

November 22, 2024

INITIATING COVERAGE | Sector: Media & Entertainment

PVR INOX Ltd

Challenged, But Unbroken, initiate coverage with BUY!

PVR INOX has displayed a noteworthy resilience and adaptability to the changing landscape of movie exhibition industry in recent times. We believe the worst is behind for the movie exhibition industry and PVR INOX is likely to be the key beneficiary, given its market leadership and pan-India presence. Further, threat of OTTs has diminished with consumer preferring theatrical experience for good content. We initiate coverage on the stock with a BUY rating owing to: (i) Expected industry-wide revival in occupancy rates (ii) various initiatives for reviving footfalls (iii) Cost rationalization to act as margin lever (iv) Improvement in ROCE. We value the stock at FY27E EV/EBITDA multiple of 14x and TP of Rs1,980. Reiterate BUY.

Occupancy on the cusp of recovery: Occupancy levels reported a decline post pandemic to 25-26% vs pre-pandemic levels of ~32% for PVR INOX. This was driven by easy access of new content on OTT platforms and shift in consumption pattern as consumers' threshold for quality content increased. However, we believe occupancy rates have bottomed out, supported by strong content pipeline and reduced investments by OTT platforms. This is evident by the number of direct to digital releases, which almost halved from 105 in 2022 to just 57 in 2023 as platforms rationalized their direct to digital premiums. Combination of these factors suggest occupancy levels can inch up close to pre-covid levels in the coming quarters.

Multiple initiatives to revive occupancy: PVR INOX has been agile during times of volatile content pipeline, with initiatives such as re-releases of classic movies, PVR INOX Passport which allows consumers to enjoy 4 movies on weekdays at Rs349. Company is also piloting Ad-free movie experience in select premium screens and flat pricing in select locations (e.g. Lucknow). On F&B side, it has launched partnership with Easydiner, offering discounts on pre-ordering. It has also launched weekdays combos at Rs 99 and unlimited refill offer on weekends, which are receiving good response. Company has also partnered with Kotak for Co-branded credit card which offers cashback on booking of movie tickets. These are expected to drive occupancy further.

Costs rationalization to support margins: PVR INOX is moving towards capital light model which entails part of the capex for new screens to be funded by the developer. This is expected to improve ROCE for future capex deployed with shorter payback period. Company is also exploring Franchise Owned Franchise Operated (FOFO) model; wherein entire capex is done by the developer and company receives royalty at 8-10% of revenues. Mgmt plans to open 50% of the properties for the next year based on capital light or FOFO model. Merger of PVR INOX has also resulted in significant cost synergies of Rs1.85-2bn p.a. Cost synergies are expected to improve further with improvement in occupancy levels. PVR INOX is also regularly renegotiating lease rentals for existing properties and has closed number of underperforming screens over past 2 years. As a result of these factors, PVR INOX has brought down its break-even occupancy to 18-19% levels from pre-pandemic level of 22%.

ROCE to improve: Company has done multiple acquisitions in the past resulting in higher gross fixed assets. However, focus is now shifted on debt reduction from internal accruals. Moreover, large chunk of screen additions is expected in South India, which is dominated by single screens. Thus, limiting scope for inorganic expansion. ROCE is expected to reach 9% by FY27E from ~4% in FY24 led by lower addition of fixed assets.

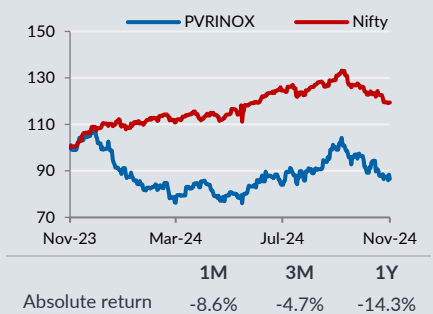
Valuation and outlook: We expect back-ended recovery in occupancy from FY26 onwards and expect Revenue/Pre-IndAS EBITDA CAGR of 11%/+22% over FY24-FY27E, with +400bps OPM expansion. We stay bullish on the revival of movie exhibition industry and value PVR INOX at FY27E EV/EBITDA multiple of 14x. We initiate coverage on the stock with the BUY rating and PT of Rs1,980.

Reco	: BUY
CMP	: Rs 1,445
Target Price	: Rs 1,980
Potential Return	: +37.0%

Stock data (as on Nov 21, 2024)

Nifty	23,350
52 Week h/l (Rs)	1830 / 1204
Market cap (Rs/USD mn)	144871 / 1715
Outstanding Shares (mn)	98
6m Avg t/o (Rs mn):	819
Div yield (%):	-
Bloomberg code:	PVRINOX IN
NSE code:	PVRINOX

Stock performance



Shareholding pattern (As of Sep'24 end)

Promoter	27.5%
FII+DII	60.5%
Others	12.0%

Financial Summary

(Rs mn)	FY25E	FY26E	FY27E
Net Revenue	65,962	79,610	84,218
YoY Growth	8.0	20.7	5.8
EBIDTA (pre-IndAS)	8,299	13,614	14,397
EBITDA (%)	12.6	17.1	17.1
PAT	173	5,004	5,569
ROE	0.2	6.6	6.9
EPS	1.8	51	56.8
EV/EBITDA	18.7	11.0	9.9
BV/Share	748.3	799.3	856.1
P/BV	2.0	1.8	1.7

VAIBHAV MULEY

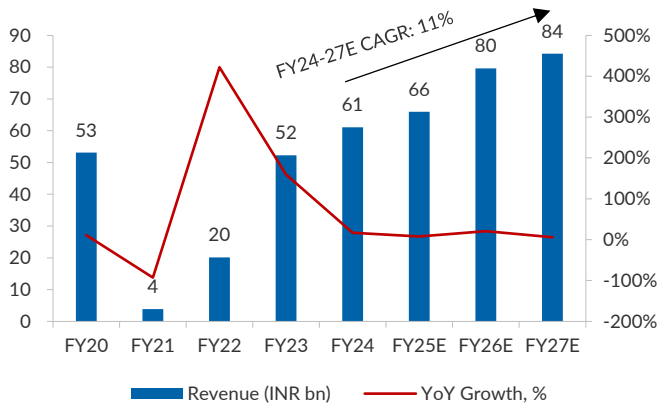
Lead Analyst

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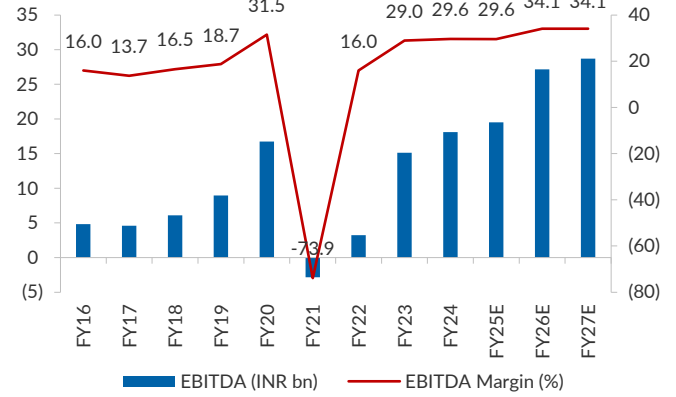
STORY IN CHARTS

Exhibit 1: Revenue growth to be driven by occupancy revival and improvement in SPH



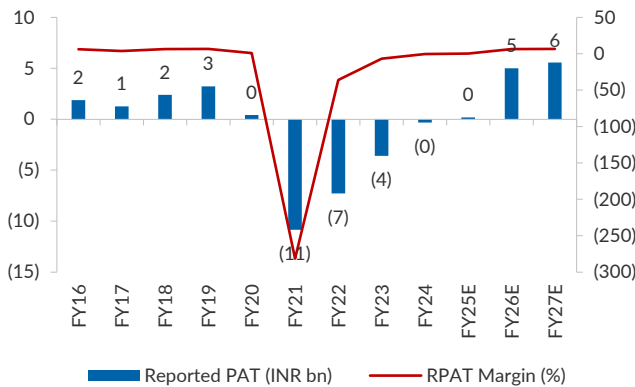
Source: Company, YES Sec

Exhibit 2: Cost rationalization and synergy benefits to result in EBITDA margins expansion



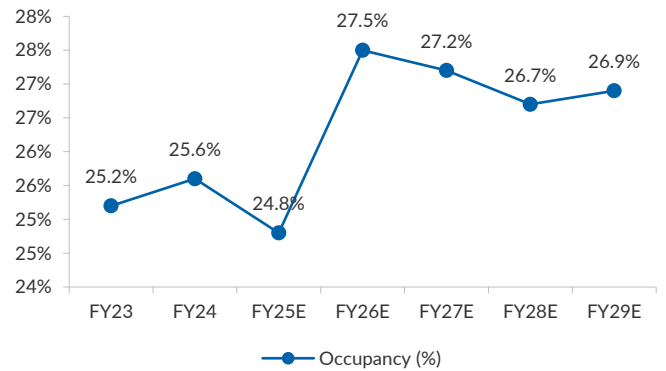
Source: Company, YES Sec

Exhibit 3: RPAT expected to turn positive in FY25E



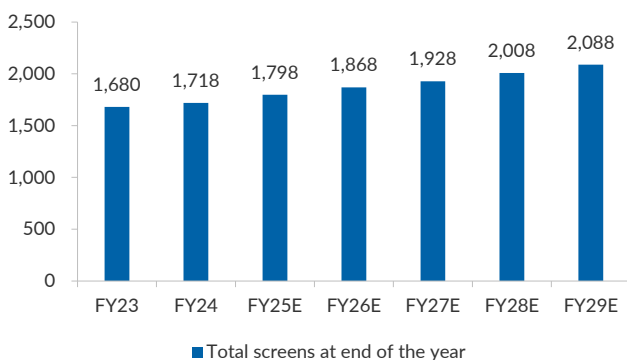
Source: Company, YES Sec

Exhibit 4: Occupancy levels to inch-up gradually



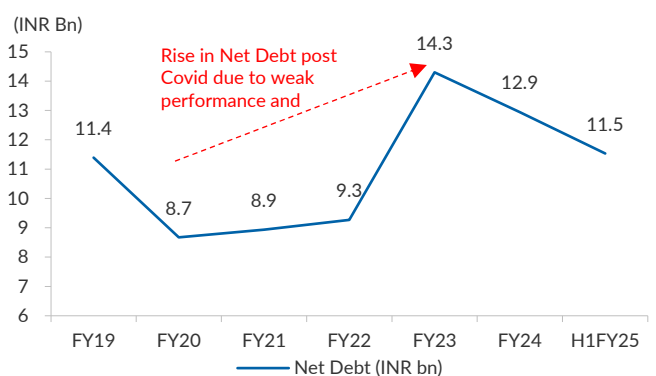
Source: Company, YES Sec

Exhibit 5: Pace of screen additions to moderate at 3.9% CAGR over FY24-27E



Source: Company, YES Sec

Exhibit 6: Focus on Net debt reduction via internal accruals



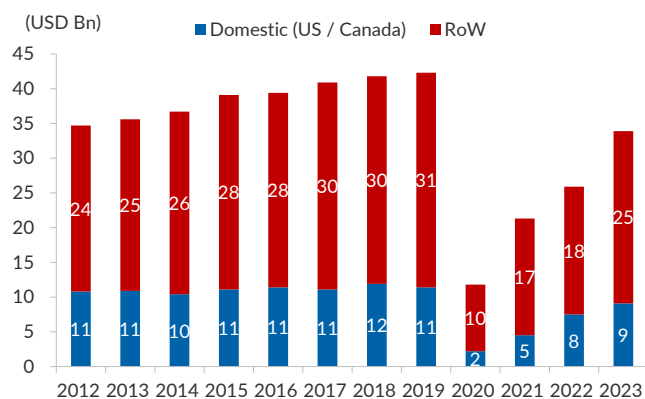
Source: Company, YES Sec

INDUSTRY OVERVIEW

Filmed Entertainment Industry growth to be driven by theatricals business

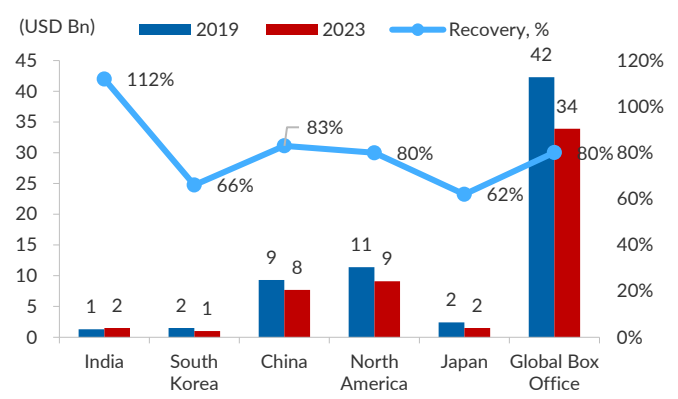
- Global box office collections reached USD33.9bn in 2023, reflecting a growth of 31% YoY, signifying a continued recovery from the lows. However, collections remain ~20% lower compared to pre-pandemic levels (2019). Footfalls across the key regions suggest a similar story, with all the key regions yet to surpass the 2019 levels.
- India, however, has fared better compared to other regions, with 2023 box office collections surpassing 2019 levels by 12% and footfalls registering ~90% recovery.
- Indian Filmed Entertainment market size is est at Rs207bn as of FY24, consisting of Domestic and overseas theatricals, Broadcast rights, Digital / OTT rights and in-cinema advertising. Domestic theatricals is the largest segment (~61% of total) followed by OTT (~18%).
- Over 2023-26E, industry is expected to grow at ~7% CAGR, primarily led by growth in domestic theatricals business.
- Over 2020-24E, domestic theatricals segment has recorded a swift recovery with CAGR of 50% while OTT segment has remained flattish. This indicates the disruption caused by rise of multiple OTT platforms, especially during the time of pandemic is largely over. This is also evident by the number of direct to digital releases, which have declined by 50% in 2023 vs 2022, as OTT platforms continue to reduce their investments.
- This offers a unique opportunity for movie exhibition industry to regain its pre-Covid occupancy levels by leveraging the strong content pipeline and providing the top-notch theatrical experience to consumers. PVR INOX is well placed to capture this opportunity due to its pan-India presence, market leadership (~32% market share) and premiumization play.

