

Event Update

March 28, 2022

PVR – Consolidated

Rating: BUY | CMP: Rs1,883 | TP: Rs2,224

Y/e Mar	FY21	FY22E	FY23E	FY24E
Sales (Rs. m)	2,800	11,164	39,557	46,546
EBITDA (Rs. m)	(3,349)	632	12,924	15,639
Margin (%)	(119.6)	5.7	32.7	33.6
PAT (Rs. m)	(7,478)	(4,982)	1,283	2,853
EPS (Rs.)	(123.1)	(81.7)	21.1	46.8
Gr. (%)	NA	NA	NA	122.3
DPS (Rs.)	-	-	2.0	2.5
Yield (%)	-	-	0.1	0.1
RoE (%)	NA	NA	8.8	16.6
RoCE (%)	NA	NA	10.6	14.0
EV/Sales (x)	55.2	14.3	4.1	3.4
EV/EBITDA (x)	NA	252.6	12.4	10.3
PE (x)	NA	NA	89.4	40.2
P/BV (x)	6.2	8.6	7.9	6.6

Inox Leisure – Consolidated

Rating: BUY | CMP: Rs523 | TP: Rs667

Y/e Mar	FY21	FY22E	FY23E	FY24E
Sales (Rs. m)	1,059	5,394	21,770	26,044
EBITDA (Rs. m)	498	2,136	7,132	8,786
Margin (%)	47.0	39.6	32.8	33.7
PAT (Rs. m)	(3,336)	(2,412)	1,083	2,150
EPS (Rs.)	(29.7)	(19.7)	8.9	17.6
Gr. (%)	NA	NA	NA	98.6
DPS (Rs.)	-	-	1.0	1.0
Yield (%)	-	-	0.2	0.2
RoE (%)	NA	NA	22.2	31.1
RoCE (%)	NA	NA	12.3	15.9
EV/Sales (x)	81.3	16.8	4.2	3.5
EV/EBITDA (x)	173.0	42.4	12.7	10.3
PE (x)	NA	NA	59.0	29.7
P/BV (x)	9.3	16.3	13.1	9.2

Multiplex behemoth in the making

Quick pointers:

- PVR and Inox merger will create a multiplex behemoth with a network of 1,500+ screens across India. Swap ratio is 3:10 (3 shares of PVR for 10 shares of Inox).
- Post-merger, board will be reconstituted and will have 10 members. Both promoter families will have equal representation on board with 2 seats each.

We believe PVR and Inox merger is a win-win situation as it would lend invincible size advantage to the combined entity (pre-COVID screen/BO market share of ~46%/30% respectively) and result in material revenue & cost synergies by improving bargaining power with film distributors, real estate developers, ad-networks and ticket aggregators. Merger will relegate competition to backyard (Carnival & Cinopolis have ~400 screens each) and would further strengthen the size advantage as combined entity plans to add ~200 screens each year. For merged entity we expect revenues, pre Ind-AS EBITDA and pre Ind-AS PAT of Rs72.6bn/Rs14.6bn/Rs6.6bn in FY24E. Given the impending synergy benefits we assign EV/EBITDA multiple of 15.5x to our proforma FY24 EBITDA of merged entity and arrive at a TP of Rs2,224 per share. Implicit TP of Inox from the given swap ratio turns out to be Rs667 per share. Possible challenge in seeking CCI approval is a key risk to merger.

Both brands to co-exist and promoters to have equal board representation:

The reconstructed board of merged entity will consist of 10 members wherein both the promoter families will have 2 seats each. PVR's current MD and CEO, Mr Ajay Bijli will continue as the MD of merged entity, while the Joint MD, Sanjeev Kumar Bijli will be appointed as Executive Director. Inox's promoters will be part of the board and not management team. The merged entity will operate as PVR-Inox however, existing screens will continue under their respective brand names.

Merger to create a behemoth with significant synergy benefits: The merger will give PVR-Inox an invincible size advantage with a pan-India network of 1,500+ screens with a screen market share of ~45-50%. Also, in terms of BO share, combined entity's pre-COVID GBOC share stands at ~30% reflecting clear dominance. We believe the merger can result in material revenue & cost synergies by improving bargaining power with film distributors, real estate developers, ad-networks and ticket aggregators.

Call highlights: 1) Merger would not require CCI's approval as revenue of combined entity is below the threshold of Rs10bn (FY21) 2) Current swap ratio takes into account all of Inox's assets including real estate properties worth ~Rs4bn as of Q3FY22. Decision to liquidate the same will be taken by the BoD of the new entity. 3) Acquisition will lead to creation of goodwill in the merged entity's books 4) There isn't any lock-in period or threshold or restrictions on the promoters to increase or reduce their shareholding. 5) Merger will take 6-9 months to complete 6) Target is to add 200 screens each year.

