

## Not just a Friday-to-Friday story

A frequent argument against PVR-Inox is a lack of revenue visibility. True, the quality and quantity of content is beyond its control. A muted Oct-Nov after a record Q2 does little to address that concern. But to evaluate a movie exhibition company that commands over a third of India's box office collection on "Friday-to-Friday" basis is to miss the wood for the trees. To put things in context, PVR's revenues over FY10-20 have grown at a remarkable 26% CAGR. Such consistent growth over a long period should infuse confidence, in our view. Moreover, as we argued in [An encore](#), 2023 box office performance has, to a large extent, allayed concerns around cinema's long term appeal. Another under-appreciated aspect is PVR-Inox's durably better screen level economics now. Q2FY24's intrinsic EBITDA margins were c.430bps higher than FY20's, despite a similar occupancy level. The company's focus on leveraging scale and technology mean screen economics should only improve. So should ROCEs. 13x EV/EBITDA (intrinsic) offers a good entry point to play these emerging positives. A strong opening for "Animal" and a slew of blockbuster releases scheduled for Dec-Jan improve "Friday-to-Friday" prospects as well. BUY.

- Q2FY24 – not a flash in the pan:** India's box office collection in Oct-Nov 23 has been a third of Jul-Aug-Sep (Source: Sacnilk, Ormax). This has supported market's view that PVR-Inox's Q2 performance – highest ever footfall, revenues – was an exception. We disagree. Cricket World Cup in Oct-Nov had pushed out most big movie releases beyond Nov. Still, Leo (BOC: c.INR 4bn) and Tiger 3 (c.INR 3.4bn) performed well. Interestingly, "12<sup>th</sup> Fail", a small budget movie (INR 200mn) – apt for OTT viewing – did well (BOC: c.INR 580mn). These are telltale signs that cinema going habit is back. A healthy pipeline for Dec-Jan (Animal, Dunki, Fighter) should revive box-office collection.
- Operational performance – better...for good:** Conversely, there should be little doubt over durability of PVR-Inox's improved operations. A comparison between Q2FY24 and average quarterly FY20 (pro-forma) performance – periods with similar occupancy levels – clearly demonstrates this. Two things stand out. One, for a 15.5% rise in admits, increase in revenue has been c.50%, despite lower ad-revenue, reflecting PVR-Inox's pricing power. Two, fixed cost as % of revenues declined by c.630bps – reflecting on-going cost rationalisation measures and synergy benefits. With only c.63% of proposed targeted merger-synergies realised, we see further scope to improve screen level economics. Leverage of technology – dynamic pricing, targeting marketing etc. - are additional levers.
- Unpredictably predictable; BUY:** PVR's 26% revenue CAGR over FY10-20 belies inherent volatility in BOCs. Its growth has come predominantly from market share gain. With only c.18% screen share currently, market share led growth has a long run way still, in our view. We therefore believe that market's investment lens for PVR-Inox should shift from near-term performance to long-term structural prospects. Besides, our 28% average occupancy assumption over FY24-33 (vs. 31% pro-forma over FY18-20) leaves scope for incremental upside. Our DCF based TP of INR 2,340 implies FY25E EV/EBITDA (intrinsic) of 17x, reasonable given structural strengths and improving financials. BUY.

### Recommendation and Price Target

Current Reco.	BUY
Previous Reco.	BUY
Current Price Target (12M)	2,340
Upside/(Downside)	33.7%
Previous Price Target	2,340
Change	NA

### Key Data – PVRINOX IN

Current Market Price	INR1,750
Market cap (bn)	INR171.7/US\$2.1
Free Float	88%
Shares in issue (mn)	98.0
Diluted share (mn)	97.4
3-mon avg daily val (mn)	INR892.1/US\$10.7
52-week range	1,925/1,336
Sensex/Nifty	68,865/20,687
INR/US\$	83.4

### Price Performance

%	1M	6M	12M
Absolute	8.6	25.0	-7.9
Relative*	1.5	13.5	-15.9

\* To the BSE Sensex

### Financial Summary

Y/E March	FY22A	FY23A	FY24E	FY25E	FY26E
Net Sales	13,206	36,090	66,818	76,076	85,140
Sales Growth (%)	381.6	173.3	85.1	13.9	11.9
EBITDA	1,054	10,477	22,244	27,451	31,616
EBITDA Margin (%)	7.9	27.9	33.0	35.8	36.8
Adjusted Net Profit	-4,882	-3,177	4,677	7,380	10,161
Diluted EPS (INR)	-80.0	-32.6	48.0	75.8	104.3
Diluted EPS Growth (%)	0.0	0.0	0.0	57.8	37.7
ROIC (%)	-14.6	8.7	10.2	12.1	14.3
ROE (%)	-30.5	-7.3	6.2	9.0	11.3
P/E (x)	-21.9	-53.7	36.5	23.1	16.8
P/B (x)	7.8	2.3	2.2	2.0	1.8
EV/EBITDA (x)	172.2	17.8	8.2	6.5	5.5
Dividend Yield (%)	0.0	0.0	0.0	0.5	0.9

Source: Company data, JM Financial. Note: Valuations as of 04/Dec/2023

JM Financial Research is also available on:  
Bloomberg - JMFR <GO>,  
Thomson Publisher & Reuters,  
S&P Capital IQ, FactSet and Visible Alpha

Please see Appendix I at the end of this report for Important Disclosures and Disclaimers and Research Analyst Certification.