Exhibit 7: Global box office collections signify continued recovery, though remain lower vs 2019 level



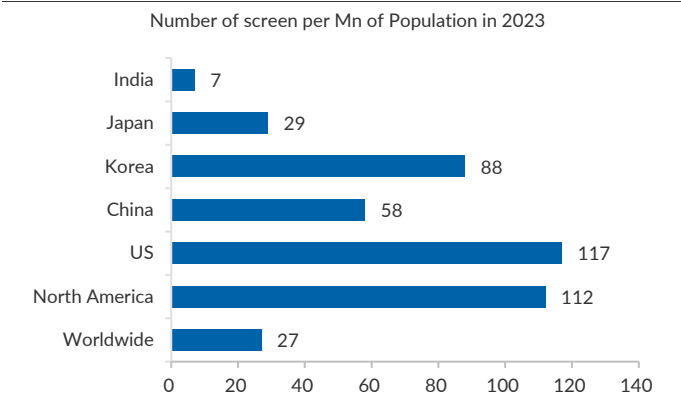
Source: Industry Reports, YES Sec

Exhibit 8: India has fared better compared to other developed markets, surpassing 2019 collections



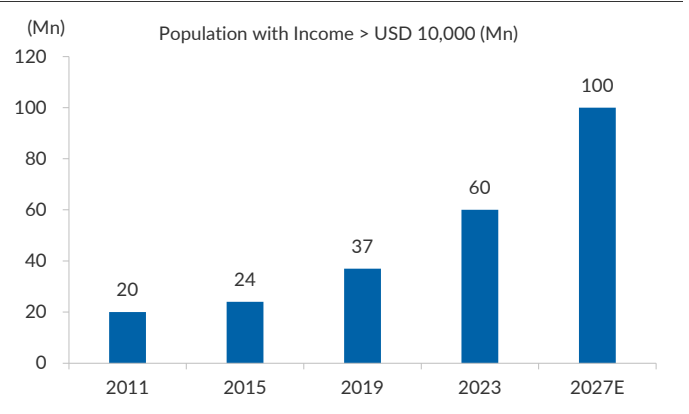
Source: Industry Reports, YES Sec

Exhibit 9: Screen penetration in India remains low, providing significant opportunity...



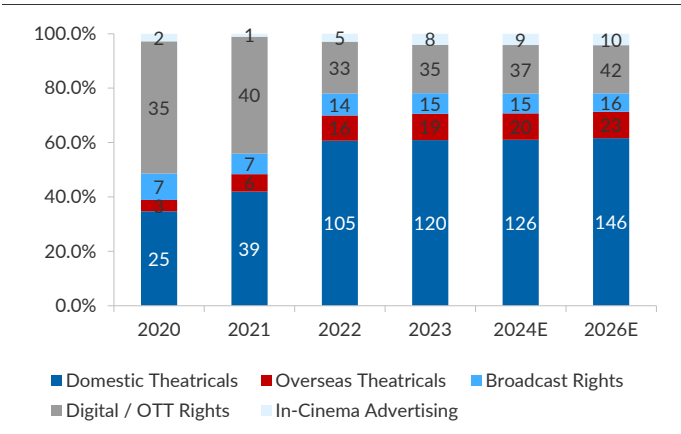
Source: Industry Reports, YES Sec

Exhibit 10: Along with rising affluent consumer base



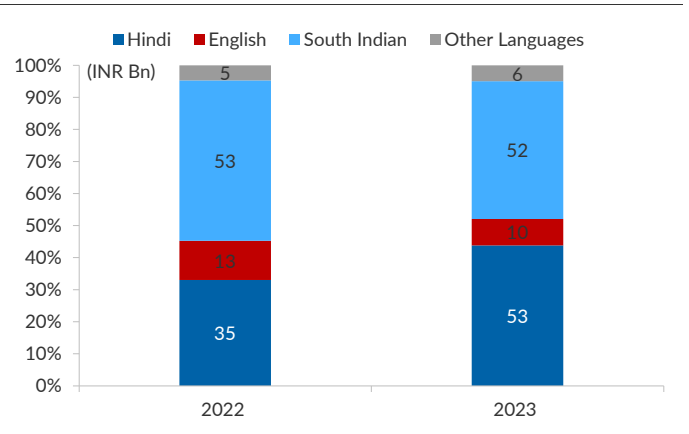
Source: Industry Reports, YES Sec

Exhibit 11: Domestic theatricals to drive industry growth



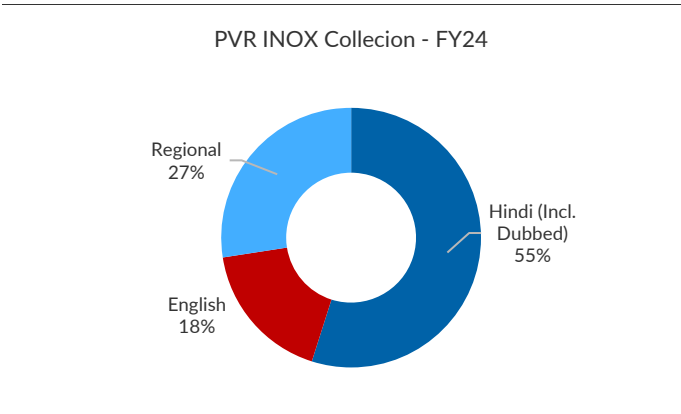
Source: Industry Reports, YES Sec

Exhibit 12: Hindi Movies have made a comeback, which is likely to benefit PVR INOX



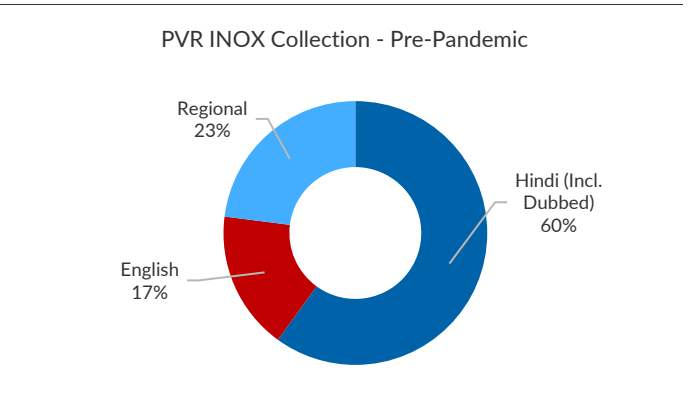
Source: Industry Reports, YES Sec

Exhibit 13: Hindi remains a key contributor for PVRINOX...



Source: Company, YES Sec

Exhibit 14: However, share has declined in favor of regional movies compared to pre-Covid mix

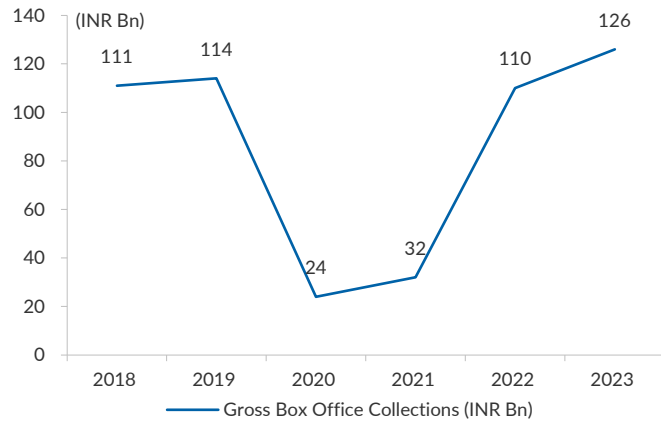


Source: Company, YES Sec

Key Growth Drivers for Filmed Entertainment Industry are:

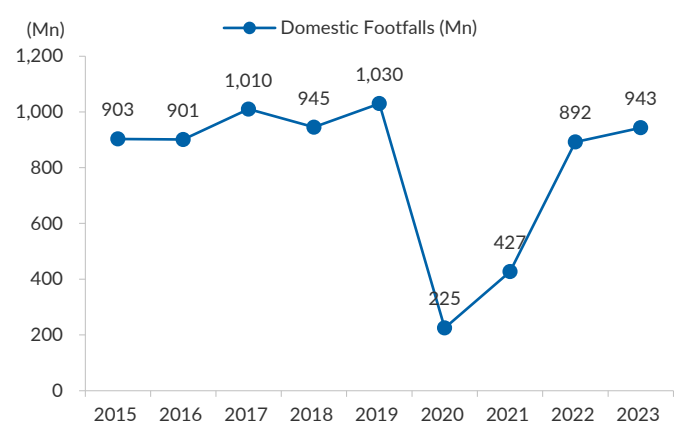
- **Growth in Average Ticket Prices ("ATP"):** Average Ticket Prices have almost doubled over 2019 to 2023 registering a CAGR of 16%, led by rising affluence, premiumization and dynamic pricing. Over past few years, movies business has shifted from being solely focused on content consumption to offering a more immersive overall experience.
- **Recovery in occupancy:** Occupancy levels registered a structural decline over FY21-23, led by disruption caused by rise of OTT platforms and shift in content consumption patterns. However, we believe that disruption in movies business is over as stakeholders across the value chain including producers and exhibitors have adapted to the changing landscape. Producers have upped their content game in-line with consumers' threshold for good quality content. This is evident by more high-quality mass content lined up over coming quarters. At the same time, OTT platforms have rationalized their spends and theatrical performance has become an important element in determining the value of digital rights.
- **Growth in F&B Revenues:** As cinema evolves from a pure content consumption to holistic experience, spends per head (SPH) towards F&B have increased significantly. This is likely to continue going forward, led by higher discretionary spending, increasing penetration and shift in consumer preferences.
- **Revival of Cinema Advertising:** In-cinema advertising recorded growth of 60% YoY in 2023. Though in-cinema advertising has seen impact of shift towards digital channels, movie theatres remain a key advertising medium for luxury / discretionary items and should see a revival in-line with discretionary spending.
- **International releases:** Indian films have garnered increasing attention in international markets with consumers globally more open to multi-lingual content. In 2023, 339 Indian films were released abroad with gross box office collection of INR19bn, 19% higher than 2022. Further penetration into large international market like China can be crucial growth driver for Indian films industry.
- **Premiumization Play:** Industry has taken multiple initiatives for premiumization including improved infrastructure, Ad-free movie experiences, 3D/4D experience, etc. This is likely to result in incremental growth over coming period.
- **Re-releases:** PVR INOX has come up with idea of re-release of classic movies, especially during times of lower availability of content. This has helped in maintaining the occupancy rates. In 1HFY25, PVR has re-released 80+ movies, many of which have received good response from consumers. Movies such as 'Tumbaaad', 'Rockstar' have made good box office collection in re-release. We believe trend of re-releases is here to stay and will be a key driver for growth, especially for multiplex chains like PVR in the medium term.
- **TAM represents a significant opportunity:** According to industry reports, around ~100mn people visited cinema halls in India in 2023, with total footfalls at ~943mn. This indicates that cinema watching in theatres remains a luxury experience and remains out of reach of 90%+ population. The number of unique annual visitors for movies remain much lower compared to other discretionary spends such as online food delivery, online ordering etc. Given cinematic experience is far more demographically inclusive category, TAM remains significantly higher and provides huge opportunity for penetration.
- **Increase in OTT Windows:** Currently, window for release of new content on OTT platform after theatre release for south languages such as Tamil and Kannada are lower at est 4-5 weeks vs general duration of 8 weeks for Hindi and other languages. Industry players are striving to make OTT windows consistent across languages at 8 weeks and further improve this window, in order to motivate consumers to watch a movie in Cinema halls. This process, however long and tedious, if materialized, can drive footfalls to cinema halls.

Exhibit 15: GBOC have surpassed pre-pandemic levels in 2023 for industry...



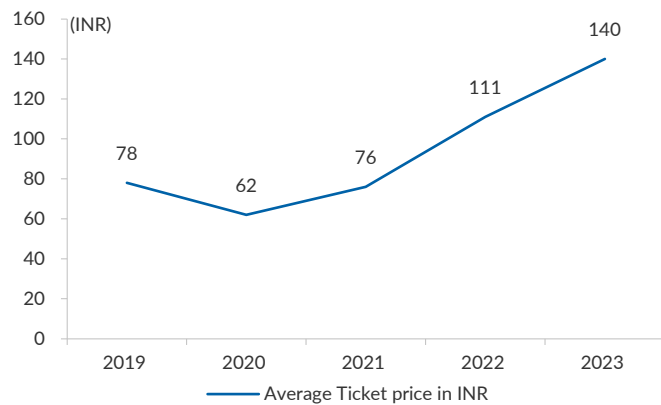
Source: Industry Reports, YES Sec

Exhibit 16: Though footfalls are yet to recover



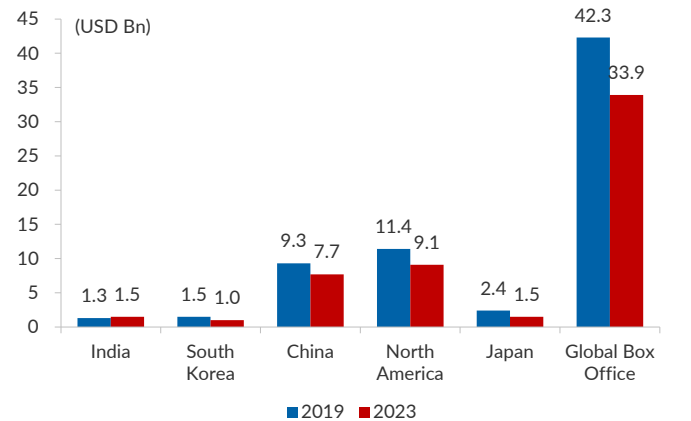
Source: Industry Reports, YES Sec

Exhibit 17: Led by improvement in Average Ticket Prices (ATP)



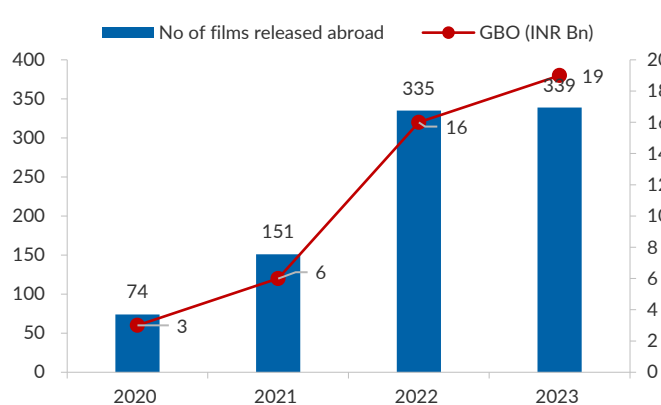
Source: Industry Reports, YES Sec

Exhibit 18: India has fared better compared to other developed markets



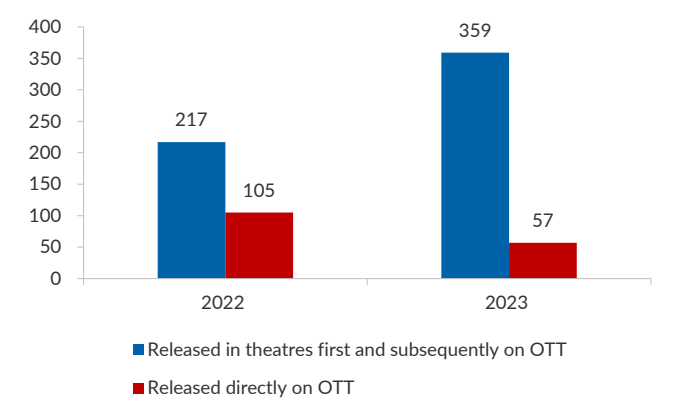
Source: Industry Reports, YES Sec

Exhibit 19: International releases to sustain momentum



Source: Industry Reports, YES Sec

Exhibit 20: Direct releases on OTT halved in 2023



Source: Industry Reports, YES Sec

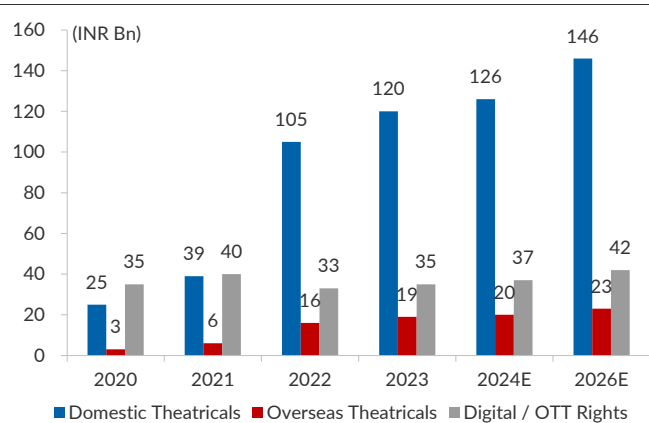
Content is the King! –

Filmed entertainment industry globally saw huge disruption over last few years, led by rise of OTT platforms and impact of pandemic, leading to change in content consumption patterns. Changing landscape of the way content is consumed led to a debate if movie exhibition business is over. However, gradual recovery in box office collections and footfalls suggest otherwise. At the same time, investments by OTT platforms in content acquisition have peaked and are expected to normalize over coming period.