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Both brands to co-exist and promoters to have equal board representation:

PVR and Inox have decided to enter into an all stock merger with a swap ratio of 3:10 (3 shares of PVR for 10 shares of Inox). The reconstructed board will consist of 10 members wherein both the promoter families will have equal representation with 2 seats each. PVR's current MD and CEO, Mr Ajay Bijli will continue as the MD of the merged entity, while the Joint MD, Sanjeev Kumar Bijli will be appointed as the Executive Director. However, Inox's promoters will be part of the board and not the management team. Pavan Kumar Jain (Chairman) and Siddharth Jain (Director) will hold the position of Non-Executive Chairman and Non Non-Executive, Non-Independent Director respectively in the merged entity.

The merged entity will operate as PVR-Inox however, existing screens will continue under their respective brand names. Inox's promoters will be the co-promoters of the merged entity and they will own 16.6% (~16.3mn shares) in PVR-Inox while PVR's promoters will own 10.6% stake (~10.4mn shares).

The merger co-operation agreement is subject to approval of shareholders, NCLT and SEBI, BSE, NSE, and such other approvals, permissions, and sanctions of regulatory and other authorities as may be necessary.

Exhibit 1: Swap ratio of 3:10 implies fresh issue of 36.7mn

Particulars	PVR	Inox
Current outstanding shares (mn)	61.0	122.3
Swap ratio	3	10
Fresh shares to be issued (mn)	36.7	
Outstanding shares post-merger (mn)	97.7	
Promoters stake post merger	10.6%	16.7%
Shares held by promoters post merger (mn)	10.4	16.3

Source: Company, PL

Merger to create a behemoth with significant synergy benefits: The merger will give PVR-Inox an invincible size advantage with a pan-India network of 1,500+ screens (PVR/Inox have 871/675 screens currently) with a screen market share of ~45-50%. In comparison, Carnival and Cinépolis currently have ~400 odd screens each. Also, in terms of BO share, combined entity's pre-COVID GBOC share was ~30% (~18% of PVR and ~12% of Inox) reflecting clear dominance.

We believe the merger can result in material revenue & cost synergies by improving bargaining power with film distributors, real estate developers, ad-networks and ticket aggregators.

Brief highlights on possible synergy areas are explained below: -

- **ATP gap has potential to narrow:** PVR's ATP was higher than Inox by 5.9% in FY21 given the premium nature of properties and strong presence in metros and tier 1 markets. While the gap has been narrowing since FY17 (PVR's ATP was higher by 10.1%/8.8%/7.6% in FY17/FY18/FY19) given Inox's aggressive stance in acquiring properties in metro/tier-1 markets, merger can narrow the gap further given PVR's premiumisation approach.

- **Ad revenue per screen to get a fillip:** While PVR's ad-revenue per screen is higher than Inox, the gap has narrowed over the last 2 years (pre-COVID) as Inox has taken various steps like shoring up the sales team, engaging with various media planners, and focusing on yields thereby boosting the advertising revenue. Moreover, with the merger the gap can narrow further as combined entity can bargain for higher yields given better reach.
- **Rental cost savings can materialize:** Post-merger, PVR-Inox could leverage each other's real estate developer relationships to further drive cost synergies. Most importantly there will no competition amongst the two to grab properties.
- **Better bargaining power with film distributors:** A network of 1,500+ screens could lead to better bargaining power with film distributors translating into significant cost savings.

Exhibit 2: Brief comparison of operational parameters of PVR and Inox

Particulars	PVR					Inox				
	FY20	FY21	FY22E	FY23E	FY24E	FY20	FY21	FY22E	FY23E	FY24E
Gross ATP (Rs)	204	180	211	221	232	200	170	190	208	221
YoY growth	-3.8%	-11.8%	17.0%	5.0%	5.0%	1.5%	-15.0%	12.0%	9.0%	6.5%
Gross SPH (Rs)	99	96	115	118	126	80	77	89	96	103
YoY growth	8.8%	-3.0%	20.0%	2.0%	7.0%	8.1%	-3.8%	15.0%	8.0%	8.0%
Occupancy	34.9%	2.1%	9.4%	32.6%	34.1%	28.0%	8.0%	14.3%	26.4%	27.2%
Ad revenue per screen (Rs)	48,45,247	2,12,252	7,95,946	47,75,674	51,57,728	29,74,657	47,431	3,79,447	28,00,316	30,24,342
YoY growth	-4.0%	-95.6%	275.0%	500.0%	8.0%	-9.7%	-98.4%	700.0%	638.0%	8.0%
Footfalls (In mn)	102	7	31	108	121	66	4	20	70	78
YoY growth	14.1%	-93.3%	360.0%	245.0%	12.0%	5.6%	-94.2%	425.0%	250.0%	12.0%
Film hire cost (as a % of NBOC)	44.5%	45.9%	47.0%	45.0%	45.0%	44.9%	48.9%	48.0%	45.0%	45.0%
Rent cost (as a % of sales)	2.3%	0.0%	0.0%	1.9%	1.7%	1.8%	0.0%	0.0%	0.7%	0.6%
F&B GM	72.7%	75.7%	76.0%	76.5%	76.5%	74.9%	71.9%	78.0%	76.5%	76.5%

Source: Company, PL

>Note: PVR data is standalone. Rent cost is lower due to Ind-AS adjustment"

PVR and Inox Call Highlights:

- CCI's approval is not required for merger as revenue of merged entity is below the threshold of Rs10bn (FY21).
- Current swap ratio takes into account all of Inox's assets including real estate properties worth ~Rs4bn as of Q3FY22. Decision to liquidate the same will be taken by the BoD of the new entity.
- Inox's acquisition by PVR will lead to creation of goodwill in the merged entity's books.
- Merger will take 6-9 months to complete.
- Inox's promoters, Pavan Kumar Jain and Siddharth Jains' involvement with the managerial and operational activities will be low as PVR's promoters will hold managerial positions.

