

## Steady Outlook!

13<sup>th</sup> Sept, 2017

<b>Rating</b>	
<b>CMP</b>	<b>Rs 369</b>
<b>Target Price</b>	<b>Rs 385</b>
<b>Recommendation</b>	<b>NEUTRAL</b>

### Stock Info

<b>BSE Group</b>	<b>B</b>
<b>BSE Code</b>	538685
<b>NSE Symbol</b>	SHEMAROO
<b>Bloomberg</b>	SHEM IN
<b>Reuters</b>	SHEM.BO
<b>BSE Sensex</b>	32,186
<b>NSE Nifty</b>	10,079

### Market Info

<b>Market Capital</b>	Rs 993 cr
<b>Equity Capital</b>	Rs 27 cr
<b>Avg. Trading Vol.</b>	47,400
<b>52 Wk High/ Low</b>	439/265
<b>Face Value</b>	Rs 10

### Shareholding Pattern (%) (June 17)

<b>Promoters</b>	65.83
<b>Domestic Institutions</b>	1.65
<b>Foreign Institutions</b>	15.53
<b>Public &amp; Others</b>	16.99

### Price Chart:



### Performance Analysis

The company showed growth in performance for the quarter with revenue increasing at 7.6% YoY and 8.3% sequentially on standalone front. On consolidated front the revenue grew by 9% YoY.

Revenue from digital media continued the upward curve with 42% growth rate when compared to corresponding quarter of previous year. Share of new media to revenue grew to 42% vs 50% in corresponding quarter of previous year and 40% sequentially.

Traditional media growth rate fell by 1.5% YoY for the quarter under review and sequentially the revenue growth grew by 6%. Share in revenue for traditional media stood at 72% vs 79% YoY and 74% sequentially.

Operating margins for the company stood steady owing to the de-growth in traditional media. EBITDA margin declined to 33.5% for the quarter under review against 34.8% in the corresponding quarter of the previous year. However margins improved from 31.9% sequentially.

Profitability for the company improved in comparison of both YoY and sequential basis. Net profit for the quarter under review came in at Rs 16.9 cr vs Rs 16.7 cr in the corresponding quarter of the previous year and Rs.12.7 cr on sequential basis.

On consolidated front revenue for the quarter came in at Rs. 103 crore, registering 8% YoY growth and net profit grew by 21.34% YoY to Rs 16 cr.

### Valuation

The company has positive outlook towards growth in media sector and plans to expand in digital media business. At CMP of Rs 369 company trades at a P/E multiple of 11.5 (x) its FY 19 estimates. We have valued the stock at its FY 19E forward P/E of 12 (x) and arrived at a fair value of Rs 385 per share. We have "NEUTRAL" rating on the company.

### Financial Snapshot

(Rs Cr)	2017	2018E	2019E
<b>Revenue</b>	<b>415</b>	<b>480</b>	<b>561</b>
<b>EBITDA</b>	<b>128</b>	<b>149</b>	<b>172</b>
<b>Net Profit</b>	<b>62</b>	<b>75</b>	<b>87</b>
<b>EPS</b>	<b>22.7</b>	<b>27.5</b>	<b>32.1</b>
<b>ROE</b>	<b>15%</b>	<b>17%</b>	<b>19%</b>
<b>P/E</b>	<b>16.0</b>	<b>13.4</b>	<b>11.5</b>



## Quarterly Performance (Rs in crores)

Quarterly Results					
Particulars	Q1 FY 18	Q1 FY17	YoY %	Q4 FY 17	QoQ %
Revenue	102.4	95.1	7.6%	94.5	8.3%
Expenditure	68.0	62.0		64.4	
EBITDA	34.3	33.1	3.6%	30.1	13.9%
EBITDA Margin	33.5%	34.8%		31.9%	
Depreciation	1.2	1.0		1.1	
Operating Profit	33.1	32.2	2.9%	29.0	14.1%
Interest	8.1	6.8		10.0	
PBT	26.2	26.0		20.2	
Tax	8.9	9.3		7.5	
Net Profit	16.9	16.7	0.8%	12.7	32.3%
PAT Margin	16.5%	17.6%		13.5%	
EPS	6.2	6.2		4.7	
Divisional Performance					
Divisional Performance	Q1 FY 18	Q1 FY17	YoY %	Q4 FY 17	QoQ %
New Media	28.5	20.1	41.7%	24.8	15.2%
Share in Revenue	27.9%	21.2%		26.2%	
Traditional Media	73.8	75.0	-1.5%	69.7	5.9%
Share in Revenue	72.1%	78.8%		73.8%	
<b>Total Income from operations</b>	<b>102.4</b>	<b>95.1</b>		<b>94.5</b>	

Source: Ace Equity, Arianth Research



Income Statement			
Particulars	2017	2018E	2019E
Revenue	415	480	561
Expenditure	287	331	388
EBITDA	128	149	172
Depreciation	4	5	6
Operating Profit	124	144	166
Interest	33	32	36
PBT	96	115	134
Tax	34	40	47
Net Profit	62	75	87

Balance Sheet			
Particulars	2017	2018E	2019E
Share Capital	27	27	27
Reserves & Surplus	405	424	460
Non-Current Liabilities	20	26	27
Current Liabilities	337	350	411
Total Liabilities	790	827	925
Non-Current Assets	55	59	61
Current Assets	735	769	863
Cash & Bank	1	7	21
Total Assets	790	827	925

Cashflow Statement			
Particulars	2017	2018E	2019E
Net Profit	62	75	87
Non-Cash items	33	37	42
Working Capital changes	-170	-49	-86
CFO	-60	45	23
CFI	-4	-6	-7
CFF	63	-33	-2
Change in Cash	0.1	5.4	14.3
Opening Cash	1.1	1.1	6.5
Closing Cash	1.1	6.5	20.8

Ratios			
Particulars	2017	2018E	2019E
Revenue Growth	10.6%	15.7%	16.8%
EBITDA Margin	30.9%	31.1%	30.7%
Pat Margin	14.9%	15.6%	15.5%
ROE	15.3%	17.0%	18.6%
D/E	0.0	0.0	0.0
Current Ratio	2.2	2.2	2.1
EPS	22.7	27.5	32.1
DPS	1.8	2.0	3.0
P/E	16.0	13.1	11.3

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**Stock Rating Scale**

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

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