We observe that some of the movies have registered higher collections at box office than ever registered in pre-pandemic years. Also, large number of movies have grossed INR 1bn+ collections and at the same time, many have registered disappointing performance at box office. This indicates that consumers' threshold for good quality has gone up but willingness to spend on good quality content remains high.

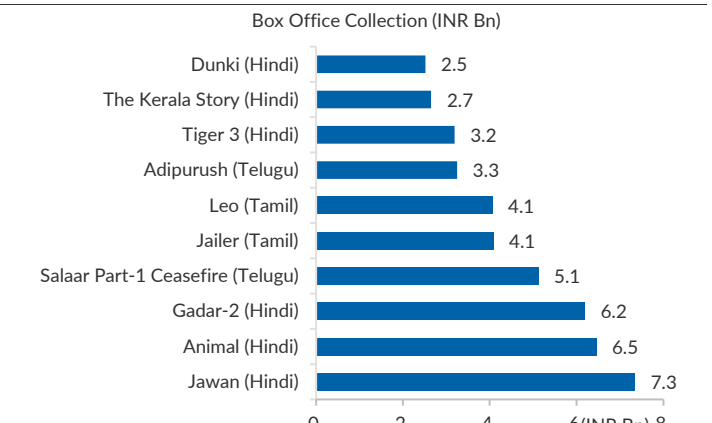
We believe that disruptions in the past few years have led to fundamental change in the way movie exhibition is perceived by consumers. Movie watching in theatres is now moving towards a more holistic experience and reserved for a quality content which is worthy of theatrical experience. Cinema halls remain one of the few avenues of out of home mass entertainment consumption. Thus, we believe worst is behind for the movie exhibition industry and theatres are here to stay!

Exhibit 21: Theatrical business to maintain lion's share of filmed entertainment industry



Source: Industry Reports, YES Sec

Exhibit 22: Good content continues to deliver and will remain the key for industry growth



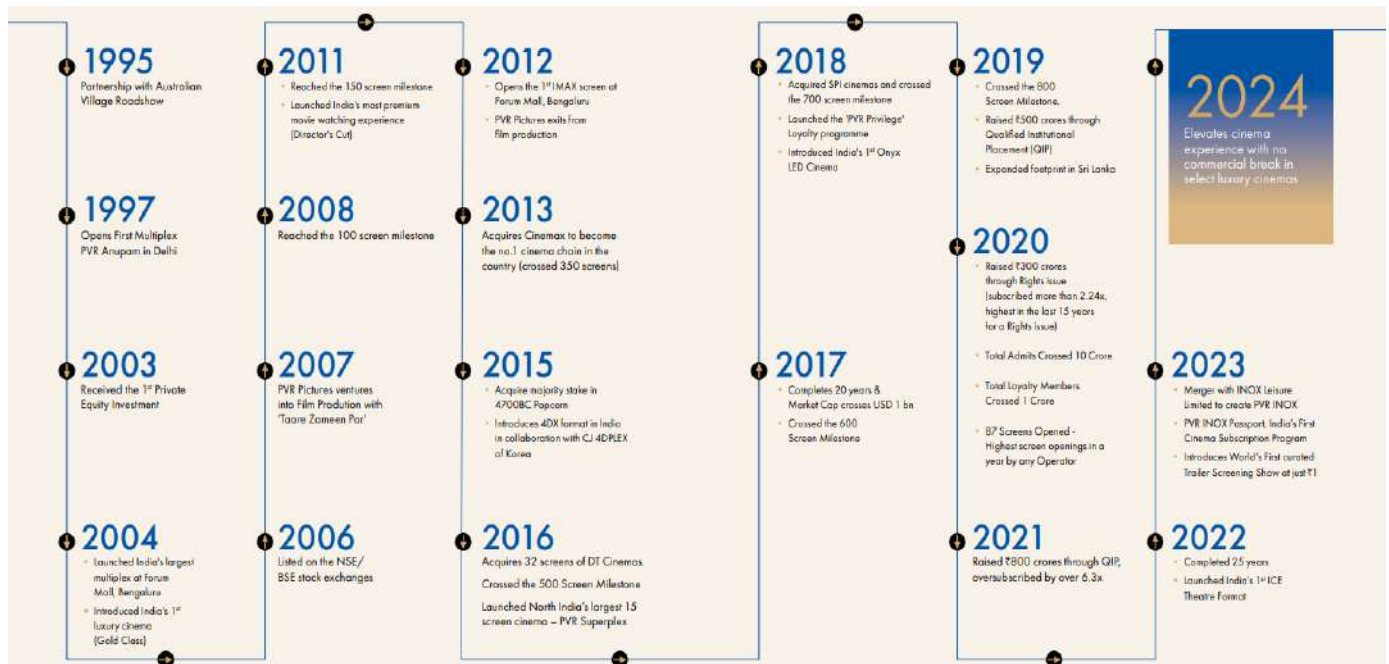
Source: Industry Reports, YES Sec

COMPANY OVERVIEW

PVR INOX is a largest player in movie exhibition business in India with estimated market share of ~32-33%, with 356 properties and 1,747 screens as of 2QFY25. Company has aggregate seating capacity of 362K seats and operates across 24 states and 113 cities in India and has a presence in Sri Lanka. It started its operations in 1997 under PVR brand by opening first multiplex in Delhi. Over the years, company has grown both organically and inorganically, through strategic acquisitions, including large multiplex chains such as 'Cinemax' in Nov 2012, 'DT Cinemas' in 2016 and 'SPI Cinemas' in 2018. In 2023, company completed its merger with INOX Leisure Ltd and cemented its market leadership position in Indian films exhibition market.

Over the past few years, company faced multiple headwinds including capacity restrictions during COVID-19, rise of OTT players with significant investments, change in consumption patterns, price caps in certain states etc. However, company has swiftly dealt with changing circumstances and has reinvented the business model whenever required. Synergies achieved from PVR-INOX merger have also helped in navigating the tough times.

Exhibit 23: PVR INOX: The journey over the years

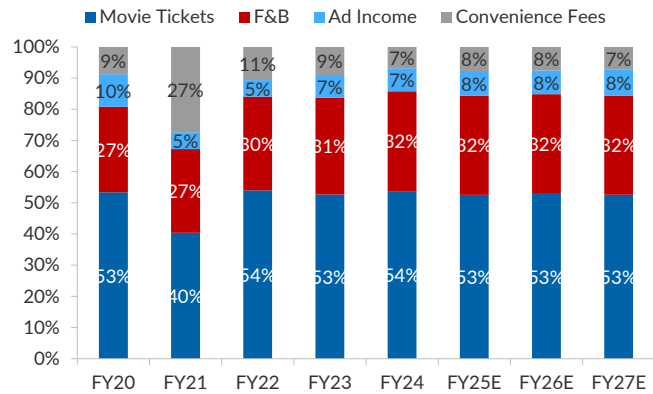


Source: Company, YES Sec

Revenue Mix:

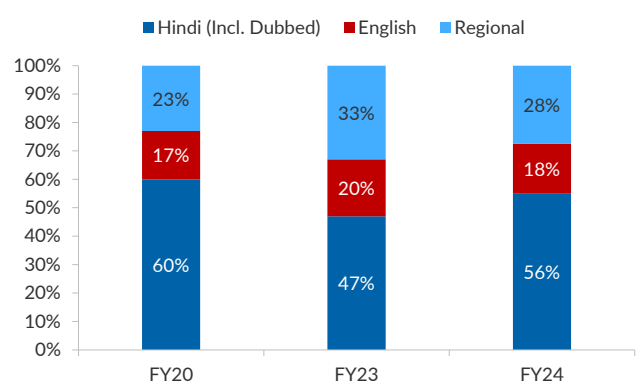
Primary revenue streams for PVR INOX include revenue from sale of movie tickets, revenue from sales of foods & beverages, advertisement income and convenience fees. Though sale of movie tickets remains the primary contributor (~54% of overall mix), sale of F&B is also a key component at ~32% of mix. Over FY20-24, Contribution of movie tickets has been stable at ~53-54% of revenue while F&B contribution has increased from ~27% to 32%. This has driven increase in Spends Per Head (SPH) for PVR INOX. Contribution of advertisement income has declined from ~10% to ~7% over the same period, indicating a sub-par recovery. Contribution of convenience fees to overall sales has slightly declined to 7% in FY24 from ~9% in FY20, on account of growth in F&B sales.

Exhibit 24: PVR INOX: Segmental Revenue Break-up, Mix to remain stable over FY24-27E



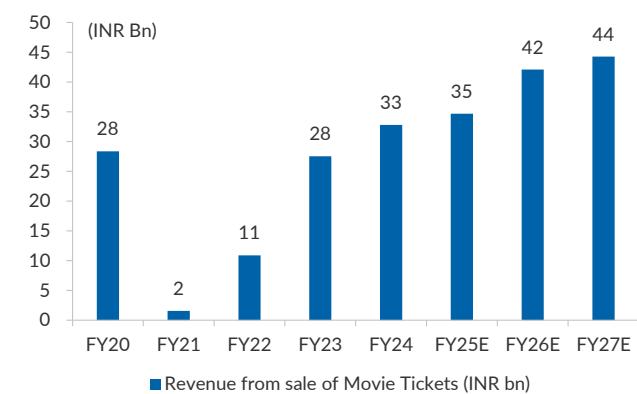
Source: Company, YES Sec

Exhibit 25: PVR INOX - Language-wise box office collections, Share of Hindi has bounced back



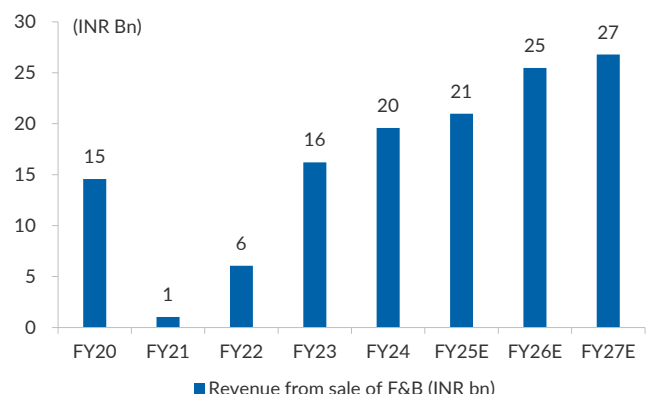
Source: Company, YES Sec

Exhibit 26: Sale of Movie Tickets to grow at 10.5% CAGR over FY24-27E



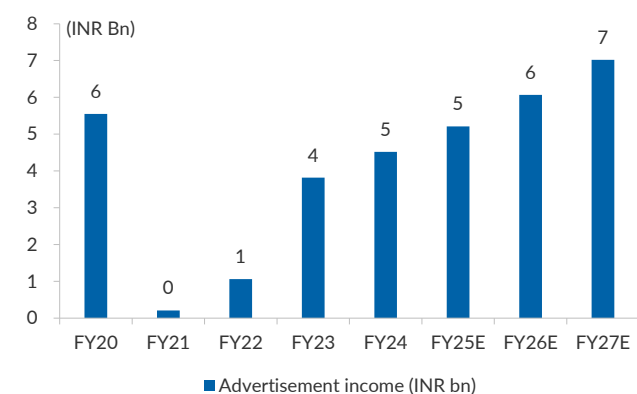
Source: Company, YES Sec

Exhibit 27: F&B Sales to grow at 11% CAGR over FY24-27E



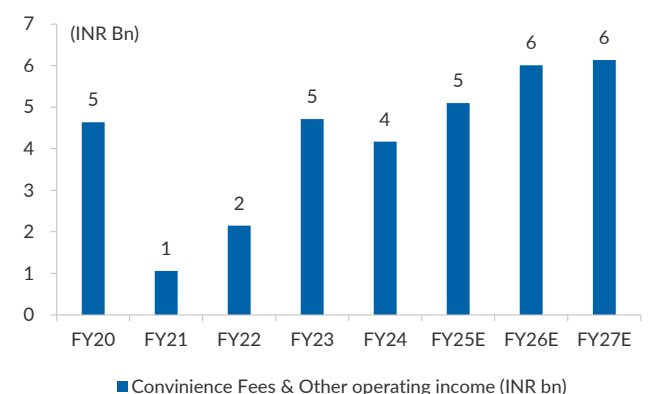
Source: Company, YES Sec

Exhibit 28: Advertisement income to continue steady recovery over FY24-27E with ~16% CAGR



Source: Company, YES Sec

Exhibit 29: Convenience fees and other operating income to grow at ~14% CAGR over FY24-27E



Source: Company, YES Sec

Pan-India Presence:

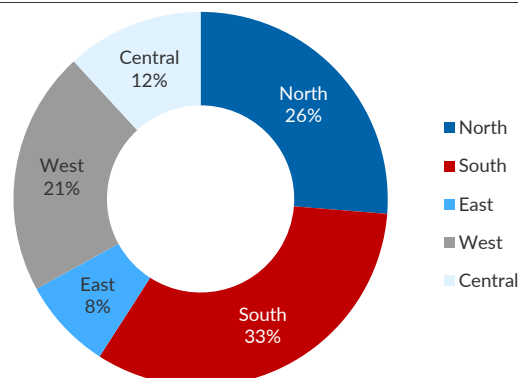
PVR INOX has presence across 24 states in India and has a presence in Sri Lanka, with ~1747 screens and 356 cinemas across 113 cities. Screens are geographically well diversified across regions with South region consisting of highest 573 screens (33% of mix) followed by North with 459 screens (26% of mix), West with 369 screens (21% of mix) and East with 139 screens (8% of mix). Among States, Maharashtra is the largest with 273 screens followed by Karnataka with 215 screens. Out of total 1747 screens, management screen count is low at 42. Management has guided for 120 gross screen additions in FY25e.

