduct, takes control of Aakash

[Pradip K. Saha](#)

31 July, 2023



Everything that's happened around the world in the news. Clutter-free with a quick, to-the-point perspective. We land in your inbox every weekday at 8 am IST



Follow us on



THE
MORNING
CONTEXT

Categories

[INTERNET](#)

[BUSINESS](#)

[CHAOS](#)

[NEWSLETTERS](#)

[ALL STORIES](#)

[YESTERDAY](#)

[STARTER COLLECTION](#)

Subscription

[Individual plans](#)

[Corporate plans](#)

[Student plans](#)

[Gifting](#)

[Company](#)

[About](#)

[Leadership](#)

[Investors](#)

[Team](#)

[Editorial code](#)

[The Morning Context](#)

[Blog - On the record](#)

[TMC Subscriber App](#)

[Collaborate](#)

[Contact us](#)

[FAQ's](#)

[Privacy Policy](#)

[Terms and Conditions](#)

©2023 Slowform Pte Limited

68 Circular Road, #02-01, 049422, Singapore

support@themorningcontext.com

