MOTILAL OSWAL

9 June 2020

Results Update | Sector: Media

PVR

Estimate change	↓
TP change	↓
Rating change	↔

Bloomberg	PVRL IN
Equity Shares (m)	47
M.Cap.(INRb)/(USDb)	55.8 / 0.8
52-Week Range (INR)	2121 / 720
1, 6, 12 Rel. Per (%)	14/-21/-24
12M Avg Val (INR M)	1240

Financials & Valuations (INR b)

Y/E March	FY20	FY21E	FY22E
Sales	34.1	18.2	36.6
EBITDA	5.8	-0.7	6.2
Adj. PAT	1.7	-3.5	1.2
EBITDA Margin (%)	16.9	-3.7	17.0
Adj. EPS (INR)	32.2	-68.5	23.1
EPS Gr. (%)	-15.1	-310.8	-133.7
BV/Sh. (INR)	288.3	217.3	238.0
Ratios			
Net D:E	3.1	4.5	4.1
RoE (%)	11.1	-27.1	10.1
RoCE (%)	6.2	-3.6	4.1
Payout (%)	0.0	-3.5	10.4
Valuations			
P/E (x)	33.8	-15.9	47.1
P/BV (x)	3.8	5.0	4.6
EV/EBITDA (x)	16.7	-149.1	16.1
Div Yield (%)	0.0	0.2	0.2
FCF Yield (%)	4.0	-2.9	2.4

Shareholding pattern (%)

As On	Mar-20	Dec-19	Mar-19
Promoter	18.5	18.4	20.3
DII	34.7	30.1	28.3
FII	38.4	42.9	42.0
Others	8.4	8.6	9.4

FII Includes depository receipts

CMP: INR 1,087 TP: INR 1,350 (+24%) Buy

Cinema closures led by COVID-19 drag earnings

- PVR's 4QFY20 revenue/EBITDA plunged 23%/73% in 4QFY20 due to cinema closures led by the COVID-19 pandemic. Revenue was in line, while EBITDA was better than expected on lower-than-estimated operational expenses.
- Given the complete washout in 1QFY21 (on the nationwide lockdown) and talks of reduced capacity due to social distancing, we have cut our estimated FY21/FY22E revenue by 45%/13%. We expect EBITDA loss of INR677m in FY21E (v/ profit of INR5b earlier) and cut EBITDA est. by 20% for FY22E.

Revenue/EBITDA decline 23%/73% YoY

- 4QFY20 consolidated revenue declined 23% YoY (down 30% QoQ) to INR6.5b (inline), mainly due to closure of cinemas during the last few days in Mar'20 owing to the COVID-19 crisis.
- Subsequently, footfalls declined 29% YoY to 19.5m while occupancy stood at 30.6% in 4QFY20. Average ticket price rose to INR204 (4.6% YoY) along with an increase in spend per head to INR96 (5.7% YoY).
- On pre Ind-AS 116, EBITDA declined 73% YoY to INR428m (v/s est. INR108m). Margin contracted 1,260bp to 6.6% as revenue declined more than operating expenses.
- The company reported PBT loss of INR344m (v/s est. loss of INR945m) from INR749m profit in 4QFY19. Net loss came in at INR388m (v/s PAT of INR484m in 4QFY19 and INR708m in 3QFY20). After adjustment, net loss stood at INR369m.
- Net debt stood at INR7.8b. PVR had liquidity of INR3.2b as at Mar'20 and INR2.3b as at 7th Jun'20, which includes undrawn committed bank lines.
- On consolidated basis, total screen count increased to 845 in 4QFY20 from 763 in 4QFY19, a growth of 11%.

Highlights from management commentary

- **Rental recognition:** Unlike INOX, PVR recognized rentals in 4QFY20 as it has yet not received credit notes. In 1QFY21, PVR has not paid rent yet; a decision on accounting will be taken once more clarity emerges.
- **Fixed cost reduction:** PVR's monthly opex run-rate stands at INR1.4b, of which rental and CAM charges account for INR600-650m; this fixed cost should reduce by 70-75% during the lockdown period.
- **Capex:** Priority is to complete screens that are 80-90% done. Currently, 20-50 screens are in various stages of fit-out; committed capex ranges between INR500m-1b. However, management will re-evaluate it once operations resume.

Valuation and view

- The near-term earnings outlook remains subdued due to COVID-19 as a decision on cinemas reopening would be taken in the last phase. Further, reduced capacity due to social distancing norms may further hurt the revenue generating capability of cinemas.