Exhibit 30: State-wise Screen Break-up

State	Region	Cinemas	Screens
J&K	North	2	5
Uttarakhand	North	2	10
Punjab	North	17	90
Chandigarh	North	3	15
Haryana	North	21	93
Uttar Pradesh	North	27	138
Delhi	North	27	108
Jharkhand	East	4	15
Rajasthan	West	21	82
Gujarat	Central	28	134
Bihar	East	2	7
Assam	East	4	14
Madhya Pradesh	Central	8	48
West Bengal	East	19	74
Maharashtra	West	54	273
Chhattisgarh	Central	6	25
Goa	West	4	14
Odisha	East	7	29
Karnataka	South	36	215
Telangana	South	19	106
Andhra Pradesh	South	13	52
Kerala	South	6	42
Puducherry	South	1	5
Colombo	South	1	9
Tamil Nadu	South	24	144
Total		356	1747

Source: Company, YES Sec

Exhibit 31: Region-wise Screen Break-up



Source: Company, YES Sec

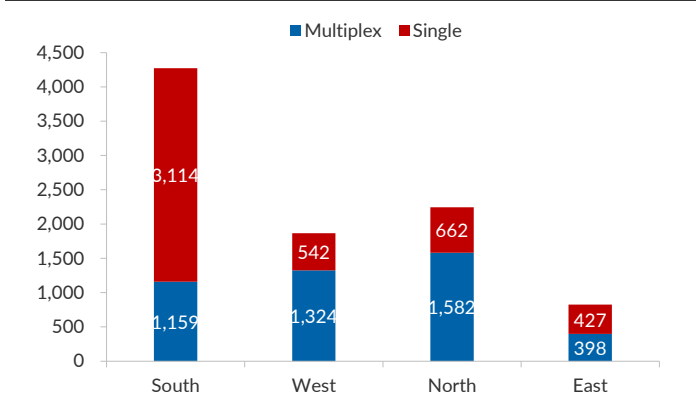
South to be the key focus:

Going forward, screen addition focus will be on the Southern region as market share of PVR in south is lower due to high number of single screens in South vs other geographies. South contains lower proportion of Multiplex screens at 26% of overall screens compared to 71% for West and 70% for North.

Further, PVR has lower share of regional box office collections (~28% as of FY24) in overall revenue mix compared to Indian GBOC mix (~53%). In order to reduce reliance on Hindi genre, it plans to increase its share of regional movies in overall revenue mix, which makes it mandatory to improve its presence and in turn, market share in South. Thus, expansion in South region will be the key focus area going forward.

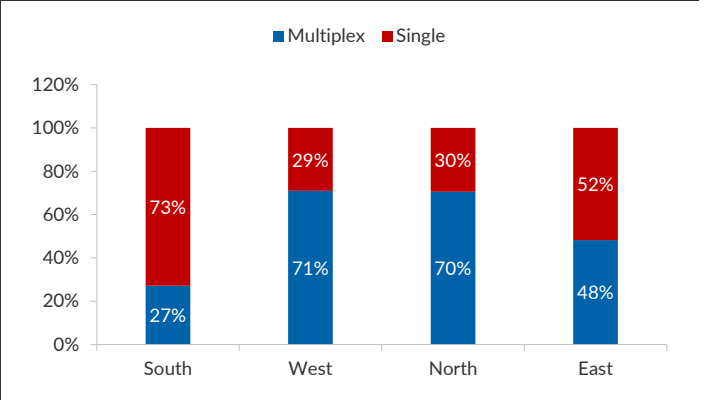
PVR INOX management has guided for ~40% of new screen addition to be done in Southern market in coming years.

Exhibit 32: South market contains high number of Single screens compared to other regions



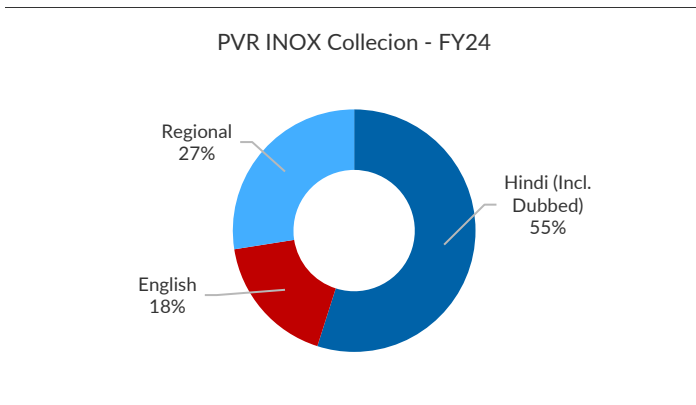
Source: Company, YES Sec

Exhibit 33: Proportion of Multiplex vs Single screens is lowest in South impacting PVR market share



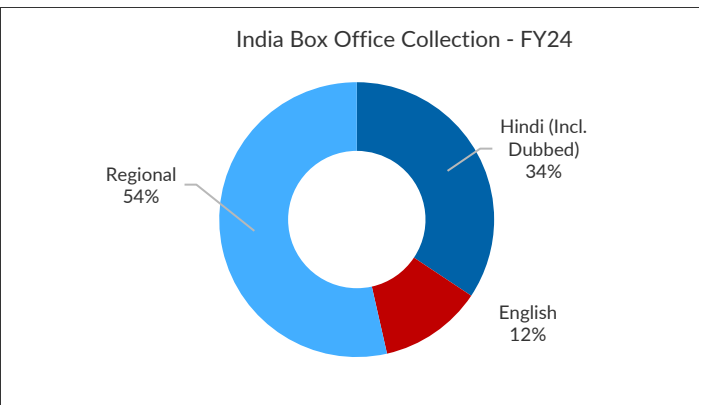
Source: Company, YES Sec

Exhibit 34: PVRINOX has higher share of Hindi language in overall mix...



Source: Company, YES Sec

Exhibit 35: Compared to India Box Office which has highest share of regional languages



Source: Company, YES Sec

Premiumization Trend:

Company has focused on premiumization and plans to open at least 20% of the new screen in premium format. Its mission is to reimagine the movie-going experience by introducing premium formats, comfortable seating, sound, projection, ambience, and food & beverages to meet evolving consumer expectations. As a part of premiumization strategy, company has launched multiple formats to provide exclusive and immersive cinematic journey to consumers. These formats include Luxury formats such as Insignia, Luxe and Director's Cut. Premium Large Formats (PLF) such as Big Pix, PXL and ScreenX. Formats for 4D experience include 4DX and MX4D. Kids special formats include Kiddles and Playhouse. Other premium formats include IMAX, Drive-in, Onyx etc. Currently, ~15% of the total screens are premium and special format screens for the company.

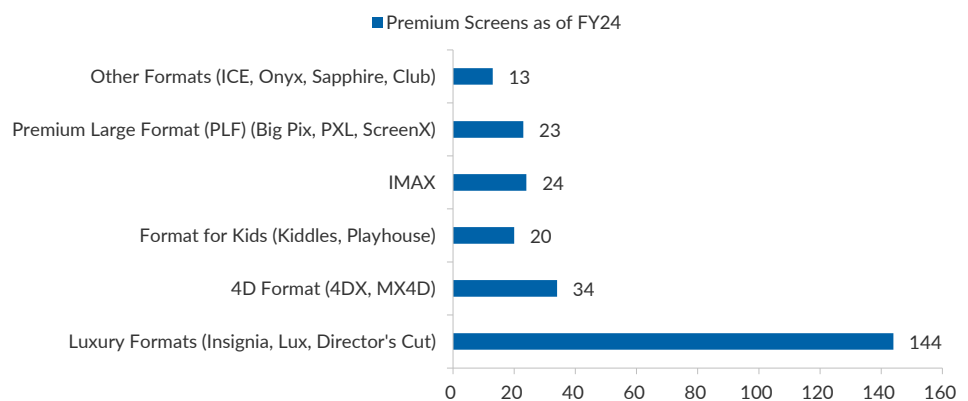
Such diversified offerings tailored to varying consumer needs have helped PVR INOX to take a lead in premiumization journey among industry players with Average Ticket Prices (ATP) at INR 259 for FY24, significantly higher than industry ATP.

Exhibit 36: Diversified offerings for premiumization

Category	Formats	Screens
Luxury	LUXE	50
	INSIGNIA	76
	Director's Cut	18
Premium Large Formats (PLF)	Big Pix	4
	PXL	15
	ScreenX	4
4D Screens	4DX	27
	MX4D	7
Screens for Kids	Kiddles	7
	Playhouse	13
IMAX	IMAX	24
Others	Sapphire	4
	Club	3
	ICE	4
	Onyx Diner	2
	Drive-In	1
LASER, The Library Hall, AmpliX		