Abhishek Kumar

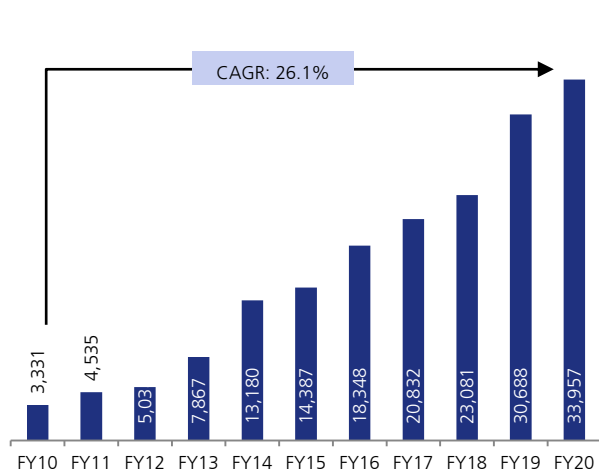
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**Exhibit 1. PVR's long-term growth has been remarkably consistent despite inherent volatility in movies' box-office performances**

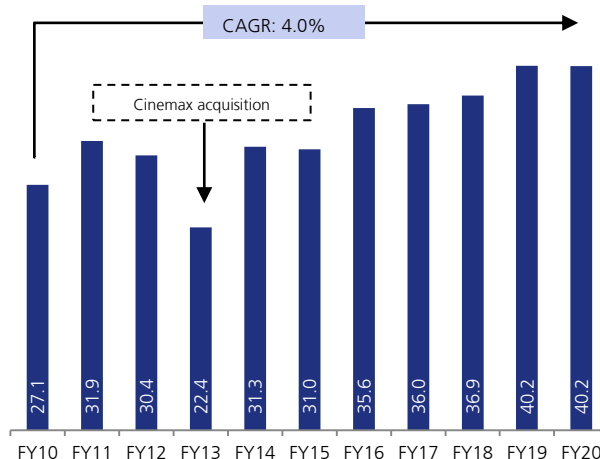
Revenue, erstwhile PVR (INR mn)



Source: Company, JM Financial

**Exhibit 2. Importantly, the company has managed to increase its revenue/screen despite screen expansion in tier-2/3 locations**

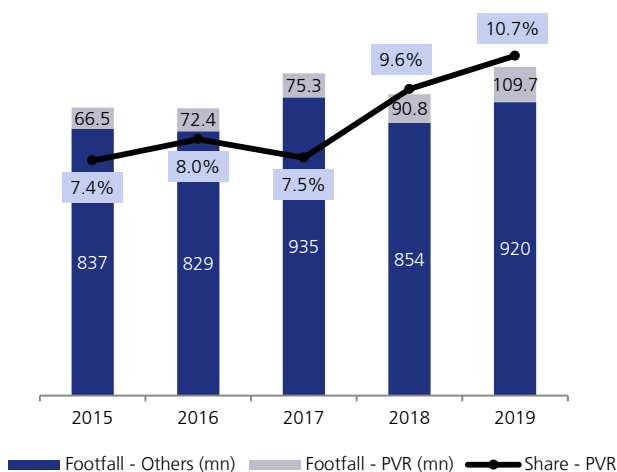
Revenue/screen, erstwhile PVR (INR mn)



Source: Company, JM Financial

**Exhibit 3. PVR has outpaced market growth through consistent gains in both admits and BOC market share**

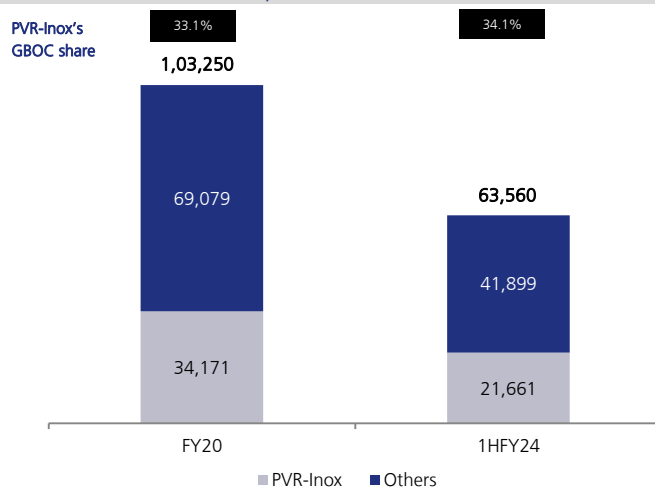
Number of footfalls (mn), PVR vs Industry



Note: BOC is box-office collection; Source: Ormax India, Company, JM Financial

**Exhibit 4. Market share gain has continued post COVID reflected in 100bps increase in PVR-Inox's box office share over FY20-1HFY24**