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- However, we remain positive on the long-term growth outlook of the cinema industry. Also, the sharp cost reduction measures should aid in making the business viable in such tough times. Better ticket prices and higher screens are expected to provide a competitive edge and should enable PVR to bounce back earlier than competitors.
- We expect PVR to deliver revenue/EBITDA CAGR of 3%/4% over FY20-FY22E and value the company at 13x FY22E EBITDA to arrive at a target price of INR1,350. Maintain Buy.

Quarterly Performance (INR Million)

Y/E March	FY19				FY20				FY19	FY20	FY20	Est. Var
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q			4QE	(%)
Net Sales	**6,963**	**7,086**	**8,431**	**8,376**	**8,804**	**9,732**	**9,157**	**6,451**	**30,856**	**34,144**	**6,610**	**-2**
YoY Change (%)	9.4	27.6	51.3	43.2	26.4	37.3	8.6	-23.0	32.2	10.7	-21.6	
Total Expenditure	5,591	5,845	6,788	6,768	7,217	7,788	7,355	6,023	24,992	28,383	6,501	-7
EBITDA	**1,372**	**1,240**	**1,643**	**1,608**	**1,587**	**1,944**	**1,802**	**428**	**5,863**	**5,762**	**108**	**294**
YoY Change (%)	22.5	37.0	61.9	70.4	15.6	56.8	9.7	-73.4	45.9	-1.7	-96.3	
Depreciation	401	448	514	549	549	598	563	614	1,913	2,324	565	
Interest	208	298	379	395	414	390	392	325	1,280	1,521	570	
Other Income	43	61	143	85	68	62	82	167	331	378	82	
PBT before EO expense	**805**	**555**	**893**	**749**	**691**	**1,018**	**929**	**-344**	**3,002**	**2,294**	**-945**	**-64**
Extra-Ord expense	0	0	0	0	1	2	2	1	0	5	0	
PBT	**805**	**555**	**893**	**749**	**690**	**1,016**	**928**	**-345**	**3,002**	**2,288**	**-945**	**-63**
Tax	283	212	337	265	104	258	221	44	1096.6	627.4	-238	
Rate (%)	35.2	38.1	37.8	35.3	15.1	25.4	23.8	-12.8	36.5	27.4	25.2	
MI & Profit/Loss of Asso. Cos.	-1	13	38	17	0	2	1	1	68	5	0	
Reported PAT	**523**	**330**	**518**	**467**	**585**	**756**	**706**	**-391**	**1,838**	**1,656**	**-707**	**-45**
Adj PAT	**523**	**330**	**518**	**467**	**586**	**757**	**707**	**-369**	**1,838**	**1,682**	**-707**	**-48**
YoY Change (%)	17.6	29.3	79.3	78.6	12.1	129.3	36.6	-178.9	47.0	-8.5	-236.7	

E: MOFSL Estimates

Key Performance Indicators

Y/E March	FY19				FY20				FY19	FY20
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q		
Number of properties	136	138	145	164	167	170	172	176	164	176
Addition	2	2	7	19	3	3	2	4	30	12
Number of screens	634	711	748	763	785	800	821	845	763	845
Screen Adds	9	77	37	15	22	15	21	24	138	82
Occupancy rate (%)	36	35	35	36	35	38	33	31	35	32
Average ticket price (INR)	217	206	205	195	202	196	203	204	205	201
EBITDA Margin (%)	19.7	17.5	19.5	19.2	18.0	20.0	19.7	6.6	19.0	16.9
EBIT Margins (%)	13.9	11.2	13.4	12.6	11.8	13.8	13.5	-2.9	12.8	10.1
PAT Margins (%)	7.5	4.7	6.1	5.6	6.7	7.8	7.7	-5.7	6.0	4.9

Standalone financials

- Standalone revenue (without SPI asset) stood at INR6.2b (v/s INR8.3b in 4QFY19 and INR8.8b in 3QFY20).
- Standalone PAT (excluding SPI asset) reported loss of INR756m (v/s INR477m profit in 4QFY19).

COVID-19 Impact

Impact in 4QFY20

- The company started closing its cinemas from 11th Mar'20 according to the government regulation, and within a few days, most of its cinemas were shut. Thus, PVR is not generating any revenue while it continues to incur committed cash flows that include employee expenses, overheads and payments for older working capital.

- This has had and would continue to have significant negative impact on profitability and liquidity during the lockdown, and even later, till business returns to normalcy.

Recovery to be slow – most hit sector

- Once cinemas are allowed to open, the company's revenue and cash flow might remain subdued as cinemas may not be allowed to operate at normal capacity utilization due to social distancing norms.
- PVR has also recognized one-time perishable inventory write-offs of INR18.3m in Mar'20 on account of spoilage due to closure of cinemas.
- Cinemas are in the third phase of the Central government's guidelines for reopening of lockdowns. The dates of the third phase would be decided after assessment of the situation.