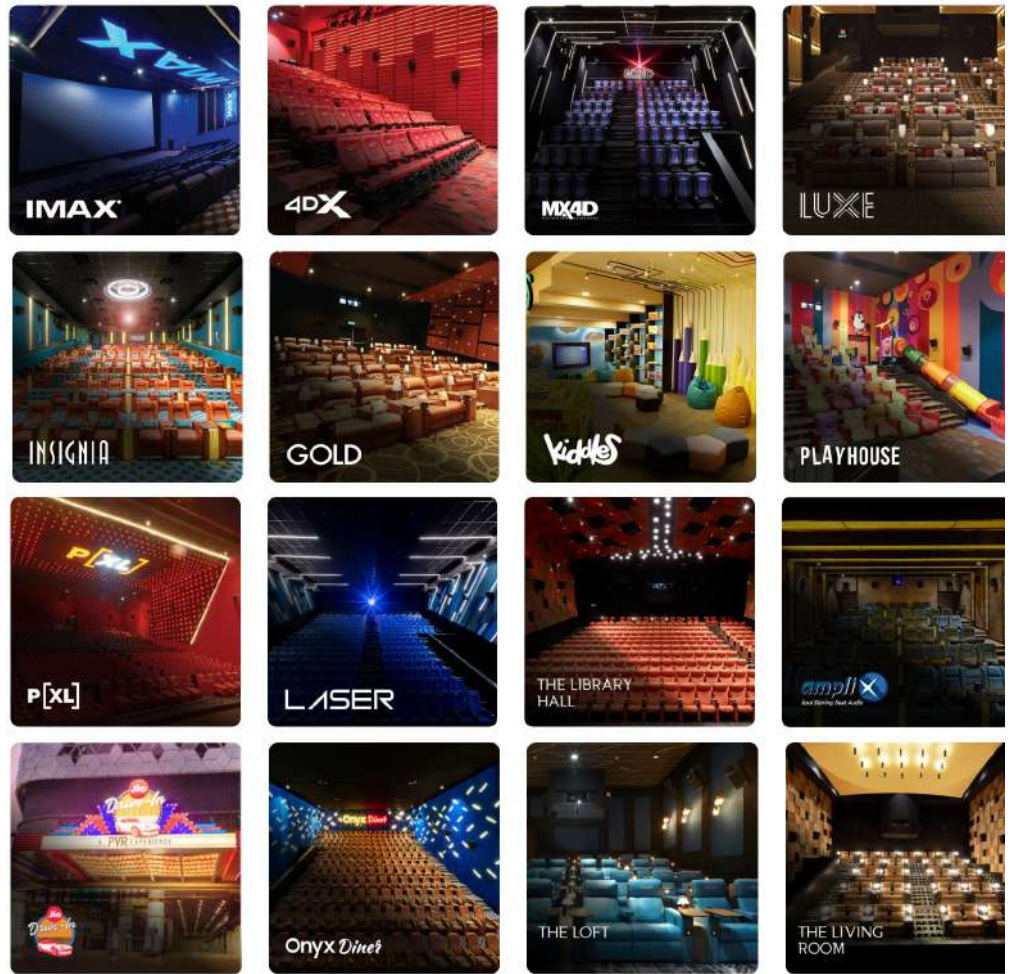
Source: Company, YES Sec

Exhibit 37: Premium Screens as of FY24



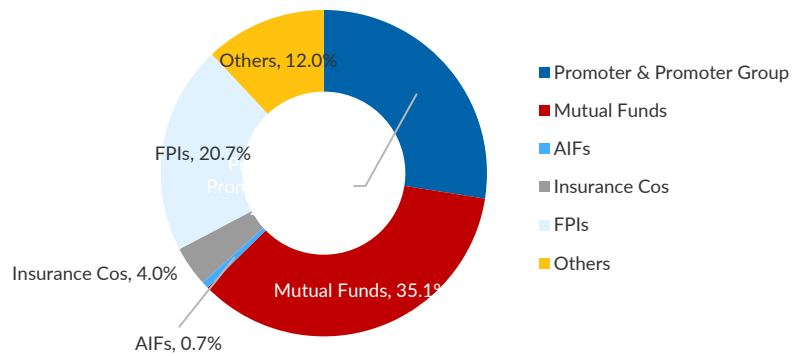
Source: Company, YES Sec

Exhibit 38: Immersive Experience through diversified offerings



Source: Company, YES Sec

Exhibit 39: PVR INOX: Shareholding pattern



Source: Company, YES Sec

Exhibit 40: Board of Directors

<p>Mr Pavan Jain <i>Chairman</i></p>	<p>Mr. Pavan Kumar Jain, Chairman, INOX Group, is a visionary industrialist with over 50 years of prolific experience. As a Founder of one of India's leading conglomerate, INOX Group, Mr. P. K. Jain continues to spearhead the Group companies. In the process, he has been the architect of numerous successful acquisitions and mergers and has scaled the Group's valuation to USD 5 Bn.</p>
<p>Mr Ajay Bijli <i>Managing Director</i></p>	<p>Mr Ajay Bijli founded PVR Cinemas in 1997, ushering in the age of the multiplex in India. He became the first Indian in over a decade to deliver the keynote address at CinemaCon 2023, the largest event for the international motion picture theatre industry. He has played an active role in shaping global best practices in the premium cinema exhibition space as a member of the American Trade Association NATO (National Association of Theatre Owners) and the European cinema trade group UNIC.</p>
<p>Mr Sanjeev Kumar Bijli <i>Executive Director</i></p>	<p>Mr. Sanjeev Kumar Bijli is the Executive Director of the company. As the Co-Founder of PVR Cinemas, Mr. Kumar managed the full spectrum of the company's business including programming, relationship with Hollywood studios, film distribution, content selection, development & growth strategy. Mr. Kumar is also the Director of PVR Pictures Limited, the motion picture arm of PVR INOX LIMITED which enjoys a pivotal leadership role in the independent film distribution space.</p>
<p>Mr Siddharth Jain <i>Promoter – INOX Group</i></p>	<p>Mr. Siddharth Jain is a Member of the Board of the INOX Group. Siddharth joined the Group Leadership in 2001 and has successfully ensured that all businesses maintain market leadership positions in their respective industries. Siddharth is an Alumnus of University of Michigan Ann Arbor, with a degree in Mechanical Engineering and has an MBA from INSEAD, France.</p>
<p>Ms. Renuka Ramnath <i>Non-Executive Director</i></p>	<p>Ms. Renuka Ramnath is the Founder, MD and CEO of Multiples Alternate Asset Management, a private equity manager and advisor to funds of ~ USD 1.5 bn. She has over 30 years of experience in the Indian financial sector across private equity, investment banking and structured finance.</p>
<p>Ms. Pallavi Shardul <i>Independent Director</i></p>	<p>Ms. Pallavi Shardul is the Managing Partner of Shardul Amarchand Mangaldas & Co. with 37 years of experience. Her broad and varied representation of public and private corporations, before national courts, tribunals and legal institutions has earned her national and int'l acclaim. She is a member of the Competition Law Review Committee, constituted by the Govt of India.</p>
<p>Mr. Vishesh Chander Chandiook <i>Independent Director</i></p>	<p>As CEO of Grant Thornton Bharat, Mr. Vishesh leads the execution of the Firm's strategy and vision and is responsible for its operations and growth. Vishesh drives the Firm's relationship with some of the most dynamic private, public, and multinational clients and assists them in unlocking their growth potential.</p>
<p>Mr. Dinesh Kanabar <i>Independent Director</i></p>	<p>Mr. Dinesh is a founder of Dhruva Advisors which is a leading Business Advisory firm in India. Dinesh works with some of the largest Indian and MNCs on aspects of business strategy, succession planning, and transaction structuring.</p>
<p>Mr. Shishir Bajjal <i>Independent Director</i></p>	<p>Mr. Shishir Bajjal is currently serving as the Chairman and MD of Knight Frank India where he oversees a dynamic team of more than 1,600 real estate professionals.</p>
<p>Ms. Deepa Misra Harris <i>Independent Director</i></p>	<p>Ms. Deepa Misra Harris holds master's degree from Lady Sri Ram College, Delhi University. She is the Founder & CEO of Brands We Love LLP; Marketing and Branding Services. She is a unique luxury hospitality and brand specialist with proficiency in Branding, Marketing, Sales and Public Relations. Ms. Deepa has a proven track record of delivering double digit growth and escalating brands to leadership positions.</p>

Source: Company, YES Sec

Exhibit 41: Management Team

<p>Mr Alok Tandon <i>Chief Strategic Advisor</i></p>	<p>Mr Alok Tandon was erstwhile CEO of INOX Leisure Limited before its merger with PVR. He has more than 35 years of experience across Entertainment, Hospitality and Pharma industries in strategy, growth and innovation and has been instrumental in the set-up and growth across genres.</p> <p>Mr. Alok Tandon was rated among the Business Today-PwC list of India's top 100 CEOs in 2016. In 2018, he received the award for CEO of The Year at the Economic Times Retail Excellence Awards.</p>
<p>Mr Gautam Dutta <i>CEO - Revenue & Operations</i></p>	<p>Mr. Gautam Dutta has been with PVR for over 16 years and has 28+ years of experience. He has led PVR's operations as CEO and has been instrumental in driving box office, media sales and F&B verticals.</p> <p>Mr. Dutta started his career in Sales and has about 18 years of advertising industry experience with agencies like Lowe Lintas, Saatchi & Saatchi etc.</p>
<p>Mr Kamal Gianchandani <i>Chief Business Planning & Strategy, PVR INOX Ltd & CEO, PVR INOX Pictures Ltd</i></p>	<p>Mr. Kamal Gianchandani has been associated with PVR for over 18 years. In his role, he spearheads initiatives related to content distributors and film supply. He also manages external relationships with industry stakeholders such as trade bodies and govt. authorities. Additionally, Mr. Gianchandani leads all external/consumer-facing Digital and IT initiatives.</p> <p>As CEO of PVR INOX Pictures Ltd, he oversees the P&L of the company's distribution business. Mr. Gianchandani has a diverse experience of more than 24 years in film financing, co-production, distribution, syndication, etc.</p>
<p>Mr Pramod Arora <i>Country Head - Distribution</i></p>	<p>Mr. Pramod Arora has been associated with Cinemas, Real Estate, Retail and the larger investment eco system in the industry for the last 3 decades. He is widely regarded as the brain behind the growth of modern age cinema theatres & shopping centres in the country</p>
<p>Mr Jitendra Varma <i>Chief Information Officer</i></p>	<p>Mr Jitender Verma oversees the Digital and IT function and is responsible for all internal as well as external/consumer-facing Digital and IT initiatives. Mr Verma was the erstwhile CIO of INOX Leisure Limited prior to its merger with PVR. He has more than 25 years of rich experience across organizations in the Media & Entertainment Industry.</p>
<p>Mr Rajender Singh Jyala <i>Chief Programming Officer</i></p>	<p>Mr Rajender Singh Jyala is responsible for the Programming function, overseeing all Content distributors and Film supply related activities. Mr Jyala previously served as the Chief Programming Officer INOX Leisure Ltd.</p>
<p>Mr Mukesh Kumar <i>Company Secretary & Compliance officer</i></p>	<p>Mr Mukesh Kumar joined PVR in 2021 and has 20+ years of experience in the Company Secretarial & Legal function. Prior to joining PVR, Mr. Kumar has been associated as Company Secretary & Head Legal with Uniparts India Ltd, NIIT Ltd., Hero Motors Ltd., PDS Multinational Group and Dhanuka Agritech Ltd.</p>
<p>Mr Sunil Kumar <i>CHRO</i></p>	<p>Mr Sunil Kumar has been associated with PVR since 2016 and has over 24 years of experience in managing people demographics of businesses such as Samsung Electronics, Hilton Worldwide, Oberoi Group of Hotels and Impact Retail. He is leading the implementation and delivery of people synergies post-merger of INOX with the company.</p>
<p>Mr Gaurav Sharma <i>CFO</i></p>	<p>Mr Gaurav Sharma, CFO at PVR INOX, brings over 18 years of comprehensive experience in corporate finance, strategy, M&A, joint ventures, investor relations etc. He holds a B.Tech in Mechanical Engineering from IIT Delhi and an MBA in Finance from SP Jain Institute of Management & Research, Mumbai.</p>

Source: Company, YES Sec

INVESTMENT RATIONALE

Multiple initiatives to revive occupancy:

Globally, film exhibition industry witnessed a structural decline in footfalls post pandemic with most of the major developed markets yet to recover to pre-pandemic levels. In India, footfalls for FY23 stood at ~943mn, ~8% lower vs 2019, indicating a ~90% recovery. India Box office collections for 2023 also surpassed 2019 levels by 12%, led by increase in Average Ticket Prices.

For PVR INOX, FY24 occupancy stood at 25.6% vs 31.8% in FY20. Though occupancy has recovered post sharp decline during pandemic, it is yet to reach pre-Covid levels. This is due to factors such as: 1) Volatility in content pipeline 2) Disruptions caused by OTT / Digital platforms 3) Shift in consumers' preferences with higher threshold for good quality content.

In order to revive footfalls, PVR INOX has taken multiple initiatives such as:

- 1) **PVR INOX Passport program:** It is a subscription based model with monthly and quarterly programs. Monthly passport allows consumers to watch 4 movies in a month at INR 349 at effective price of INR 87 / movie. Quarterly passport program offers 12 visits to consumers in 90 days for INR 1,047 along with 7 F&B vouchers worth INR 350. This initiative ensures constant engagement with movie-goers and attracts consumers to cinema halls at regular intervals.

Exhibit 42: PVR Passport Program – Engaging movie-goers

PVR Passport	Monthly Passport	Quarterly Passport
Charges	INR 349	INR 1,047
Validity	30 days	90 days
Visits	4	12
Weekly Duration	Mon to Thurs	Mon to Thurs
F&B Vouchers	-	7 Vouchers worth INR350 in 90 days
Additional Benefits	Recliner Seat at additional charge of INR 150 per visit	Recliner Seat at additional charge of INR150 Valid for all formats like IMAX, 4DX, ICE, PXL, Big Pix, MX 4D, ScreenX etc. by paying INR 150 per visit

Source: Company, YES Sec

- 2) **PVR INOX Curated Shows (Re-releases):** Company has started re-releasing handpicked blockbusters on the big screen under 'PVR INOX Curated Shows' initiative. This includes re-release of Bollywood as well as regional classic movies. In H1FY25, company has done ~80 re-releases across languages in selective catchments and includes movies as old as 2002-03.

Though ATPs for re-releases are not as high as new movies (30-40% discount vs new content), terms of revenue sharing are in favor of PVR INOX. For new content, producers receive est. 45-50% share of collections on an average while PVR INOX receives the rest while for re-releases, share of PVR INOX is higher. This helps in compensating lower ATPs. Additionally, re-releases also aid in improving F&B sales as well as Advertisement income.

Re-releases are particularly useful in periods of lack of enough new content and helps in maintaining the occupancy levels. Recently, movies such as 'Rockstar' and 'Tumbbad' have made a buzz on box office during re-release. Preference from consumers to watch select blockbusters on big screen and nostalgia for classic movies is expected to result in trend of re-releases to continue in future.

Exhibit 43: PVR INOX Curated Shows – Re-releases of Handpicked blockbusters



Source: Company, YES Sec

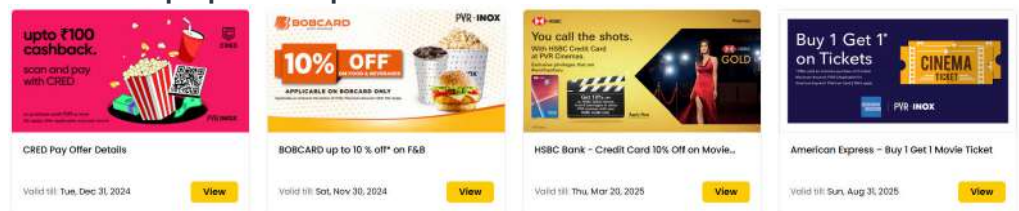
- 3) **Ad-free movie experience:** PVR INOX is piloting Ad-free movie experience in select locations to provide uninterrupted movie experience to consumers. Company is piloting this initiative in select premium screens consisting of 2-3% of total screens. This is primarily targeted towards premium consumers to drive up the ticket prices. Ad-free experience also allows the company to squeeze in additional show per day, resulting in better ATPs as well as footfalls. This more than compensates for loss of any ad-income.
- 4) **Co-branded Partnerships:** PVR INOX has partnered with Kotak Mahindra Bank to launch co-branded credit and debit cards such as Kotak Privilege+ cards. These offer benefits such as cashbacks on movie bookings, higher reward points, F&B vouchers, invites to special screenings etc. This helps PVR INOX to ensure higher visits to cinema halls per consumer.

Exhibit 44: Loyalty program through Co-branded Kotak Credit and Debit Cards



Source: Company, YES Sec

Exhibit 45: Multiple partnerships to drive sales



Source: Company, YES Sec

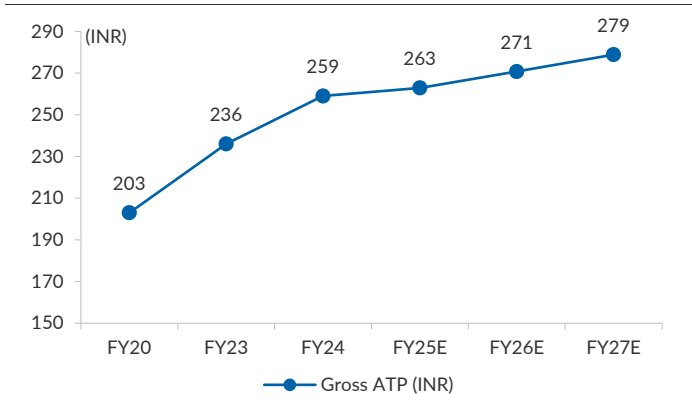
We believe such initiatives can yield positive results in the long term and are likely to aid in gradually improving the occupancy levels, by keeping the movie buffs engaged with PVR INOX franchise.

ATP and SPH growth to continue:

Over FY20-24, Average ticket price has increased at 6% CAGR while Spends pe head have risen at 9% CAGR. This has been led by increasing premiumization as movie watching shifted from pure content consumption to immersive experience. We believe growth in ATP and SPH will continue over the medium term but likely to normalize to historic levels of growth. Over FY24-27E, we expect ATP/SPH to grow at a moderate CAGR of ~3% each.

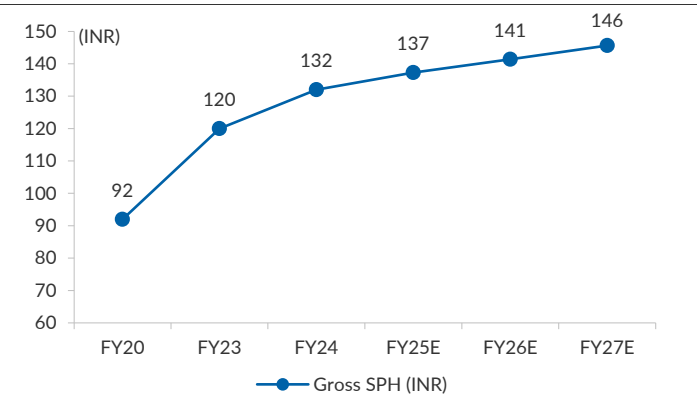
On the F&B side, PVR INOX has launched partnership with Easycorder, which gives discounts on pre-ordering from Easycorder. It has also launched weekdays combos at INR 99 and unlimited refill offer on weekends, both of which are running successfully. These initiatives are likely to aid SPH growth and drive premiumization in the medium term.

Exhibit 46: Gross ATP registered CAGR of 6% over FY20-24 and is expected to grow at 3% CAGR till FY27E



Source: Company, YES Sec

Exhibit 47: Gross SPH has grown at 9% CAGR over FY20-24 and expected to grow at 3% CAGR till FY27E



Source: Company, YES Sec

Exhibit 48: F&B offers for weekdays and weekend to drive customer adoption



Source: Company, YES Sec

Reducing Capital Intensity; ROCE to improve:

Existing model: PVR INOX typically signs a contract with mall developer 2-3 years before mall is completed and lease term for the contract is 15 years with lock-in period of 5 years for PVR INOX while developer is locked in for the entire term of lease contract. In this model, company pays minimum guarantee to the developer with revenue share in the range of 15-17%. However, entire capex is done by PVR INOX which results in inflated balance sheet.