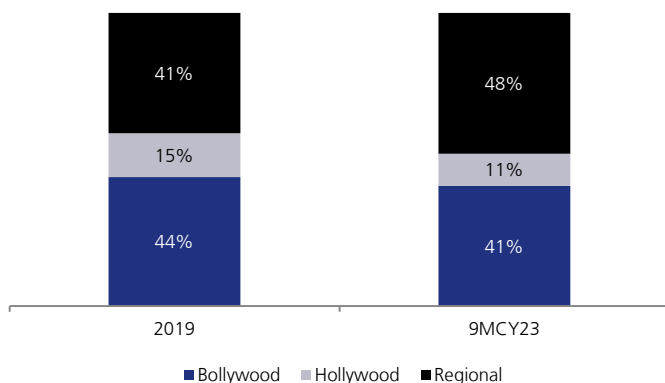
Gross box office collection, INR mn



Note: Pro-forma gross box office collection by PVR-Inox for FY20; Source: Ormax India, Company, JM Financial

**Exhibit 5. Interestingly, recent share gains have come despite higher regional movie share at BO where PVR-Inox' share is relatively lower**

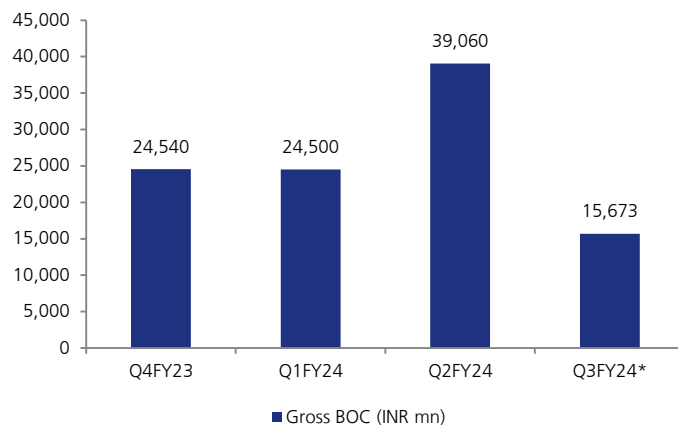
BOC distribution, by language (India)



Source: Ormax India, Company, JM Financial

**Exhibit 6. This gives us confidence that a soft Q3 is an aberration in an otherwise structurally upward trend of PVR-Inox's growth**

Gross BOC, INR mn



Note: \*- Box office collection till December first weekend in Q3FY24. Source: Ormax India, Sacnilk, Company, JM Financial

## Operational performance: Better... for good

Exhibit 7. PVR-Inox has been able to materially improve its unit economics through a combination of higher ATP/SPH and cost rationalisation/synergy benefits

	Average FY20		Change (%)	CAGR % (Over 4 years)
	2QFY24	Quarter		
	Reported (P+I) (A)	Pro-forma (P+I) (A)		
<b>Operating Numbers</b>				
Average Screens*	1,665	1,370	21.5%	5.0%
Average Seats (000's)	350	303	15.5%	3.7%
Admits (mn)	48.4	41.9	15.5%	3.7%
Occupancy %	32.30%	31.80%	50bp	nm
ATP (INR)	276	203	36.0%	8.0%
SPH (INR)	136	92	47.8%	10.3%
<b>Financials (INR mn)</b>				
Sale of Movie Tickets	11,193	7,089	57.9%	12.1%
Sale of Food & Beverages	6,412	3,644	76.0%	15.2%
Advertisement Income	1,176	1,387	-15.2%	-4.0%
Other Operating Income	1,218	1,159	5.1%	1.2%
<b>Total Income</b>	<b>19,999</b>	<b>13,279</b>	<b>50.6%</b>	<b>10.8%</b>
<b>Variable Cost</b>				
FHC (%)	46.4%	44.5%	1.9%	nm
COGs (%)	24.1%	26.7%	-260bp	nm
<b>Gross Margin</b>	<b>13,501</b>	<b>9,230</b>	<b>46.3%</b>	<b>10.0%</b>
<b>Gross Margin (%)</b>	<b>68%</b>	<b>70%</b>	<b>-200bp</b>	<b>nm</b>
<b>Fixed Cost</b>	9,225	6,966	32.4%	nm
<b>EBITDA</b>	<b>4,276</b>	<b>2,264</b>	<b>88.9%</b>	<b>nm</b>
<b>EBITDA %</b>	<b>21.4%</b>	<b>17.0%</b>	<b>433bp</b>	<b>nm</b>
<b>Per Screen Analysis</b>				
<b>Operating Numbers</b>				
	Reported (P+I) (A)	Proforma (P+I) (A)		
Average Screens*	1,665	1,370	21.5%	5.0%
Average Seats (000's)	210	221	-5.0%	-1.3%
Admits (mn)	29	31	-6.5%	-1.7%
Occupancy %	32.30%	31.80%	50bp	nm
ATP (INR)	276	203	36.0%	8.0%
SPH (INR)	136	92	47.8%	10.3%
<b>Financials (INR mn)</b>				
Sale of Movie Tickets	6.7	5.2	29.9%	6.8%
Sale of Food & Beverages	3.9	2.7	44.8%	9.7%
Advertisement Income	0.7	1.0	-30.2%	-8.6%
Other Operating Income	0.7	0.8	-13.5%	-3.6%
<b>Total Income</b>	<b>12.0</b>	<b>9.7</b>	<b>23.9%</b>	<b>5.5%</b>
<b>Variable Cost</b>				
FHC (%)	46.4%	44.5%	190bp	nm
COGs (%)	24.1%	26.7%	-260bp	nm
<b>Gross Margin</b>	<b>8.1</b>	<b>6.7</b>	<b>20.4%</b>	<b>4.7%</b>
<b>Gross Margin (%)</b>	<b>68%</b>	<b>70%</b>	<b>-200bp</b>	<b>nm</b>
<b>Fixed Cost</b>	5.5	5.1	9.0%	nm
<b>EBITDA</b>	<b>3</b>	<b>2</b>	<b>55.4%</b>	<b>11.7%</b>
<b>EBITDA %</b>	<b>21.4%</b>	<b>17.1%</b>	<b>430bp</b>	<b>nm</b>