Measures taken for COVID-19

- PVR is trying to mitigate the impact of COVID-19 on three fronts – (a) implementing cost reduction, (b) enhancing liquidity, and (c) cash flow management.
- **Cost reduction strategies:** With all the cost rationalization measures (mentioned below), the company expects to reduce fixed cost by 70-75% during the cinema closure. Therefore, average monthly fixed cost of INR1.5-1.7b cost could reduce to INR400m. This could be coming from:
  - **Reduction in rental and common area maintenance cost:** PVR has requested developers to waive off rental/common area charges during the lockdown. It is also in discussion with many developers for rental reduction post reopening. Further, it has invoked the force majeure clause.
  - **Employee expense:** Implemented salary cut across various levels during the lockdown with deferment of increments. It has reduced headcount via layoffs.
  - **Electricity charges:** Electricity and water charges have reduced significantly due to closure of cinemas; certain state governments have agreed to waive off the minimum load charges.
  - **Other expenses:** Other overheads have also reduced drastically as contracts such as security/housekeeping are suspended until cinemas reopen. Further, all discretionary spends like advertisements are kept on hold.
  - **Cash flow management:** PVR is negotiating an alternative payment schedule for working capital. Further, it has put all capex on hold and has also availed the relief offered by the RBI for moratorium on interest and principal repayment between Mar'20 and Aug'20.
  - It has INR2.3b additional liquidity and is looking to raise INR3b rights issue to reduce leverage.

Rights issue

- The board has approved rights issue of INR3b.
- Assuming the issue at 20% discount to CMP of INR1,151, we estimate 6% equity dilution, which would provide >20% EPS accretion due to the lower interest cost.

Exhibit 1: Valuation summary

Particulars	INR (m)
EBITDA FY22E (INR m)	6,219
Multiple	13
EV (INR m)	80,934
Net Debt (INR m)	12,422
Target Marketcap (INR m)	68,512
No. of shares	51.4
Target Price	**1,350**
CMP	**1,087**
Upside	24%

Source: MOFSL, Company

4QFY20 earnings call highlights

Key Highlights

- **Rental recognition:** Unlike INOX, PVR has recognized rental in 4QFY20 as it has yet not received credit notes. In 1QFY21, PVR has not yet paid rent and will decide on its accounting once it gets more clarity over the next few weeks.
- **Fixed cost reduction:** PVR's monthly opex run-rate stands at INR1.4b, of which rental and CAM charges account for INR600-650m; this fixed cost should reduce by 70-75% during the period of lockdown.
- **Capex:** Priority is to complete screens that are 80-90% done. Currently, 20-50 screens are in various stages of fit-out; committed capex ranges between INR500m-1b. However, management will re-evaluate it once operations resume.
- **Producers' attitude toward film releases:** Some producers want to gauge the market before releasing movies while the others are looking at the crisis as an opportunity as there is no content backlog. Shooting has also resumed in a controlled manner and we expect some mid/big-sized movie releases in Jul-Aug'20.
- **Lower occupancy in near-term, but long-term business intact:** The near-term closure of cinemas has pushed weaker players to move to OTTs for movie releases. Once cinemas reopen, social distancing norms may reduce capacity by 20-25%. However, in the long term, 60-70% of movie revenue generation from big screens may keep the business intact.

Operational highlights

- **Operating metrics:** PVR has added 87 screens in FY20 and has received footfalls of over 100m during the year.
- **One-time adjustment:** PVR has recognized one-time expense for re-measurement of deferred tax assets on transition to low tax structure from FY20.
- **Liquidity:** The company has liquidity of INR2.3b without any undrawn credit lines as at Mar'20. The PVR board has approved rights issue of INR3b to shore up liquidity.

COVID-19 impact

- **Impact on Profitability:** The company has high fixed-cost structure, which impacted profitability due to closure of cinemas during last the 17 days of Mar'20.

- **Rental negotiation:** Management is continuously engaging with mall owners for rental waiver during the lockdown period and rent reduction for this year (post reopening). Some owners have already agreed with the remaining too following suit.
- **Rental recognition:** The company had low rent in 4QFY20 as compared to 4QFY19 due to low revenue share owing to lower revenues.
- **Revenue recognition:** Advertisement and convenience revenue has been accounted for the period cinemas were open (and not for the lockdown period).

Measures taken for COVID-19

- **Fixed cost reduction:** Employee expenses would be lower post reopening as lower footfalls would require less manpower. This should ramp up with the business.