Shift towards Capital Light Model: Movie exhibition business is fundamentally a capex heavy business. If the assets do not generate the expected returns, RoCE is severely impacted. Thus, in order to improve the RoCE and reduce the capital intensity, management plans to gradually move towards capital light model for new screens addition. As a part of capital light model, part of the capex for new screens will be funded by developers while remaining capex will be borne by the company. Developers will get higher revenue share for the specific property at 19-20% in new model vs 15-17% in the existing model. Minimum guarantee to be paid to developers will also be lower compared to current model.

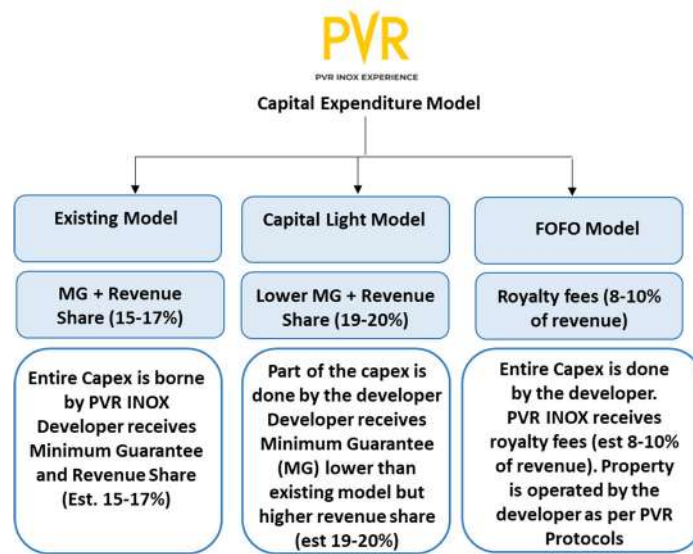
Capital light model will result in better RoCE with shorter payback periods; however, margins will be slightly lower as developer will receive higher revenue share for the property. For FY26E, management plans to open 50% of the new properties via capital light model.

Exploring FOFO Model: Management is also exploring Franchise Owned Franchise Operated (FOFO) model where entire capex will be done by the developer. This model does not entail any fixed costs for PVR. Developer will operate the property based on protocols set by PVR INOX and the company will receive royalty fees at 8-10% of the revenue.

Shift towards capital light model has resulted in share reduction in capex for H1FY25 with capex at ~INR2bn vs ~INR3.5bn in H1FY24. Lower capex resulting in higher free cash flow generation can be utilized for net debt reduction. We expect capex of INR 4.7bn in FY25E vs INR 6.3bn in FY24 (-26% YoY)

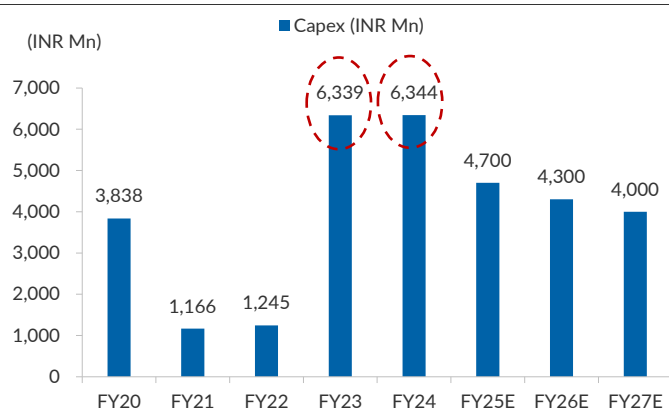
Expansion in South to limit inorganic expansion: Over the years, PVR has done multiple acquisitions such as 'Cinemax Cinemas' in November 2012, 'DT Cinemas' in May 2016, 'SPI Cinemas' in August 2018. This resulted in bloated balance sheet for the company resulting in subdued ROCEs. Going forward, company plans to open 40% of new screens in South market, which has large proportion of single screens (~73% of total). This limits scope for inorganic expansion in future. Thus, lower Gross fixed asset can help improve ROCEs.

Exhibit 49: PVR INOX: Shifting towards Capital light / FOFO Model for future capex



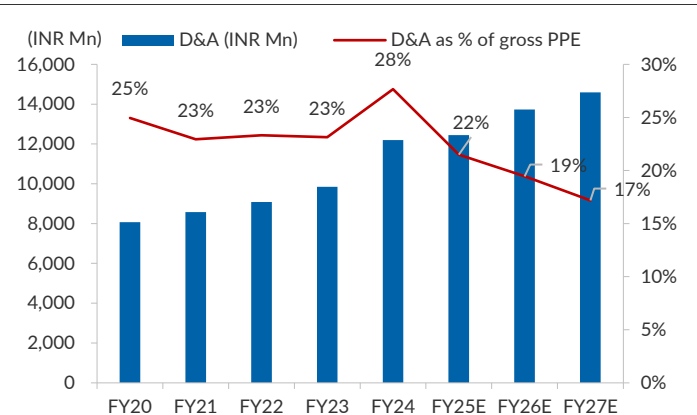
Source: Company, YES Sec

Exhibit 50: Capital Expenditure to moderate over FY24-27E



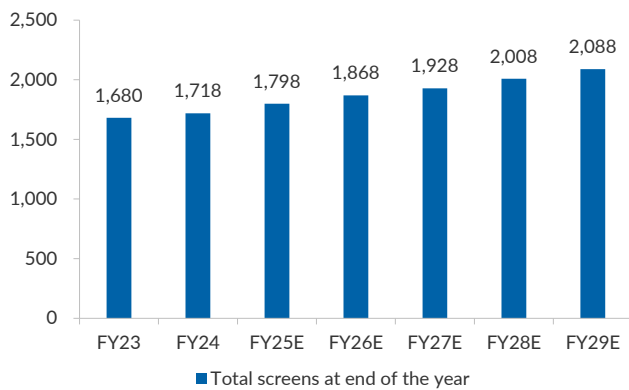
Source: Company, YES Sec

Exhibit 51: Depreciation expense to normalize as capex moderates over FY24-27E



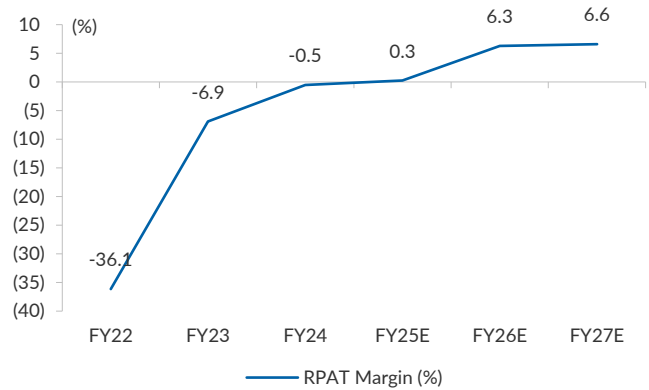
Source: Company, YES Sec

Exhibit 52: Screen additions will be primarily through capital light model



Source: Company, YES Sec

Exhibit 53: Profitability to shoot up led by debt reduction and lower capex



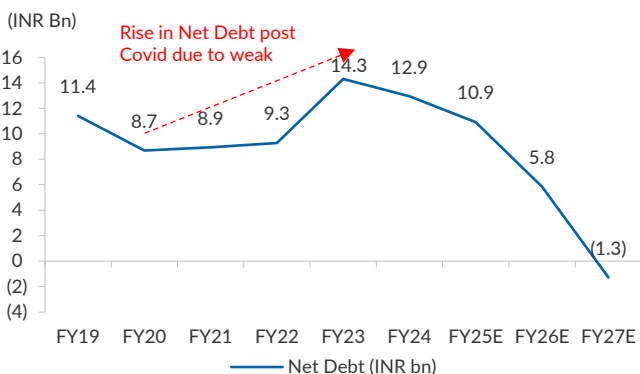
Source: Company, YES Sec

Management focus on debt reduction:

Movie exhibition is a capital-intensive business and is highly sensitive to occupancy as fixed costs component is higher. As a result, any sharp drop in footfalls leads to significant impact on profitability. This was seen in FY21-23 where company reported steep losses as profitability was hampered on account of low occupancy. Over the same period, Gross debt for PVR INOX increased substantially, primarily for working capital purposes as weak operational performance resulted in negative operating cash flows. Going forward, we expect cash flow from operations to turn positive from FY25E onwards as operating profitability improves. Management plans to utilize free cash flow for net debt reduction. Further, capex is expected to moderate as screen additions will be done through capital light model. We expect the company to turn net debt positive by FY27E, giving significant boost to profitability.

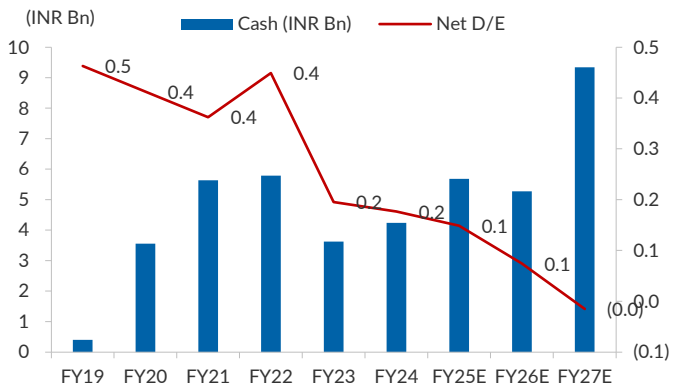
Asset Monetization: In order to support its debt reduction plans, PVR INOX management plans to monetize its non-core assets over coming quarters. Total 3 assets are to be monetized with total inflow expected at INR 3-3.5bn. Out of this, 1 property is expected to be monetized in FY25. Proceeds from sale of non-core assets will be utilized for debt reduction.

Exhibit 54: Net Debt rose sharply over FY20-23 but is expected to pare down over FY24-27E



Source: Company, YES Sec

Exhibit 55: We expect PVR INOX to turn Net Debt positive by FY27E



Source: Company, YES Sec

Cost rationalization to support margins:

Typically, property takes 15-18 months to mature while EBITDA break-even at screen level takes 6 -9 months. Mgmt threshold for screen assessment is 20% ROCE for 2nd year after screen is opened. If ROCE is lower than 20% in 2nd year, rent renegotiation or screen closure takes place.

Lease rentals renegotiations: PVR INOX has been actively engaging with developers to renegotiate lease rentals in times of volatile occupancy levels. PVR successfully renegotiated leases with developers during pandemic to reduce fixed costs, which helped the company to navigate tough times. Post-merger with INOX, negotiating power of the company has increased due to its robust market leadership position (~32% market share) and company has utilized it to renegotiate lease rentals for underperforming properties. Generally, if rent to revenue ratio for a particular property has gone up, renegotiations happen with the developer both for lower minimum guarantee and lower revenue share. This results in significant fixed costs savings.

Closure of underperforming screens: Along with rent renegotiations, PVR INOX has focused on closure of select underperforming screens over past 2 years. Some properties underperform on account of better or newer options in the nearby vicinity while some malls live out their useful life. This results in erosion of profitability for a particular asset. In H1FY25, company has opened 71 new screens and closed ~40 odd screens. Management expects screen churn to tone down to 1-2% from FY26E onwards.

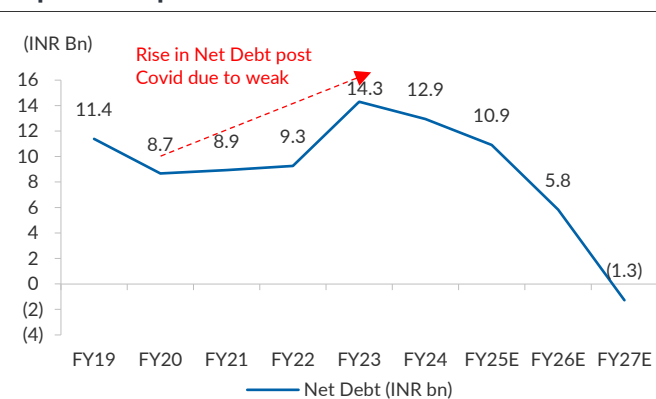
Merger Synergies: PVR INOX has benefitted significantly from the merger, both on the costs as well as revenue front. It has achieved synergy benefits at EBITDA level worth INR 1.85-2bn in FY24 from merger. Benefits from synergies are likely to improve with increase in occupancy.

Exhibit 56: Significant Fixed Cost Control over the last 4 years

Cost Head	On per screen basis (INR mn)	FY20	FY24	4-year CAGR
		PVR + INOX Proforma	PVR + INOX	
Occupancy Cost	Weighted Average Screens	1371	1668	5%
	Rent	6.2	7.2	4%
	CAM	1.6	2	6%
Manpower	Manpower Cost	5.5	4.9	-3%
	Total Headcount	24,285	21,458	-3%
	Total Headcount per screen	17.7	12.9	-8%
Other Fixed Costs	Utilities (Electricity & Water)	2.3	2.3	0%
	Other Overheads	3.8	3.4	-3%
Total Fixed Costs / Screen		19.4	19.8	1%

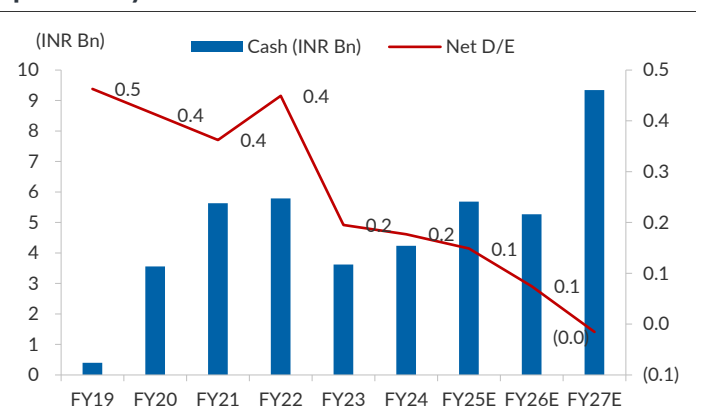
Source: Company, YES Sec

Exhibit 57: Net Debt rose sharply over FY20-23 but is expected to pare down over FY24-27E



Source: Company, YES Sec

Exhibit 58: We expect PVR INOX to turn Net Debt positive by FY27E

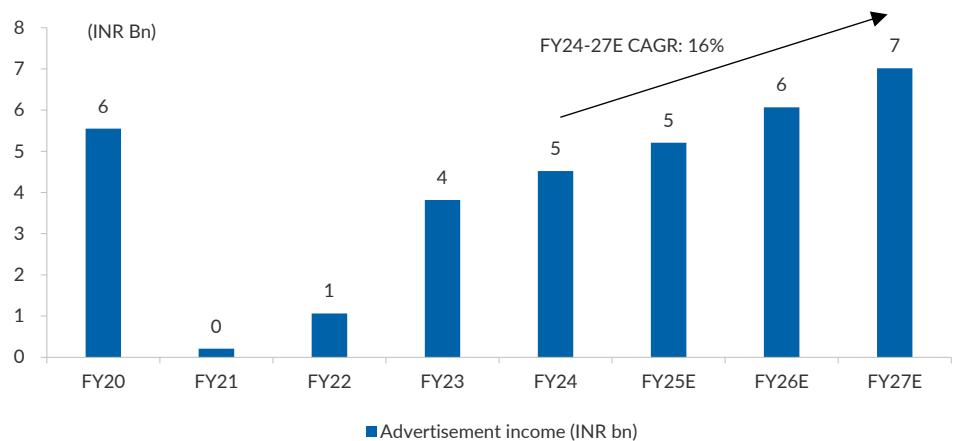


Source: Company, YES Sec

Revival in Advertisement Income:

PVR INOX has reported Ad-revenue CAGR of -5% over FY20-24, signifying sub-par recovery. This has been caused by factors such as lower occupancy levels, shift of Ad spends towards digital channels and curtailed investments by consumer-oriented brands during periods of high inflation. However, we believe, movie theatres remain a key advertising medium for luxury items and should see a revival in-line with discretionary spending. Improvement in occupancy levels should also aid Ad-revenue growth. We expect steady recovery in Ad revenues to continue and expect it to surpass pre-pandemic levels by FY26E with ~16% CAGR over FY24-27E.