Source: Company, JM Financial

Q2FY24 and average pro-forma FY20 quarterly performance offer a like-for-like comparison to assess post COVID operational improvement achieved by PVR-Inox

Two things stand out.

1) Revenue: The company has been able to grow its ticket/F&B revenue by 58%/76% despite only 15% increase in number of admits. This reflects PVR-Inox's improved pricing power

2) Cost: Fixed cost as % of revenues has declined by c.630bps, reflecting a more leaner operations

These are durable changes to PVR-Inox's ARPU/cost structure, in our view.

## DCF: Target Price of INR 2,340 (unchanged)

## Exhibit 8. DCF projections

PVR Consolidated - Rs Mn	FY24E	FY25E	FY26E	FY27E	FY28E	FY29E	FY30E	FY31E	FY32E	FY33E	CAGR
<b>Revenue</b>	67,389	76,748	85,892	95,575	1,05,895	1,16,793	1,28,373	1,40,702	1,53,757	1,67,504	<b>12.2%</b>
- YoY growth	26.9%	13.9%	11.9%	11.3%	10.8%	10.3%	9.9%	9.6%	9.3%	8.9%	
Reported EBITDA	22,244	27,451	31,616	36,146	40,787	45,784	50,870	56,507	62,224	68,497	<b>16.3%</b>
EBITDA margin	47.4%	23.4%	15.2%	14.3%	12.8%	12.3%	11.1%	11.1%	10.1%	10.1%	
Lease payments	11,581	13,207	14,515	15,865	17,300	18,846	20,534	22,373	24,375	26,554	
<b>EBITDA (pre Ind AS 116)</b>	10,663	14,243	17,101	20,281	23,488	26,938	30,336	34,134	37,849	41,944	<b>15.3%</b>
EBITDA margin	5.4%	33.6%	20.1%	18.6%	15.8%	14.7%	12.6%	12.5%	10.9%	10.8%	
Depreciation - intrinsic basis	5,018	5,762	6,465	7,135	7,832	8,598	9,451	10,384	11,403	12,513	
<b>EBIT before other financial income</b>	<b>5,645</b>	<b>8,481</b>	<b>10,637</b>	<b>13,146</b>	<b>15,656</b>	<b>18,340</b>	<b>20,885</b>	<b>23,751</b>	<b>26,446</b>	<b>29,430</b>	<b>15.3%</b>
EBIT margin	8.4%	11.1%	12.4%	13.8%	14.8%	15.7%	16.3%	16.9%	17.2%	17.6%	
Effective Tax Rate	10.1%	25.0%	25.0%	25.0%	25.0%	25.0%	25.0%	25.0%	25.0%	25.0%	
<b>NOPLAT</b>	<b>5,074</b>	<b>6,361</b>	<b>7,978</b>	<b>9,859</b>	<b>11,742</b>	<b>13,755</b>	<b>15,664</b>	<b>17,813</b>	<b>19,835</b>	<b>22,073</b>	<b>20.2%</b>
- YoY growth	44.4%	25.4%	25.4%	23.6%	19.1%	17.1%	13.9%	13.7%	11.4%	11.3%	
Depreciation & other Non Cash Charge	5,018	5,762	6,465	7,135	7,832	8,598	9,451	10,384	11,403	12,513	
Change in Adj Net Working Capital - Incr / (Decr)	-2,179	-2,179	287	345	302	350	293	387	322	422	
Capex	7,417	7,417	6,589	6,636	7,094	8,023	8,790	9,610	10,486	11,420	
<b>Free Cash Flow</b>	<b>4,855</b>	<b>6,885</b>	<b>7,566</b>	<b>10,013</b>	<b>12,178</b>	<b>13,980</b>	<b>16,032</b>	<b>18,199</b>	<b>20,429</b>	<b>22,743</b>	<b>NA</b>
- YoY growth	-135.6%	41.8%	9.9%	32.3%	21.6%	14.8%	14.7%	13.5%	12.3%	11.3%	
Discounting Factor	1.0	0.9	0.8	0.7	0.6	0.6	0.5	0.4	0.4	0.4	
<b>Present Value at FCF</b>	<b>4,631</b>	<b>5,891</b>	<b>5,806</b>	<b>6,891</b>	<b>7,514</b>	<b>7,736</b>	<b>7,957</b>	<b>8,101</b>	<b>8,153</b>	<b>8,141</b>	