Content outlook

- **Producers' attitude toward film release:** Producers/Studios are highly optimistic about the pent-up demand globally with some studios even announcing the release date. However, in India, release dates are yet undecided. In India, producers have two different views toward movies releases:
  - **Would wait until confident:** First view is that consumers will take time to understand the safety protocols, thus, they would wait to release movies until confident about the market.
  - **See this as an opportunity:** Another set of producers consider the current crisis an opportunity as there is no backlog of content. Thus, we can expect some mid/big-sized movie releases in Jul-Aug'20.
- **Medium-term supply:** Some states have allowed shootings to commence in a controlled environment, and thus, shooting for a few unfinished movies have started. For new movies, there is some encouraging response from both actors and producers.

Industry/company outlook

- **Big Screen preferred over OTT:** Although some producers have released their films on the OTT platform foregoing the big screen, a majority (90-95%) prefer the big screen for movie releases. In some cases like '*Suryavanshi*', '*Coolie No. 1*' and '*83*', the producers have postponed their releases as they prefer the big screen. Further, big screens contribute 60-70% of a film's revenue and thus, producers prefer theatrical release for their profits. OTT release means foregoing the domestic as well as international theatrical revenues.
- **Cinemas reopening:** PVR plans to reopen as soon as it gets permission from the regulatory bodies. As India is a heterogeneous market with films in 12-13 languages, supply side should not be a constraint.
- **Global cinemas reopening:** California has announced reopening of cinemas from 12th Jun'20 with 25% occupancy or 100 people (whichever is higher), while most other US states have a 50% cap. The California government would gauge the situation and would increase it to 50% later.
- **Indian Regulatory norms for cinemas reopening:** In India, the exhibitors are proposing a gap between different groups, which should translate to 20-25% lower capacity. Management plans to reduce the gap between weekdays and weekend pricing (without increasing prices on overall basis), which should help

spread out the crowd. In case of higher restrictions, the company has capacity to spread the movies in more auditoriums or to spread it over more weeks.

- **F&B revenue:** While there could be some subdued demand initially (post cinema reopening), it should normalize in the medium term.
- **Advertisement revenue:** Some clients are looking to advertise aggressively due to a huge pile-up of inventory.

Exhibit 2: Consol. quarterly performance (INR m)

	4QFY19	3QFY20	4QFY20	YoY (%)	QoQ (%)	4QFY20E	v/s est (%)
Revenue	**8,376**	**9,157**	**6,451**	**-23.0**	**-29.6**	**6,610**	**-2.4**
Total operating cost	6,768	7,355	6,023	-11.0	-18.1	6,501	-7.3
EBITDA	**1,608**	**1,802**	**428**	**-73.4**	**-76.3**	**108**	**294.4**
EBITDA margin (%)	19.2	19.7	6.6	-1256	-1305	1.6	499
Depreciation	549	563	614	11.7	9.0	565	8.5
EBIT	**1,059**	**1,239**	**-186**	**-117.5**	**-115.0**	**-457**	**-59.4**
Interest	395	392	325	-17.8	-17.1	570	-43.0
Other Income	85	82	167	95.4	104.3	82	104.3
PBT	**749**	**929**	**-344**	**-146.0**	**-137.0**	**-945**	**-63.6**
Share in Profit ad loss of JV	0	2	1	NA	NA	0	NA
PBT	**749**	**928**	**-345**	**-146.1**	**-137.2**	**-945**	**-63.5**
Tax	265	221	44	-83.3	-80.0	-238	-118.6
Tax rate (%)	35.3	23.8	-12.8	-4,818	-3,660	25.2	-3802
PAT	**484**	**707**	**-390**	**-180.5**	**-155.1**	**-707**	**-44.9**
MI/Share of Associate	17	1	1	NM	50.0	0	NA
Reported PAT	**467**	**706**	**-391**	**-183.7**	**-155.3**	**-707**	**-44.7**
Adjusted PAT	**467**	**708**	**-369**	**-179.0**	**-152.1**	**-707**	**-47.9**

^Includes SPI consolidation

Source: MOFSL, Company

Exhibit 3: Revenue break-up (INR m)

Revenue breakup	4QFY19	3QFY20	4QFY20	YoY (%)	QoQ (%)
Net Box Office	4,514	4,528	3,300	-26.9	-27.1
Food & Beverages	2,319	2,440	1,746	-24.7	-28.4
Advertising	881	1,220	685	-22.2	-43.8
Convenience income	415	475	382	-7.9	-19.6
Other operating	179	176	165	-8.1	-6.5

