



Steady performance!

7th Feb, 2017

Rating	
CMP	Rs 422
Target Price	Rs 450
Recommendation	HOLD

Stock Info

BSE Group	B
BSE Code	538685
NSE Symbol	SHEMAROO
Bloomberg	SHEM IN
Reuters	SHEM.BO
BSE Sensex	28,395
NSE Nifty	8,784

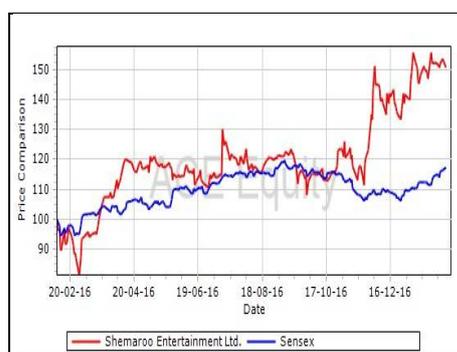
Market Info

Market Capital	Rs 1,132 cr
Equity Capital	Rs 27 cr
Avg. Trading Vol.	52,050
52 Wk High/ Low	440/222
Face Value	Rs 10

Shareholding Pattern (%) (Dec 16)

Promoters	65.8
Domestic Institutions	1.8
Foreign Institutions	13.9
Public & Others	18.5

Price Chart:



Performance Analysis

The company showed insulated performance for the quarter with revenue growing at 11.6% YoY and 0.2% sequentially on standalone front. On consolidated front the revenue grew by 12.4% YoY and stood flat sequentially.

Revenue from digital media continued the upward curve with 41% growth rate when compared to corresponding quarter of previous year. On sequential basis the revenue from digital media division de-grew by 2%. Share of new media to revenue slipped to 20.9% vs. 16.5% in corresponding quarter of previous year and 21.3% sequentially.

Traditional media grew at a muted growth rate of 6% YoY for the quarter under review and sequentially the revenue grew by 1%. Share in revenue for traditional media stood at 79% vs. 83.5% YoY and 78.7% sequentially.

Operating margins for the company have continued to rise owing to the growth in new media. EBITDA margin inclined to 27.6% for the quarter under review against 26.4% in the corresponding quarter of the previous year. However margins deteriorated by 2.2% sequentially.

Profitability for the company improved YoY although deteriorated sequentially. Net profit for the quarter under review came in at Rs 15.5 cr vs. Rs 13.2 cr in the corresponding quarter of the previous year climbing by 17% YoY. However, on sequential basis it was down by 8.4%.

On consolidated front net profit grew by 13.3% YoY to Rs 14.5 cr and dropped by 4% sequentially.

Valuation

The company has continued to report steady performance. At CMP of Rs 422 company trades at a P/E multiple of 14.1 (x) its FY 18 estimates. We have valued the stock at its FY 18E forward P/E of 15 (x) and arrived at a fair value of Rs 450 per share. We have **“HOLD”** rating on the company.

Financial Snapshot

(Rs Cr)	2015	2016	2017E	2018E
Revenue	323	375	436	508
EBITDA	88	111	136	161
Net Profit	42	56	68	82
EPS	15.4	20.6	25.1	30.0
ROE	17%	16%	17%	17%
P/E	11.9	14.3	16.8	14.1



Quarterly Performance

Quarterly Results					
Particulars	Q3 FY 17	Q3 FY 16	YoY %	Q2 FY 17	QoQ %
Revenue	112.7	101.0	11.6%	112.5	0.2%
Expenditure	81.6	74.4		79.0	
EBITDA	31.1	26.6	16.8%	33.5	-7.3%
EBITDA Margin	27.6%	26.36%		29.8%	
Depreciation	1.1	0.9		1.0	
Operating Profit	30.1	25.7	17.0%	32.5	-7.6%
Interest	8.3	5.6		7.3	
PBT	24.0	20.4		25.9	
Tax	8.5	7.2		9.0	
Net Profit	15.5	13.2	16.9%	16.9	-8.4%
PAT Margin	13.7%	13.1%		15.0%	
EPS	5.7	4.7		6.2	

Divisional Performance					
Divisional Performance	Q3 FY 17	Q3 FY 16	YoY %	Q2 FY 17	QoQ %
New Media	23.5	16.6	41.3%	24.0	-1.8%
Share in Revenue	20.9%	16.5%		21.3%	
Traditional Media	89.2	84.4	5.7%	88.5	0.7%
Share in Revenue	79.1%	83.5%		78.7%	
Total Income from operations	112.7	101.0		112.5	

Source: Ace Equity, Arianth Research



Income Statement					
Particulars	2014	2015	2016	2017E	2018E
Revenue	263	323	375	436	508
Expenditure	198	235	264	300	346
EBITDA	65	88	111	136	161
Depreciation	3	4	4	4	4
Operating Profit	62	84	107	132	158
Interest	19	22	23	31	35
PBT	44	64	87	105	126
Tax	16	22	31	37	44
Net Profit	28	42	56	68	82

Balance Sheet					
Particulars	2014	2015	2016	2017E	2018E
Share Capital	20	27	27	27	27
Reserves & Surplus	158	294	346	408	483
Non-Current Liabilities	19	8	30	29	26
Current Liabilities	216	164	218	298	374
Total Liabilities	413	493	622	762	910
Non-Current Assets	52	57	49	40	42
Current Assets	361	436	573	722	868
Cash & Bank	1	2	1	2	3
Total Assets	413	493	622	762	910

Cashflow Statement					
Particulars	2014	2015	2016	2017E	2018E
Net Profit	28	42	56	68	82
Non-Cash items	22	24	27	35	39
Working Capital changes	-75	-91	-122	-113	-120
CFO	-18	-30	-48	-20	-18
CFI	-3	-9	4	6	-5
CFF	20	41	44	15	23
Change in Cash	-0.4	1.7	-0.4	0.5	0.4
Opening Cash	1.0	0.6	2.3	1.9	2.4
Closing Cash	0.6	2.3	1.9	2.4	2.9

Ratios					
Particulars	2014	2015	2016	2017E	2018E
Revenue Growth	23.4%	22.8%	15.9%	16.2%	16.6%
EBITDA Margin	24.7%	27.2%	29.6%	31.2%	31.8%
Pat Margin	10.6%	12.9%	14.9%	15.7%	16.1%
ROE	17.0%	16.8%	16.1%	16.9%	17.3%
D/E	0.1	0.0	0.1	0.0	0.0
Current Ratio	1.7	2.7	2.6	2.4	2.3
EPS	14.0	15.4	20.6	25.1	30.0
DPS	0.5	1.2	1.4	1.8	2.0
P/E	0.0	11.9	14.3	16.8	14.1

Source: Ace Equity, Aриhant Research

**Arihant Research Desk**

E. research@arihantcapital.com
T. 022-42254800

Head Office

#1011, Solitaire Corporate park,
Building No. 10, 1st Floor,
Andheri Ghatkopar Link Road,
Chakala, Andheri (E).
Mumbai - 400093
Tel: (91-22) 42254800
Fax: (91-22) 42254880

Registered Office

E-5 Ratlam Kothi
Indore - 452003, (M.P.)
Tel: (91-731) 3016100
Fax: (91-731) 3016199

Stock Rating Scale

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

Research Analyst Registration No.**Contact****Website****Email Id**

INH000002764

SMS: 'Arihant' to 56677

www.arihantcapital.comresearch@arihantcapital.com**Disclaimer:**

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