Source: JM Financial estimates

## Exhibit 9. DCF-valuation summary






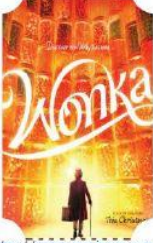


## 12M Forward Equity Valuation

WACC	11.5%
Terminal Growth Rate	5.0%
PV of Cash Flow - Explicit Period	70,821
PV of Cash Flow - Semi-Explicit Period	72,837
PV of Terminal Value	99,068
<b>Enterprise Value</b>	<b>2,42,727</b>
Net Debt and Minority Interest (Less)	17,920
<b>Value attributable to Equity Shareholders</b>	<b>2,28,128</b>
No of Equity Shares	97
<b>Value per Share - INR</b>	<b>2,340</b>
One-yr fwd EPS	75.8
Implied fair PE multiple	30.9
One-yr fwd EBITDA	14,243
Implied fair EV/EBITDA multiple	17.0

Source: JM Financial estimates

Our DCF-based TP of INR 2,340 (unchanged) implies an EV/EBITDA of 17x FY25E intrinsic EBITDA

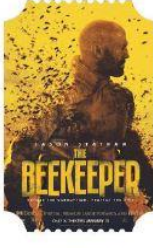

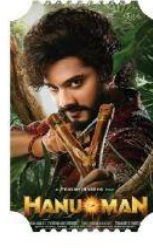





Exhibit 10. Strong opening of Animal and a strong pipeline for Dec-Jan bodes well for BOC revival after a dull Oct-Nov

 <p><b>KHICHI 2 - MISSION PAANTHUKISTAN</b>                  CAST SUPRIYA PATHAK, RAJIV MEHTA, ANANG DESAI                  DIRECTOR AATISH KAPADIA                  HINDI                  17<sup>TH</sup> NOV'2023</p>	 <p><b>NAPOLÉON</b>                  CAST JOAQUIN PHOENIX, VANESSA KIRBY, TAHAR RAHIM                  DIRECTOR RIDLEY SCOTT                  ENGLISH                  24<sup>TH</sup> NOV'2023</p>	 <p><b>AANKH MICHOLI</b>                  CAST ARHIMANYU DASSANI, MRUNAL THAKUR, PARESH RAWAL                  DIRECTOR LIMESH SHUKLA                  HINDI                  27<sup>TH</sup> NOV'2023</p>	 <p><b>ANIMAL</b>                  CAST RANBIR KAPOOR, ANIL KAPOOR, RASHMIKA MANDANNA                  DIRECTOR SANDEEP REDDY VANGA                  HINDI                  1<sup>ST</sup> DEC'2023</p>
 <p><b>SAM BAHADUR</b>                  CAST VICKY KAUSHAL, FATMA SANA SHAKIH, SANVIA MALHOTRA                  DIRECTOR MEGHNA GULZAR                  HINDI                  1<sup>ST</sup> DEC'2023</p>	 <p><b>WONKA</b>                  CAST TIMOTHEE CHALAMET, KEEGAN MICHAEL KEY, SALLY HAWKINS                  DIRECTOR PAUL KING                  ENGLISH                  8<sup>TH</sup> DEC'2023</p>	 <p><b>YODHA</b>                  CAST SIDHARTH MALHOTRA, DISHA PATANI, RAASHI KHANNA                  DIRECTOR SAGAR AMBRE, PUSHPAK OJHA                  HINDI                  8<sup>TH</sup> DEC'2023</p>	 <p><b>MERRY CHRISTMAS</b>                  CAST KATRINA KAIF, VIJAY SETHUPATHI                  DIRECTOR SRIRAM RADHAWAN                  HINDI, TAMIL                  8<sup>TH</sup> DEC'2023</p>

The latest content lineup can also be accessed at: <https://www.pvrcinemas.com/coming-soon-movie-calendar>

 <p><b>OPERATION VALENTINE</b>                  CAST VARUN TEJ, MANUSHI CHHILLAR                  DIRECTOR SHAKTI PRATAP SINGH HADA                  TELUGU, HINDI                  8<sup>TH</sup> DEC'2023</p>	 <p><b>CAPTAIN MILLER</b>                  CAST DHANUSH, SHIVARAJ KUMAR, SUNDEEP KISHAN                  DIRECTOR ARUN MATHESWARAN                  TAMIL, TELUGU, HINDI, KANNADA, MALAYALAM                  15<sup>TH</sup> DEC'2023</p>	 <p><b>AQUAMAN AND THE LOST KINGDOM</b>                  CAST AMBER HEARD, JASON MOMOA, PATRICK WILSON                  DIRECTOR JAMES WAN                  ENGLISH, HINDI, TAMIL, TELUGU                  21<sup>ST</sup> DEC'2023</p>	 <p><b>HI NANNA</b>                  CAST NANI, MRUNAL THAKUR, BABY KIARA KHANNA                  DIRECTOR SHOURYUV                  TELUGU                  21<sup>ST</sup> DEC'2023</p>
 <p><b>DUNKI</b>                  CAST SHAH RUKH KHAN, TAAPSEE PANNU                  DIRECTOR RAJKUMAR HIRANI                  HINDI                  22<sup>ND</sup> DEC'2023</p>	 <p><b>SALAA PART 1 CEASEFIRE</b>                  CAST PRASHAS, SHRUTI HASSAN                  DIRECTOR PRASHANTH NEEL                  TELUGU, HINDI, KANNADA                  22<sup>ND</sup> DEC'2023</p>	 <p><b>MADGAON EXPRESS</b>                  CAST PRATIK GANDHI, NORA FATEH, DIVYENDU SHARMA                  DIRECTOR KUNAL KEMMU                  HINDI                  28<sup>TH</sup> DEC'2023</p>	 <p><b>THE DIPLOMAT</b>                  CAST JOHN ABRAHAM                  DIRECTOR SHIVAM NAIR                  HINDI                  11<sup>TH</sup> JAN'2024</p>