^Includes SPI consolidation Source: MOFSL, Company

Exhibit 4: KPI Snapshot

KPI	4QFY19	3QFY20	4QFY20	YoY (%)	QoQ (%)
Screens	763	821	845	10.7	3%
Admits ('000)	27,500	25,900	19,500	-29.1	-25%
Occupancy (%)	36.2%	33.4%	30.6%	-15.6	-280
ATP (INR)	195	203	204	4.6	1%
SPH (INR)	91	100	96	5.7	-4%

^Includes SPI consolidation Source: MOFSL, Company

Exhibit 5: Operating expenses break-up (INR m)

Operating expenses (INR m)	4QFY19	3QFY20	4QFY20	YoY (%)	QoQ (%)	4QFY20E	v/s est (%)
Movie exhibition cost	1,856	1,927	1,436	-22.6	-25.5	1,421	1.0
Consumption of food and beverages	679	682	512	-24.6	-24.9	529	-3.2
Employee expenses	904	1,067	765	-15.4	-28.3	1,084	-29.4
Other Expenses	3,330	3,679	3,311	-0.6	-10.0	3,467	-4.5
Total	**6,768**	**7,355**	**6,023**	**-11.0**	**-18.1**	**6,501**	**-7.3**

^Includes SPI consolidation Source: MOFSL, Company

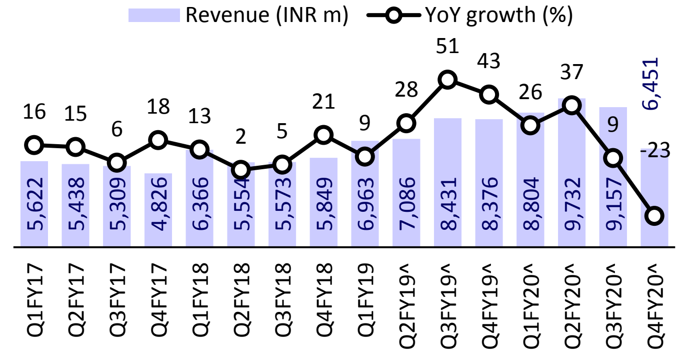
Exhibit 6: Summary of estimate change (INR b)

	FY21E	FY22E
Ticket Revenue (INRb)		
Old	16,230	21,475
Actual/New	9,206	20,283
Change (%)	-43.3	-5.6
F&B Revenue (INRb)		
Old	8,874	11,928
Actual/New	4,983	9,171
Change (%)	-43.8	-23.1
Ad Revenue (INRb)		
Old	4,451	4,921
Actual/New	2,077	3,637
Change (%)	-53.3	-26.1
Total Revenue (INRb)		
Old	32,917	41,837
Actual/New	18,230	36,550
Change (%)	-44.6	-12.6
EBITDA (INRb)		
Old	4,996	7,806
Actual/New	-677	6,219
Change (%)	-113.5	-20.3
EBITDA margin (%)		
Old	15.2	18.7
Actual/New	-3.7	17.0
Change (bp)	-1889	-165
PAT (INRb)		
Old	492	2,197
Actual/New	-3,519	1,186
Change (%)	-815.2	-46.0
Adj. EPS (INR)		
Old	10.2	45.5
Actual/New	-68.5	23.1
Change (%)	-773.3	-49.2

Source: MOFSL

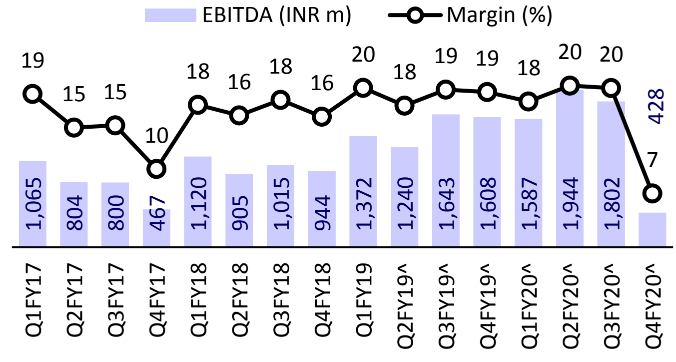
Story in charts

Exhibit 1: Consol. revenue declined 23% YoY



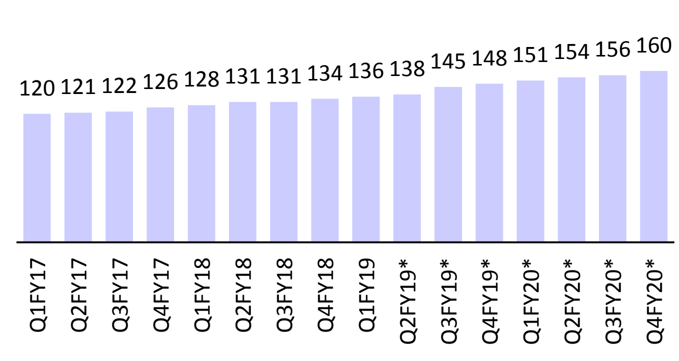
^Includes SPI consolidation Source: MOFSL, Company

