

Steady Outlook

15th Dec, 2017

Rating

CMP	Rs 403
Target Price	Rs 417
Recommendation	NEUTRAL

Stock Info

BSE Group	B
BSE Code	538685
NSE Symbol	SHEMAROO
Bloomberg	SHEM IN
Reuters	SHEM.BO
BSE Sensex	33,246
NSE Nifty	10,252

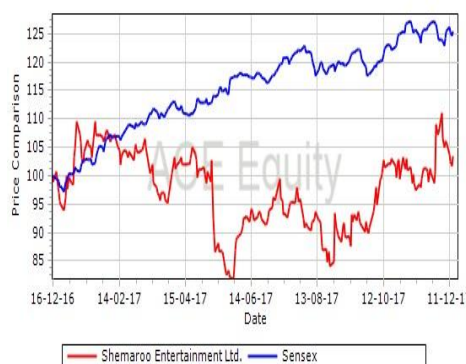
Market Info

Market Capital	Rs 1,107 cr
Equity Capital	Rs 27 cr
Avg. Trading Vol.	41,450
52 Wk High/ Low	449/317
Face Value	Rs 10

Shareholding Pattern (%) (Sept' 17)

Promoters	65.82
Domestic Institutions	0.9
Foreign Institutions	17.34
Public & Others	15.94

Price Chart:



Performance Analysis:

The company has shown growth in performance for the quarter with revenue increasing at 12.7% YoY and 23.8% sequentially on standalone front. On consolidated front the revenue grew by 18% 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 25% vs 21% in corresponding quarter of previous year.

Traditional media grew by 13.2% YoY for the quarter under review and sequentially the revenue growth grew by 35.7%. Share in revenue for traditional media stood at 75% vs 79% YoY and 72% sequentially.

Operating margins for the company stood steady owing to the higher expenditure. EBITDA margin declined to 25% for the quarter under review against 29.8% in the corresponding quarter of the previous year & 33.5% sequentially.

Profitability for the company deteriorated on standalone basis in comparison of both YoY and sequential basis. Net profit for the quarter under review came in at Rs 14.7 cr vs Rs 16.8 cr in the corresponding quarter of the previous year and Rs.16.9 cr on sequential basis.

On consolidated front revenue for the quarter came in at Rs. 134 crore, registering 18.3% YoY growth and net profit grew by 23.8% YoY to Rs 19 cr.

Some highlights for quarter:

1. Company licensed and monetized the live feed of Lalbaugcha Raja on Mobile, DTH & Internet platforms.
2. Company signed a content deal with Etisalat.
3. Crossed 2 Bn cumulative views on their YouTube channel 'ShemarooENT'.
4. Crossed 5 Mn subscribers on their YouTube channel 'FilmiGaane'.

Valuation:

The company has positive outlook towards growth in media sector and plans to expand in digital media business. At CMP of Rs 403 company trades at a P/E multiple of 12.6(x) its FY 19 estimates. We have valued the stock at its FY 19E forward P/E of 13(x) and arrived at a fair value of Rs 417 per share. We have "NEUTRAL" rating on the company.

Financial Snapshot

(Rs Cr)	2017	2018E	2019E
Revenue	415	480	561
EBITDA	128	149	172
Net Profit	62	75	87
EPS	22.7	27.5	32.1
ROE	15%	17%	19%
P/E	16.0	14.7	12.6

Q2 FY18 Earnings Snapshot:

Quarterly Results					
Particulars	Q2 FY 18	Q2 FY17	YoY %	Q1 FY 18	QoQ %
Revenue	126.8	112.5	12.7%	102.4	23.8%
Expenditure	95.1	79.0		68.0	
EBITDA	31.7	33.5	-5.5%	34.3	-7.6%
EBITDA Margin	25.0%	29.8%		33.5%	
Depreciation	1.3	1.0		1.2	
Operating Profit	30.4	32.5	-6.4%	33.1	-8.1%
Interest	8.4	7.3		8.1	
PBT	22.5	25.9		26.2	
Tax	7.8	9.0		8.9	
Net Profit	14.7	16.9	-12.7%	16.9	-12.6%
PAT Margin	11.6%	15.0%		16.5%	
EPS	5.4	6.2		6.2	

Divisional Performance					
Divisional Performance	Q2 FY 18	Q2 FY17	YoY %	Q1 FY 18	QoQ %
New Media	34.2	24.0	42.7%	28.5	19.8%
Share in Revenue	25.4%	21.3%		27.9%	
Traditional Media	100.2	88.5	13.2%	73.8	35.7%
Share in Revenue	74.6%	78.7%		72.1%	
Total Income from operations	134.4	112.5		102.4	

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	13.4	11.5

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Stock Rating Scale

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

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