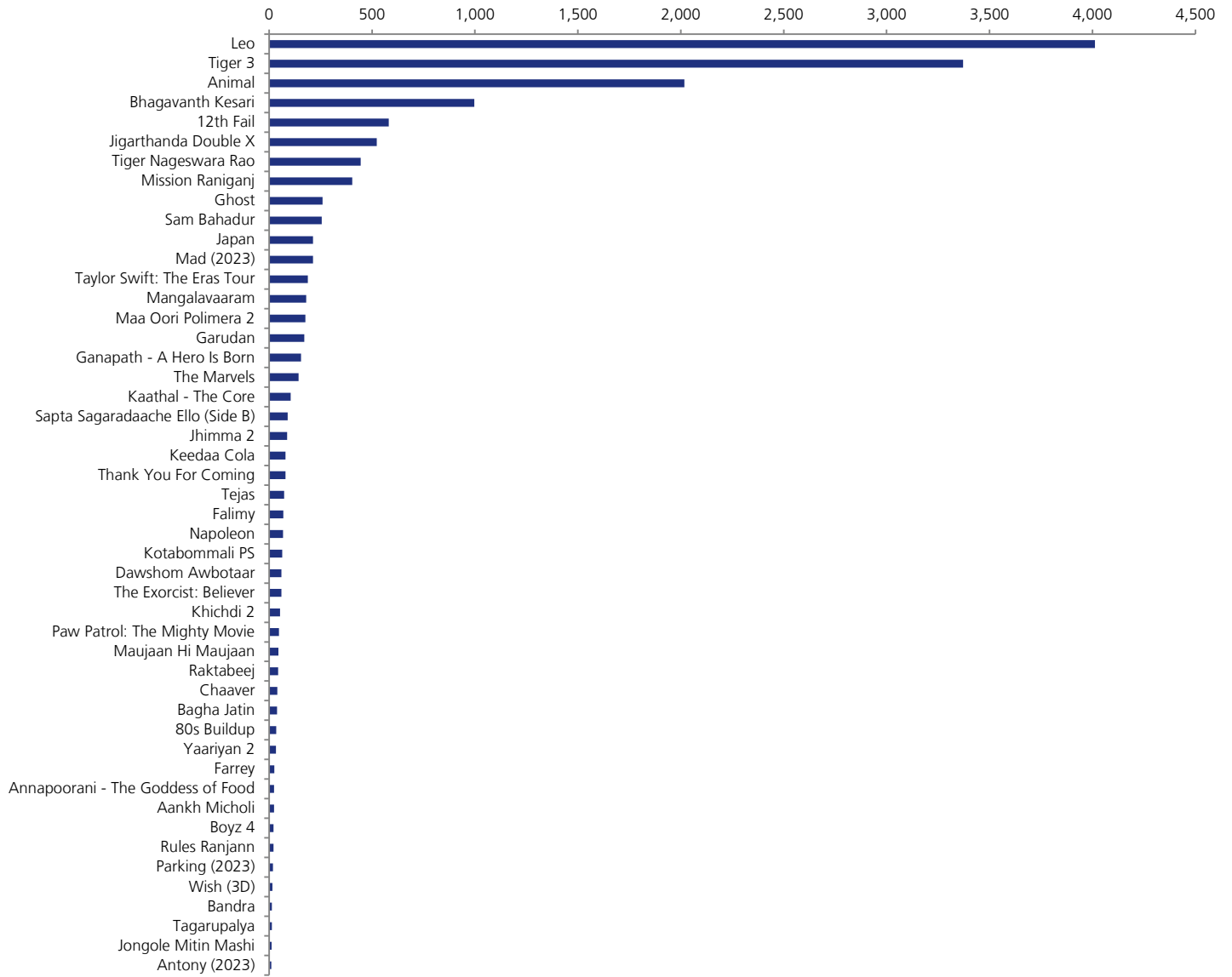
The latest content lineup can also be accessed at: <https://www.pvrcinemas.com/coming-soon-movie-calendar>