Exhibit 2: Consol. EBITDA margin shrank 1,260bp YoY



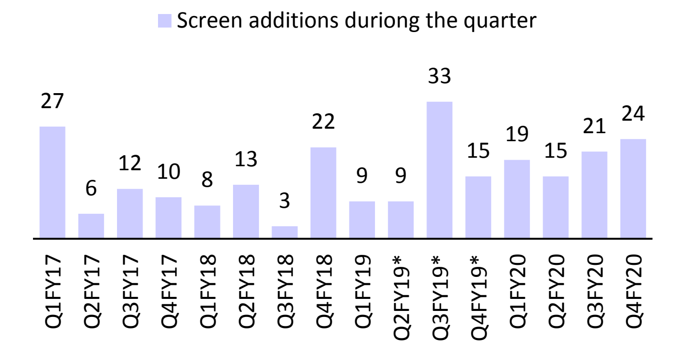
^Includes SPI consolidation Source: MOFSL, Company

Exhibit 3: Total property count at 160



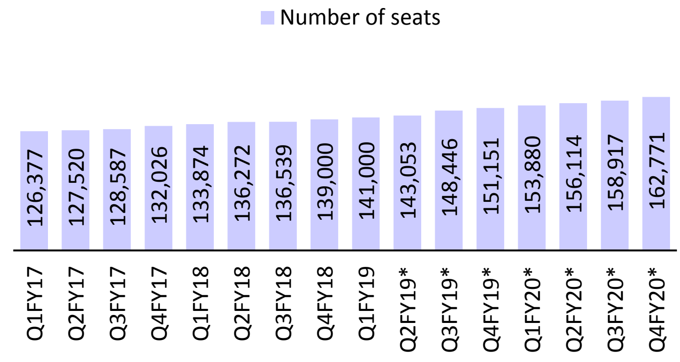
*Excludes SPI cinemas Source: MOFSL, Company

Exhibit 4: 15 screens added during the quarter



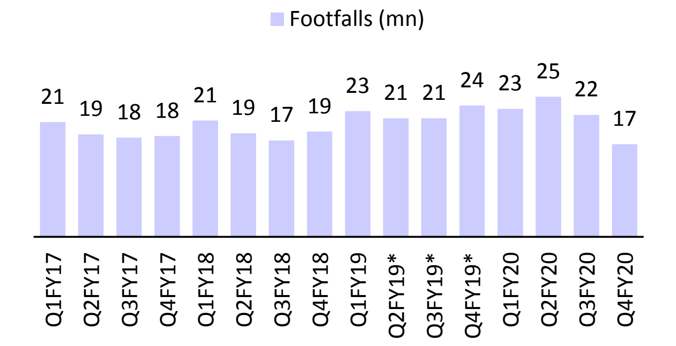
*Excludes SPI cinemas Source: MOFSL, Company

Exhibit 5: Total seat count reached 163k



*Excludes SPI cinemas Source: MOFSL, Company

Exhibit 6: Footfall stood at 17m



*Excludes SPI cinemas Source: MOFSL, Company

Financials and Valuations\

Consolidated - Income Statement									(INR Million)
Y/E March	**FY14**	**FY15**	**FY16**	**FY17**	**FY18**	**FY19**	**FY20**	**FY21E**	**FY22E**
Net Sales	**13,475**	**14,771**	**18,496**	**21,194**	**23,341**	**30,856**	**34,144**	**18,230**	**36,550**
Change (%)	67.3	9.6	25.2	14.6	10.1	32.2	10.7	-46.6	100.5
EBITDA	**2,117**	**2,008**	**2,924**	**3,136**	**4,018**	**5,863**	**5,762**	**-677**	**6,219**
Margin (%)	15.7	13.6	15.8	14.8	17.2	19.0	16.9	-3.7	17.0
Depreciation	944	1,168	1,151	1,384	1,537	1,913	2,324	2,605	2,793
EBIT	**1,173**	**840**	**1,773**	**1,752**	**2,481**	**3,951**	**3,437**	**-3,282**	**3,426**
Int. and Finance Charges	795	783	840	806	837	1,280	1,521	1,621	2,041
Other Income	113	89	635	623	313	331	378	200	200
PBT bef. EO Exp.	**491**	**146**	**1,569**	**1,569**	**1,958**	**3,002**	**2,294**	**-4,703**	**1,585**
EO Expense/(Income)	32	-22	116	41	6	0	5	0	0
PBT after EO Exp.	**523**	**125**	**1,453**	**1,528**	**1,952**	**3,002**	**2,288**	**-4,703**	**1,585**
Current Tax	140	2	467	570	489	1,017	627	-1,184	399
Deferred Tax	-121	6	0	0	216	79	0	0	0
Tax Rate (%)	3.7	6.5	32.1	37.3	36.1	36.5	27.4	25.2	25.2
Less: Minority Interest	57	11	5	-1	0	-68	-5	0	0
Reported PAT	**560**	**128**	**991**	**958**	**1,247**	**1,838**	**1,656**	**-3,519**	**1,186**
Adj. PAT	**530**	**148**	**1,070**	**983**	**1,250**	**1,838**	**1,682**	**-3,519**	**1,186**
Change (%)	14.5	-72.1	623	-8.1	27.1	47.0	-8.5	-309.3	-133.7
Margin (%)	3.9	1.0	5.8	4.6	5.4	6.0	4.9	-19.3	3.2