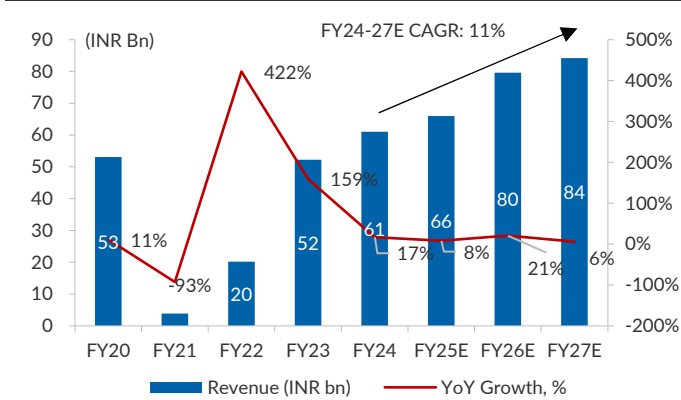
Exhibit 59: Advertisement revenue to post gradual recovery



Source: Company, YES Sec

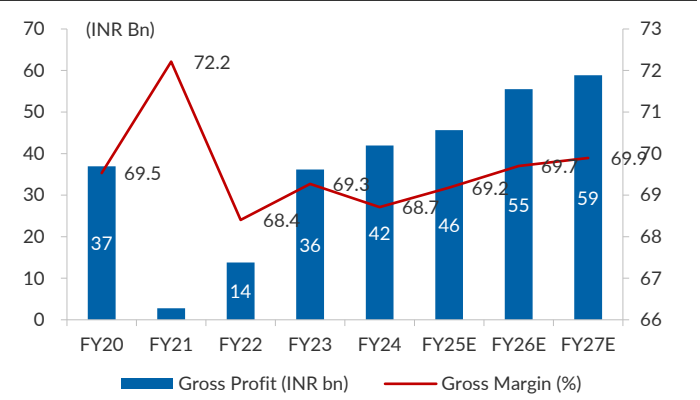
ANNUAL FINANCIALS

Exhibit 60: Revenues to register 11% CAGR over FY24-27E



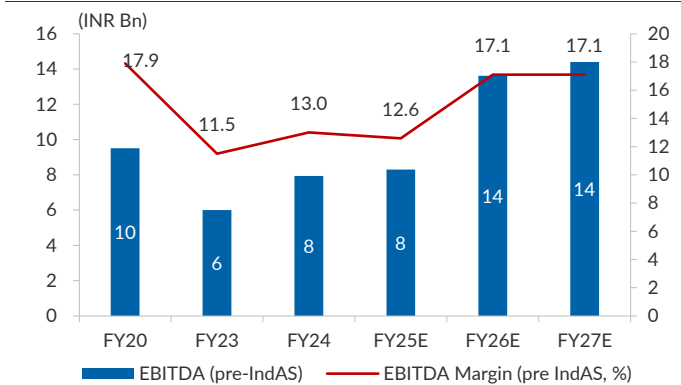
Source: Company, YES Sec

Exhibit 61: Gross profit to grow at 12% CAGR with +150bps GM expansion over FY24-27E



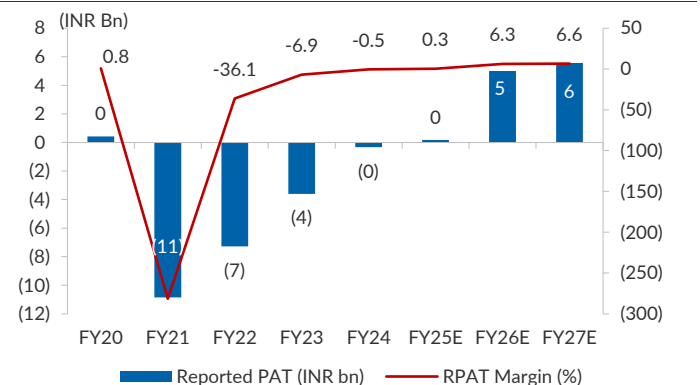
Source: Company, YES Sec

Exhibit 62: EBITDA (Pre-IndAS) to grow at 22% CAGR led by cost synergies



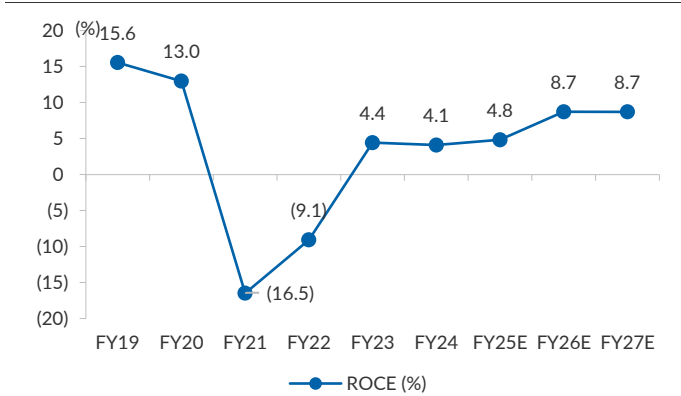
Source: Company, YES Sec

Exhibit 63: RPAT to turn positive by FY25E and expand further by FY27E



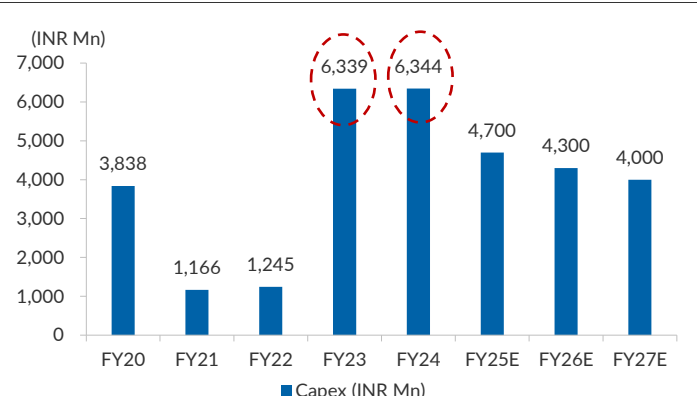
Source: Company, YES Sec

Exhibit 64: ROCE to improve...



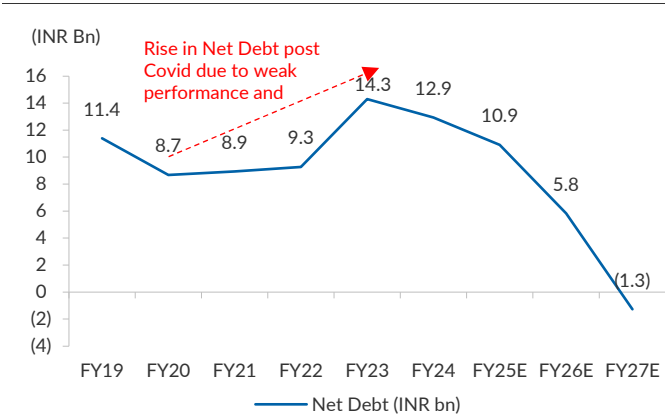
Source: Company, YES Sec

Exhibit 65: With moderation in capex over FY25-27E



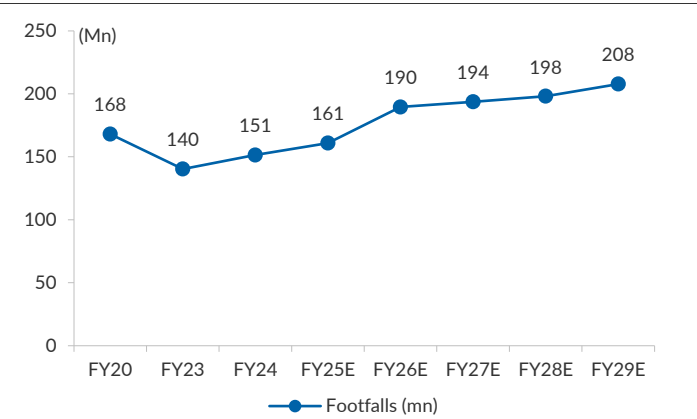
Source: Company, YES Sec

Exhibit 66: And Reduction in Net Debt over FY25-27E



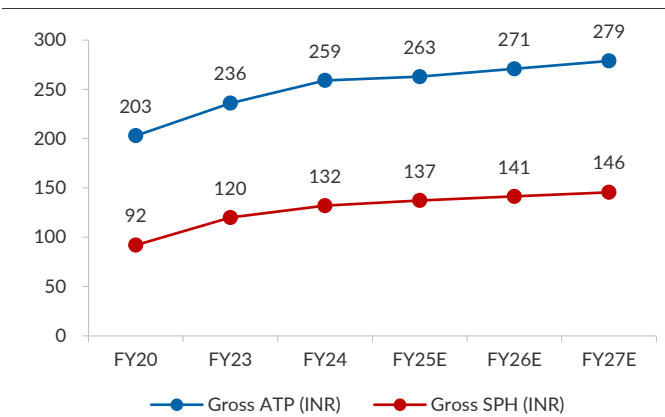
Source: Company, YES Sec

Exhibit 67: Footfalls to inch up with improvement in occupancy



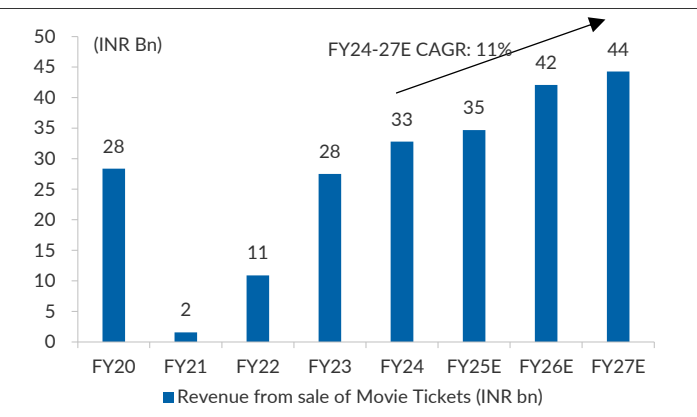
Source: Company, YES Sec

Exhibit 68: Steady growth in ATP and SPH



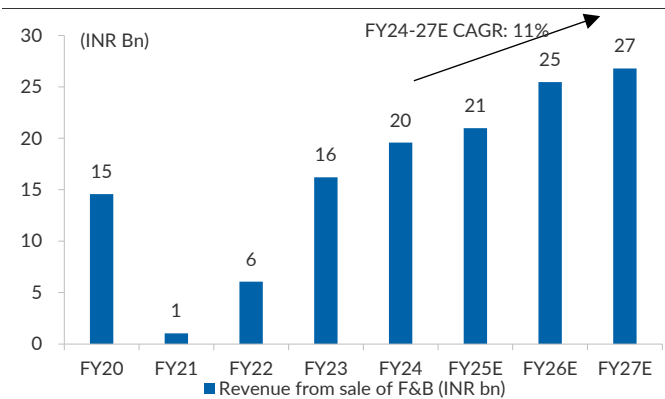
Source: Company, YES Sec

Exhibit 69: Revenue from sale of movie tickets to grow at 11% CAGR



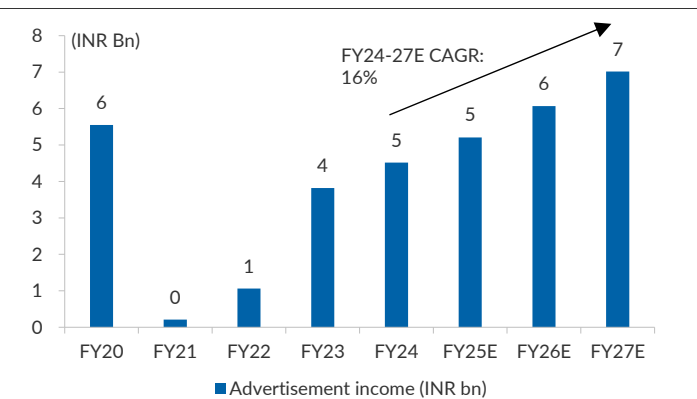
Source: Company, YES Sec

Exhibit 70: Revenue from sale of F&B to register 11% CAGR driven by SPH growth and footfalls growth



Source: Company, YES Sec

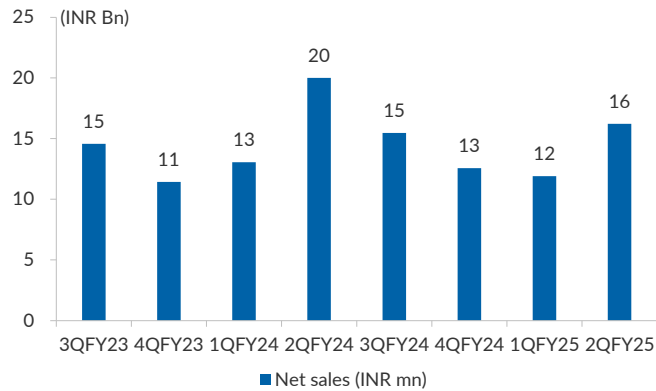
Exhibit 71: Ad-income to surpass FY20 levels by FY26E with improvement in occupancy