 <p><b>THE BEEKEEPER</b>                  CAST JASON STATHAM, MINNIE DRIVER, JOSH HUTCHERSON                  DIRECTOR DAVID AYER                  ENGLISH                  12<sup>TH</sup> JAN'2024</p>	 <p><b>AYALAAAN</b>                  CAST SIVAKARTHIKEYAN, RAKUL PREET SINGH, KARUNAKARAN                  DIRECTOR R RAVIKUMAR                  TAMIL, TELUGU                  12<sup>TH</sup> JAN'2024</p>	 <p><b>HANU-MAN</b>                  CAST TEJA SALJA, AMRITHA AIYER                  DIRECTOR PRASANTH VARMA                  TELUGU, HINDI, TAMIL, KANNADA, MALAYALAM                  12<sup>TH</sup> JAN'2024</p>	 <p><b>AK 62</b>                  CAST AJITH KUMAR                  DIRECTOR MADHIZH THIRUMANI                  TAMIL                  12<sup>TH</sup> JAN'2024</p>
 <p><b>ARANMANAI 4</b>                  CAST VIJAY SETHUPATHY                  DIRECTOR SUNDAR C                  TAMIL                  13<sup>TH</sup> JAN'2024</p>	 <p><b>GUNTUR KAARAM</b>                  CAST MAHESH BABU, PODJAH-HEDE, SANKUNTHA MENON                  DIRECTOR TRIVIKRAM SRINIVAS                  TELUGU                  13<sup>TH</sup> JAN'2024</p>	 <p><b>EAGLE</b>                  CAST RAVI TEJA, ANUPAMA PARAMESWARAN, KAMA THAPAR                  DIRECTOR KARTHIK BATTAMENI                  TELUGU                  13<sup>TH</sup> JAN'2024</p>	 <p><b>FIGHTER</b>                  CAST HRITHIK ROSHAN, DEEPIKA PADUKONE, ANIL KAPOOR                  DIRECTOR SIDHARTH ANAND                  HINDI, TAMIL, TELUGU, MALAYALAM                  25<sup>TH</sup> JAN'2024</p>

The latest content lineup can also be accessed at: <https://www.pvrcinemas.com/coming-soon-movie-calendar>

Source: Company, JM Financial

Exhibit 11. Q3FY24 (QTD) box office collection, INR mn



Source: Sacnilk, JM Financial

## Financial Tables (Consolidated)

Income Statement		(INR mn)			
Y/E March	FY22A	FY23A	FY24E	FY25E	FY26E
Net Sales	13,206	36,090	66,818	76,076	85,140
Sales Growth	381.6%	173.3%	85.1%	13.9%	11.9%
Other Operating Income	88	1,416	572	671	752
<b>Total Revenue</b>	<b>13,294</b>	<b>37,507</b>	<b>67,389</b>	<b>76,748</b>	<b>85,892</b>
Cost of Goods Sold/Op. Exp	4,013	11,286	21,223	24,001	26,728
Personnel Cost	2,651	4,389	6,618	7,076	7,690
Other Expenses	5,577	11,355	17,305	18,220	19,858
<b>EBITDA</b>	<b>1,054</b>	<b>10,477</b>	<b>22,244</b>	<b>27,451</b>	<b>31,616</b>
EBITDA Margin	7.9%	27.9%	33.0%	35.8%	36.8%
EBITDA Growth	0.0%	894.0%	112.3%	23.4%	15.2%
Depn. & Amort.	6,144	7,533	12,182	12,866	13,618
EBIT	-5,090	2,944	10,062	14,585	17,998
Other Income	3,261	791	1,281	1,387	1,438
Finance Cost	4,978	5,716	6,148	6,147	5,909
PBT before Excep. & Forex	-6,807	-1,982	5,195	9,825	13,527
Excep. & Forex Inc./Loss(-)	0	0	0	0	0
PBT	-6,807	-1,982	5,195	9,825	13,527
Taxes	-1,922	1,274	525	2,456	3,382
Extraordinary Inc./Loss(-)	0	-108	0	0	0
Assoc. Profit/Min. Int.(-)	-3	-13	-7	-11	-16
Reported Net Profit	-4,882	-3,351	4,677	7,380	10,161
<b>Adjusted Net Profit</b>	<b>-4,882</b>	<b>-3,177</b>	<b>4,677</b>	<b>7,380</b>	<b>10,161</b>
Net Margin	-36.7%	-8.5%	6.9%	9.6%	11.8%
Diluted Share Cap. (mn)	61.0	97.4	97.4	97.4	97.4
<b>Diluted EPS (INR)</b>	<b>-80.0</b>	<b>-32.6</b>	<b>48.0</b>	<b>75.8</b>	<b>104.3</b>
Diluted EPS Growth	0.0%	0.0%	0.0%	57.8%	37.7%
Total Dividend + Tax	0	0	0	886	1,524
Dividend Per Share (INR)	0.0	0.0	0.0	9.1	15.6