Consolidated - Balance Sheet									(INR Million)
Y/E March	**FY14**	**FY15**	**FY16**	**FY17**	**FY18**	**FY19**	**FY20**	**FY21E**	**FY22E**
Equity Share Capital	411	415	467	467	467	467	514	514	514
Total Reserves	3,582	3,677	8,345	9,183	10,286	14,490	14,289	10,646	11,708
Net Worth	**3,993**	**4,092**	**8,812**	**9,650**	**10,754**	**14,957**	**14,802**	**11,159**	**12,221**
Minority Interest	771	383	401	405	8	5	3	3	3
Deferred Liabilities (net)	4	11	-633	-424	-150	266	-2,049	-2,049	-2,049
Total Loans	6,133	7,470	5,718	7,301	6,614	11,039	48,723	53,723	55,723
Capital Employed	**10,902**	**11,956**	**14,298**	**16,933**	**17,226**	**26,267**	**61,479**	**62,836**	**65,898**
Gross Block	11,889	13,356	15,900	22,335	24,676	38,193	71,953	72,953	76,953
Less: Accum. Deprn.	3,723	4,784	5,935	7,319	8,856	10,769	13,093	15,698	18,491
Intangible assets- Goodwill	31	31	52	71	79	0	0	0	0
Net Fixed Assets	**8,197**	**8,604**	**10,017**	**15,087**	**15,899**	**27,425**	**58,860**	**57,255**	**58,462**
Capital WIP	806	611	739	1,056	1,017	2,208	1,547	1,547	1,547
Total Investments	**235**	**19**	**19**	**20**	**209**	**111**	**23**	**23**	**23**
Curr. Assets, Loans&Adv.	**4,294**	**5,055**	**7,565**	**5,662**	**6,208**	**8,659**	**11,799**	**9,773**	**14,045**
Inventory	106	126	205	190	198	303	307	143	0
Account Receivables	523	767	901	1,021	1,556	1,839	1,893	1,871	1,871
Cash and Bank Balance	273	267	2,671	299	328	341	3,223	3,564	6,166
Loans and Advances	3,392	3,895	3,788	4,152	4,126	6,175	6,377	4,196	6,008
Curr. Liability & Prov.	**2,631**	**2,333**	**4,041**	**4,892**	**6,107**	**12,135**	**10,750**	**5,762**	**8,179**
Account Payables	2,392	2,161	3,933	4,788	5,980	11,920	10,571	5,584	8,001
Provisions	239	172	108	104	127	215	180	178	178
Net Current Assets	**1,663**	**2,723**	**3,524**	**771**	**101**	**-3,477**	**1,049**	**4,011**	**5,866**
Appl. of Funds	**10,902**	**11,955**	**14,298**	**16,933**	**17,226**	**26,267**	**61,479**	**62,836**	**65,898**