Source: Company, YES Sec

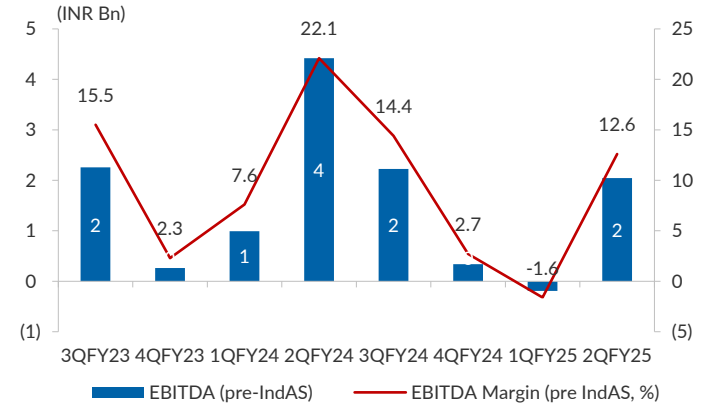
QUARTERLY FINANCIALS

Exhibit 72: Revenue witnessed QoQ volatility in line with volatility in content pipeline



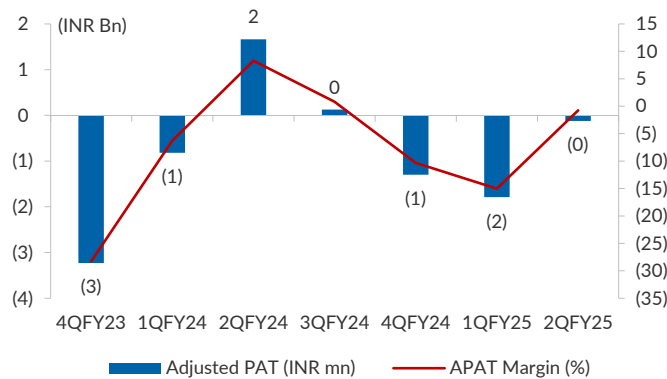
Source: Company, YES Sec

Exhibit 73: EBITDA (Pre-IndAS) and margins have moved in-line with occupancy levels



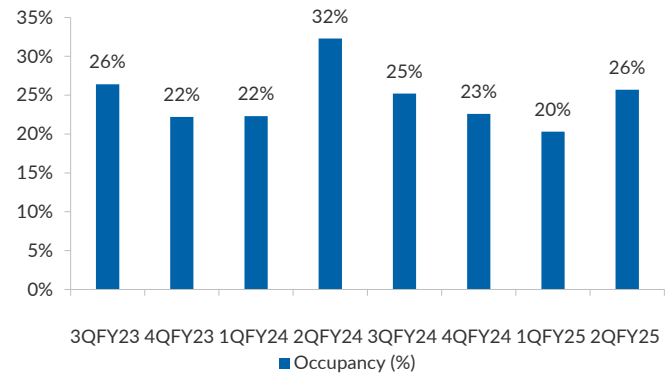
Source: Company, YES Sec

Exhibit 74: Trend in Adjusted PAT and Margins



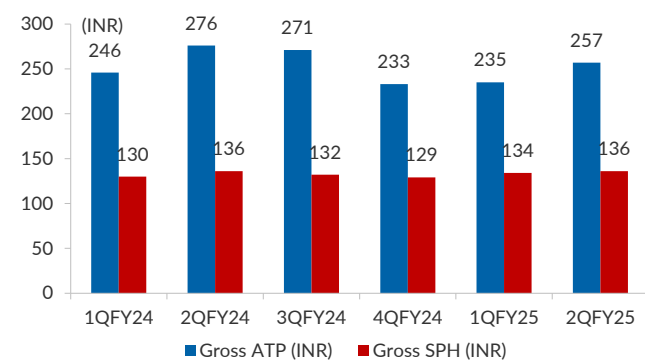
Source: Company, YES Sec

Exhibit 75: Trend in Occupancy levels



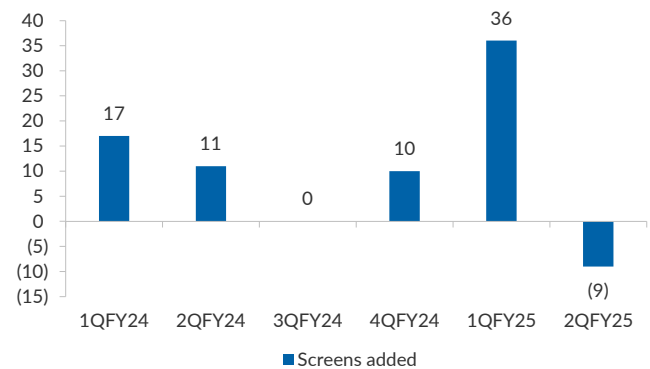
Source: Company, YES Sec

Exhibit 76: Quarterly Trend in Gross ATP and Gross SPH



Source: Company, YES Sec

Exhibit 77: Trend in Net Screen Additions



Source: Company, YES Sec

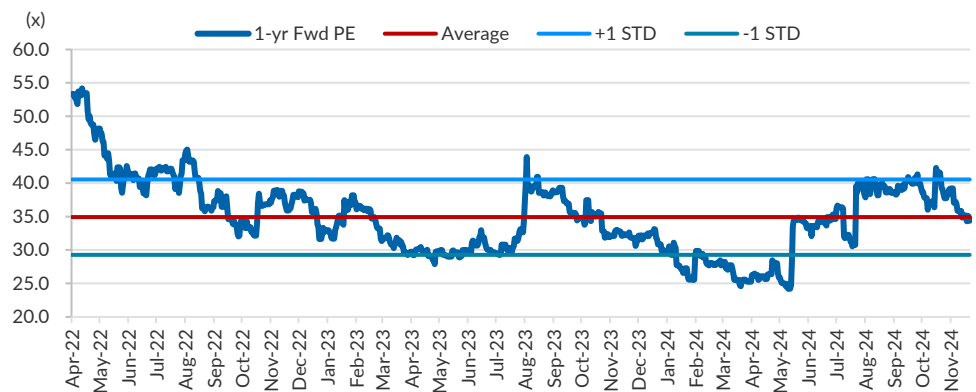
VALUATION AND OUTLOOK

PVR INOX is the market leader in the movie exhibition business in India. Company has time and again proved its mettle by evolving with the changing landscape in the entertainment industry. We believe, worst is behind for the movie exhibition industry and occupancy levels should inch up in the coming quarters, backed by strong content pipeline, rise in discretionary spending and moderation in investments by OTT platforms.

PVR INOX will be the key beneficiary of industry-wide revival due to its pan-India presence, premiumization play and market leadership. We expect PVR INOX to deliver revenue CAGR of 11% over FY24-27E, driven by rise in occupancy and improvement in ATP and SPH. Revival in advertisement income should further aid revenue growth. EBITDA Margins (Pre-IndAS) are expected to expand to 17.1% by FY27E aided by operating leverage, cost optimization and merger synergy benefits. We EBITDA to register CAGR of 22% over FY24-27E. APAT is estimated to register sharp increase over FY24-27E from net loss in FY24, benefitting from the net debt reduction and moderation in capex.

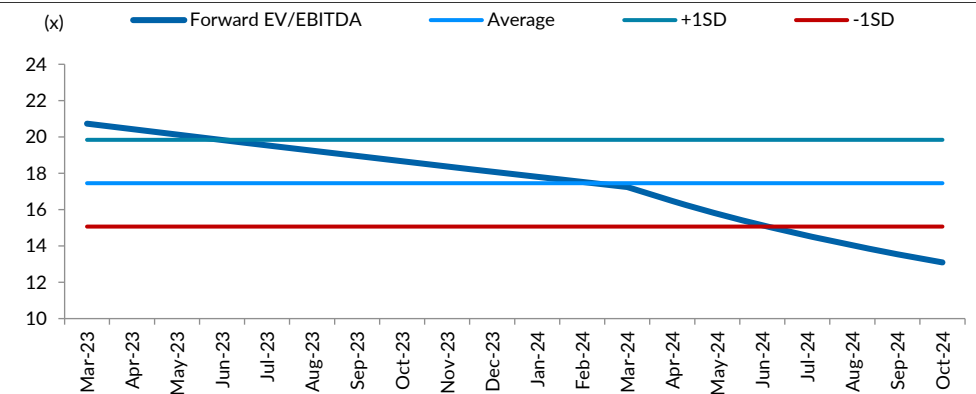
We value PVR INOX at FY27E EV/EBITDA (Pre Ind-AS) multiple of 14x and assign TP of INR 1,980, implying upside of 37%. At CMP, PVR INOX trades at FY25E/26E/27E multiple of 18x/11x/10x which is much lower compared to other discretionary names. Initiate coverage with Buy!

Exhibit 78: Trend in 1-year forward P/E



Source: YES Sec

Exhibit 79: Trend in 1-yr forward EV/EBITDA Multiple



Source: YES Sec

FINANCIALS

Exhibit 80: Balance sheet

Y/e 31 Mar (Rs mn)	FY23	FY24	FY25E	FY26E	FY27E
Equity Capital	980	981	981	981	981
Reserves and surplus	72,312	72,251	72,424	77,428	82,998
Net Worth	73,292	73,232	73,405	78,409	83,979
Total borrowings	17,926	17,177	16,177	15,177	11,177
Trade Payables	5,143	6,511	8,354	9,913	10,419
Other liabilities	68,403	71,284	76,559	84,626	89,211
Total liabilities	91,473	94,972	101,090	109,716	110,808
Gross Assets	44,066	57,884	70,584	84,884	98,884
Accumulated depreciation	14,635	26,828	39,273	53,002	67,595
Fixed Assets	29,431	31,056	31,311	31,881	31,289
Investments	2	161	161	161	161
Inventories	664	725	783	945	1,000
Trade Receivables	1,825	2,346	2,534	3,058	3,235
Cash & other bank balances	3,616	4,038	5,379	9,451	12,555
Other assets	129,226	129,878	134,327	142,629	146,547
Total Assets	164,764	168,204	174,495	188,125	194,786

Source: YES Sec

Exhibit 81: Profit & Loss

Y/e 31 Mar (Rs mn)	FY23	FY24	FY25E	FY26E	FY27E
Net Sales	52,239	61,071	65,962	79,610	84,218
Other Income	992	1,566	1,413	1,636	1,892
Total Income	53,231	62,637	67,376	81,246	86,110
Total Expenditure	37,107	42,970	46,450	52,462	55,504
Direct Expenses	16,053	19,107	20,329	24,121	25,354
Employee expenses	5,313	6,573	6,992	7,643	8,253
Other expenses	15,741	17,290	19,129	20,699	21,897
EBIDTA (Excl. OI)	15,133	18,101	19,512	27,148	28,714
EBIDTA (Incl. OI)	16,124	19,667	20,926	28,784	30,606
EBITDA (Pre-IndAS)	6,008	7,939	8,299	13,614	14,397
EBITDA Margin (pre IndAS, %)	11.5%	13.0%	12.6%	17.1%	17.1%
Depreciation	9,848	12,193	12,445	13,730	14,592
EBIT	6,277	7,474	8,481	15,054	16,014
Interest	7,743	7,913	8,262	8,382	8,588
EBDT	8,382	11,754	12,664	20,403	22,018
PBT & EO Items	-1,466	-439	219	6,673	7,426
Extra Ordinary Exps/(Inc.)	-352	-	-	-	-
Profit Before Tax	-1,818	-439	219	6,673	7,426
Tax	1,783	-112	46	1,668	1,856
Net Profit	-3,601	-327	173	5,004	5,569
Share in profit of joint venture	-	-	-	-	-
Net Profit (Reported)	-3,601	-327	173	5,004	5,569

Source: YES Sec

Exhibit 82: Cash Flow

Y/e 31 Mar (Rs mn)	FY23	FY24	FY25E	FY26E	FY27E
Profit before tax	-2,090	-439	219	6,673	7,426
Depreciation & w.o.	2,763	4,272	12,445	13,730	14,592
Net Interest Exp	5,315	7,528	6,849	6,746	6,696
Direct taxes paid	1	326	-46	-1,668	-1,856
Change in Working Capital	-1,969	890	1,597	872	275
Non-Cash	4,619	7,213	-	-	-
(A) Cash Flow from Operating Activities	8,639	19,790	21,064	26,352	27,133
Capex {(Inc.)/ Dec. in Fixed Assets n WIP}	-6,360	-6,344	-4,700	-4,300	-4,000
Free Cash Flow	2,280	13,446	16,364	22,052	23,133
(Inc.)/ Dec. in Investments	601	78	-6,225	-9,893	-7,878
(B) Cash Flow from Investing Activities	-5,759	-6,266	-10,925	-14,193	-11,878
Issue of Equity/ Preference	305	188	-	-	-
Inc./(Dec.) in Debt	11,236	14,045	-	-	-
Interest exp net	-1,442	-1,792	-8,262	-8,382	-8,588
Dividend Paid (Incl. Tax)	-	-	-	-	-
Other	-17,034	-25,366	-536	295	-3,563
(C) Cash Flow from Financing	-6,935	-12,925	-8,798	-8,087	-12,151

Source: YES Sec

Exhibit 83: Du-pont analysis

Y/e 31 Mar (Rs mn)	FY23	FY24	FY25E	FY26E	FY27E
Tax burden (x)	10	10	11	17	17
Interest burden (x)	0.38	0.37	0.38	0.44	0.44
EBIT margin (x)	3	2	2	2	2
Asset turnover (x)	-0	-0	0	0	1
Financial leverage (x)	2	1	1	1	1
RoE (%)	-8	-0.45	0.24	6.59	6.86

Source: YES Sec

Exhibit 84: Ratio Analysis

Y/e 31 Mar	FY23	FY24	FY25E	FY26E	FY27E
Growth matrix (%)					
Revenue growth	159	17	8	21	6
Op profit growth	4,562	20	8	39	6
EBIT growth	-	19	13	78	6
Net profit growth	-	-	-	-	11
Profitability ratios (%)					
OPM (Pre-IndAS)	11.5%	13.0%	12.6%	17.1%	17.1%
EBIT margin	10.1%	9.7%	10.7%	16.9%	16.8%
Net profit margin	-6.2%	-0.5%	0.3%	6.3%	6.6%
RoCE	4.4	4.1	4.8	8.7	8.7
RoNW	-7.7	-0.4	0.2	6.6	6.9
RoA	-2.6	-0.2	0.1	2.8	2.9
Per share ratios					
EPS	-36.7	-3.3	1.8	51.0	56.8
Dividend per share	-	-	-	-	-
Cash EPS	88.1	201.7	214.7	268.6	276.6
Book value per share	747.1	746.5	748.3	799.3	856.1
Valuation ratios					
P/E	-40.2	-442.5	837.2	28.9	26.0
P/CEPS	17	7	7	5	5
P/B	2.0	2.0	2.0	1.8	1.7
EV/EBIDTA (Pre-IndAS)	26.5	19.9	18.7	11.0	9.9
Payout (%)					
Dividend payout	-	-	-	-	-
Tax payout	-	25.5%	21.0%	25.0%	25.0%
Liquidity ratios					
Debtor days	13	14	14	14	14
Inventory days	5	4	4	4	4
Creditor days	117	124	150	150	150

Source: YES Sec

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