Source: Company, JM Financial

Cash Flow Statement		(INR mn)			
Y/E March	FY22A	FY23A	FY24E	FY25E	FY26E
Profit before Tax	-6,807	-1,982	5,195	9,825	13,527
Depn. & Amort.	6,144	7,533	12,182	12,866	13,618
Net Interest Exp. / Inc. (-)	1,717	4,925	4,867	4,760	4,472
Inc (-) / Dec in WCap.	434	-1,969	2,179	-630	-287
Others	82	130	0	0	0
Taxes Paid	99	1	-1,002	-2,456	-3,382
<b>Operating Cash Flow</b>	<b>1,668</b>	<b>8,639</b>	<b>23,421</b>	<b>24,364</b>	<b>27,947</b>
Capex	-1,302	-6,360	-7,417	-7,262	-6,589
Free Cash Flow	366	2,280	16,004	17,102	21,359
Inc (-) / Dec in Investments	1,000	0	0	0	0
Others	274	601	1,281	1,387	1,438
<b>Investing Cash Flow</b>	<b>-28</b>	<b>-5,759</b>	<b>-6,135</b>	<b>-5,875</b>	<b>-5,151</b>
Inc / Dec (-) in Capital	183	305	0	0	0
Dividend + Tax thereon	0	0	0	0	-886
Inc / Dec (-) in Loans	1,553	1,260	1,344	-964	-1,373
Others	-3,904	-8,501	-13,348	-14,992	-16,189
<b>Financing Cash Flow</b>	<b>-2,168</b>	<b>-6,935</b>	<b>-12,003</b>	<b>-15,956</b>	<b>-18,447</b>
<b>Inc / Dec (-) in Cash</b>	<b>-528</b>	<b>-4,055</b>	<b>5,282</b>	<b>2,533</b>	<b>4,349</b>
Opening Cash Balance	5,524	7,374	3,319	8,601	11,135
Closing Cash Balance	4,996	3,319	8,601	11,135	15,484

Source: Company, JM Financial

Balance Sheet		(INR mn)			
Y/E March	FY22A	FY23A	FY24E	FY25E	FY26E
Shareholders' Fund	13,704	73,299	77,976	85,355	94,630
Share Capital	610	980	980	980	980
Reserves & Surplus	13,094	72,319	76,996	84,376	93,651
Preference Share Capital	0	0	0	0	0
Minority Interest	-3	-7	-14	-25	-41
Total Loans	15,052	17,926	19,271	18,307	16,934
Def. Tax Liab. / Assets (-)	-5,926	-4,735	-5,212	-5,212	-5,212
<b>Total - Equity &amp; Liab.</b>	<b>22,827</b>	<b>86,483</b>	<b>92,021</b>	<b>98,425</b>	<b>106,312</b>
Net Fixed Assets	54,719	144,559	147,620	149,926	151,290
Gross Fixed Assets	39,123	103,201	110,618	117,880	124,469
Intangible Assets	26,783	53,746	54,408	55,214	56,455
Less: Depn. & Amort.	11,833	14,862	19,880	25,642	32,107
Capital WIP	645	2,473	2,473	2,473	2,473
Investments	5	2	2	2	2
Current Assets	12,584	15,436	23,741	28,372	34,774
Inventories	342	664	824	938	1,050
Sundry Debtors	818	1,825	2,288	2,605	2,916
Cash & Bank Balances	4,996	3,319	8,601	11,135	15,484
Loans & Advances	3,356	5,386	6,682	7,608	8,514
Other Current Assets	3,072	4,243	5,345	6,086	6,811
Current Liab. & Prov.	44,481	73,514	79,342	79,874	79,755
Current Liabilities	44,355	72,884	78,680	79,166	78,986
Provisions & Others	126	631	662	708	769
Net Current Assets	-31,896	-58,078	-55,602	-51,502	-44,981
<b>Total - Assets</b>	<b>22,827</b>	<b>86,483</b>	<b>92,021</b>	<b>98,425</b>	<b>106,312</b>

Source: Company, JM Financial

Dupont Analysis					
Y/E March	FY22A	FY23A	FY24E	FY25E	FY26E
Net Margin	-36.7%	-8.5%	6.9%	9.6%	11.8%
Asset Turnover (x)	0.2	0.3	0.4	0.5	0.5
Leverage Factor (x)	4.2	2.5	2.1	2.0	1.9
RoE	-30.5%	-7.3%	6.2%	9.0%	11.3%

Key Ratios					
Y/E March	FY22A	FY23A	FY24E	FY25E	FY26E
BV/Share (INR)	224.7	752.4	800.4	876.2	971.4
ROIC	-14.6%	8.7%	10.2%	12.1%	14.3%
ROE	-30.5%	-7.3%	6.2%	9.0%	11.3%
Net Debt/Equity (x)	0.7	0.2	0.1	0.1	0.0
P/E (x)	-21.9	-53.7	36.5	23.1	16.8
P/B (x)	7.8	2.3	2.2	2.0	1.8
EV/EBITDA (x)	172.2	17.8	8.2	6.5	5.5
EV/Sales (x)	13.7	5.0	2.7	2.3	2.0
Debtor days	22	18	12	12	12
Inventory days	9	6	4	4	4
Creditor days	222	139	125	125	125

Source: Company, JM Financial

History of Recommendation and Target Price

Date	Recommendation	Target Price	% Chg.
24-Aug-23	Buy	2,270	
20-Oct-23	Buy	2,340	3.1

Recommendation History





## APPENDIX I

## JM Financial Institutional Securities Limited

Corporate Identity Number: U67100MH2017PLC296081

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Rating	Meaning
Buy	Total expected returns of more than 10% for stocks with market capitalisation in excess of INR 200 billion and REITs* and more than 15% for all other stocks, over the next twelve months. Total expected return includes dividend yields.
Hold	Price expected to move in the range of 10% downside to 10% upside from the current market price for stocks with market capitalisation in excess of INR 200 billion and REITs* and in the range of 10% downside to 15% upside from the current market price for all other stocks, over the next twelve months.
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\* REITs refers to Real Estate Investment Trusts.

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