E: MOFSL Estimates

Financials and Valuations

Ratios

Y/E March	FY14	FY15	FY16	FY17	FY18	FY19	FY20	FY21E	FY22E
Basic (INR)									
EPS	**15.0**	**3.3**	**21.3**	**20.5**	**26.7**	**37.9**	**32.2**	**-68.5**	**23.1**
Cash EPS	35.8	31.7	47.6	50.6	59.6	80.2	78.0	-17.8	77.5
BV/Share	97.1	98.5	188.7	206.5	230.1	320.0	288.3	217.3	238.0
DPS	2.5	1.0	1.2	1.2	2.0	2.0	0.0	2.0	2.0
Payout (%)	21.5	39.5	6.6	7.0	9.0	6.1	0.0	-3.5	10.4
Valuation (x)									
P/E	72.4	325.3	50.9	53.1	40.7	28.7	33.8	-15.9	47.1
Cash P/E	30.3	34.3	22.9	21.5	18.2	13.5	13.9	-61.1	14.0
P/BV	11.2	11.0	5.8	5.3	4.7	3.4	3.8	5.0	4.6
EV/Sales	4.2	3.9	2.9	2.7	2.4	2.0	2.8	5.5	2.7
EV/EBITDA	26.8	28.9	18.4	18.4	14.2	10.5	16.7	-149.1	16.1
Dividend Yield (%)	0.2	0.1	0.1	0.1	0.2	0.2	0.0	0.2	0.2
Return Ratios (%)									
RoE	11.8	3.4	15.4	10.4	12.2	13.8	11.1	-27.1	10.1
RoCE	10.7	8.0	12.5	9.5	10.4	12.5	6.2	-3.6	4.1
RoIC	10.7	7.6	11.0	8.3	10.2	12.8	6.2	-4.3	4.4
Working Capital Ratios									
Asset Turnover (x)	1.2	1.2	1.3	1.3	1.4	1.2	0.6	0.3	0.6
Inventory (Days)	3	3	4	3	3	4	3	3	0
Debtor (Days)	14	19	18	18	24	22	20	37	19
Creditor (Days)	65	53	78	82	94	141	113	112	80
Working Capital Turnover (Days)	38	61	17	8	-4	-45	-23	9	-3
Leverage Ratio (x)									
Current Ratio	1.6	2.2	1.9	1.2	1.0	0.7	1.1	1.7	1.7
Debt/Equity	1.5	1.8	0.6	0.8	0.6	0.7	3.3	4.8	4.6

Consolidated - Cash Flow Statement **(INR Million)**

Y/E March	FY14	FY15	FY16	FY17	FY18	FY19	FY20	FY21E	FY22E
Net Profit / (Loss) Before Tax / EO	523	125	1,453	1,528	1,952	3,002	896	-4,703	1,585
Depreciation	944	1,168	1,151	1,384	1,537	1,913	5,425	2,605	2,793
Interest & Finance Charges	743	783	840	806	837	1,280	4,730	1,621	2,041
Direct Taxes Paid	-154	-69	-467	-570	-704	-1,097	-295	1,184	-399
(Inc)/Dec in WC	91	-863	1,603	381	699	4,007	-2,647	-2,622	747
CF from Operations	**2,147**	**1,144**	**4,580**	**3,529**	**4,320**	**9,105**	**8,108**	**-1,915**	**6,767**
Others	-15	163	81	268	-163	-331	-238	-200	-200
CF from Operating incl EO	**2,132**	**1,307**	**4,661**	**3,797**	**4,157**	**8,774**	**7,870**	**-2,115**	**6,567**
(inc)/dec in FA	-1,273	-1,691	-2,672	-6,752	-2,302	-14,630	-3,838	-1,000	-4,000
Free Cash Flow	**859**	**-384**	**1,989**	**-2,955**	**1,856**	**-5,856**	**4,033**	**-3,115**	**2,567**
(Pur)/Sale of Investments	202	239	0	-1	-190	99	0	0	0
Others	6	-356	0	0	0	2,739	-66	200	200
CF from Investments	**-1,065**	**-1,808**	**-2,672**	**-6,753**	**-2,491**	**-11,793**	**-3,903**	**-800**	**-3,800**
Issue of Shares	121	100	3,502	1	0	0	5,041	0	0
(Inc)/Dec in Debt	-434	1,337	-1,752	1,583	-687	4,425	-674	5,000	2,000
Interest Paid	-812	-827	-840	-806	-837	-1,280	-1,151	-1,621	-2,041
Dividend Paid	-46	-122	-65	-68	-113	-113	-360	-124	-124
Others	9	8	-429	-127	0	0	-4,965	0	0
CF from Fin. Activity	**-1,162**	**496**	**416**	**583**	**-1,637**	**3,033**	**-2,110**	**3,255**	**-165**
Inc/Dec of Cash	**-95**	**-6**	**2,405**	**-2,373**	**29**	**14**	**1,857**	**341**	**2,602**
Add: Beginning Balance	368	273	266	2,671	299	328	-74	1,783	2,123
Closing Balance	**273**	**267**	**2,671**	**299**	**328**	**341**	**1,783**	**3,564**	**6,166**

E: MOFSL Estimates

Explanation of Investment Rating	
Investment Rating	**Expected return (over 12-month)**
BUY	>=15%
SELL	< - 10%
NEUTRAL	< - 10 % to 15%
UNDER REVIEW	Rating may undergo a change
NOT RATED	We have forward looking estimates for the stock but we refrain from assigning recommendation

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