- PVR-Inox will continue to target 200 screens addition per year which is in line with their pre-pandemic individual targets of 80-90 screen additions per year.
- There isn't any lock-in period or threshold or any kind of restriction on the promoters to increase or reduce their shareholding.
- F&B menu for new entity will be decided by the reconstructed management team and MD, Ajay Bijli.
- Inox's management has guided that both the entities combined have 2,000 screens in pipeline (1,000 each) and they plan to double in size in next 7-8 years with an outlay of Rs40bn capex.
- The merged entity is currently present in 109 cities and this could go up to 20-30 unique cities in 3-4 years.

Financial implications of merger: We expect revenues, pre IND-AS EBITDA and pre Ind-AS PAT of Rs72.6bn/Rs14.6bn/Rs6.6bn respectively for FY24E. Applying a target EV/EBITDA multiple of 15.5x to our proforma EBITDA of FY24E we arrive at a merged entity TP of Rs2,224. Given the swap ratio of 3:10, implicit TP of Inox stands at Rs667. Retain BUY on PVR and Inox.

Exhibit 3: Proforma financials of merged entity

Particulars (Rs mn)	FY20	FY21	FY22E	FY23E	FY24E
Screens	1,471	1,490	1,546	1,696	1,846
YoY growth		1.3%	3.8%	9.7%	8.8%
Revenue	53,118.8	3,859.4	16,558.1	61,326.5	72,590.5
YoY growth		-92.7%	329.0%	270.4%	18.4%
EBITDA	16,734.3	(2,851.6)	2,768.9	20,056.8	24,424.3
YoY growth		NM	NM	624.3%	21.8%
Margin	31.5%	NM	16.7%	32.7%	33.6%
Ind-AS Adjusted EBITDA	9,062.2	(7,006.8)	(3,182.9)	11,050.0	14,599.5
YoY growth		NM	NM	NM	32.1%
Margin	17.1%	NM	NM	18.0%	20.1%
PAT	418.6	(10,858.6)	(7,394.4)	2,366.0	5,002.3
YoY growth		NM	NM	NM	111.4%
Margin	0.8%	NM	NM	3.9%	6.9%
Ind AS adjusted PAT	2,720.7	(9,222.9)	(5,222.8)	4,236.4	6,554.4
YoY growth		NM	NM	NM	54.7%
Margin	5.1%	NM	NM	6.9%	9.0%
No of shares	97.7	97.7	97.7	97.7	97.7
Ind-AS Adjusted EPS (Rs)	27.8	(94.4)	(53.5)	43.4	67.1
Debt	12,234.2	11,682.7	16,532.7	16,532.7	16,532.7

Source: Company, PL

Exhibit 4: Relative valuation EV/EBITDA

Particulars (Rs mn)	FY24E
EV/EBITDA	15.5
EBITDA*	14,600
EV	2,26,292
Less: Debt*	16,533
Add: Cash	7,426
Equity Value	2,17,185
No of shares	98
Per share value (Rs)	2,224
CMP (Rs)	1,884
Upside	18.1%

Source: PL *Pre-Ind AS 116 projections

PVR - Financials

Income Statement (Rs m)

Y/e Mar	FY21	FY22E	FY23E	FY24E
Net Revenues	2,800	11,164	39,557	46,546
YoY gr. (%)	(91.8)	298.7	254.3	17.7
Cost of Goods Sold	730	3,247	11,705	13,828
Gross Profit	2,071	7,917	27,852	32,718
Margin (%)	73.9	70.9	70.4	70.3
Employee Cost	2,171	2,523	4,574	5,246
Other Expenses	3,249	4,762	10,354	11,833
EBITDA	(3,349)	632	12,924	15,639
YoY gr. (%)	NA	NA	1,943.5	21.0
Margin (%)	NA	5.7	32.7	33.6
Depreciation and Amortization	5,748	5,950	6,150	6,300
EBIT	(9,098)	(5,318)	6,774	9,339
Margin (%)	NA	NA	17.1	20.1
Net Interest	4,978	4,950	5,200	5,350
Other Income	4,693	3,150	400	400
Profit Before Tax	(9,383)	(7,118)	1,974	4,389
Margin (%)	NA	NA	5.0	9.4
Total Tax	(1,906)	(2,135)	691	1,536
Effective tax rate (%)	20.3	30.0	35.0	35.0
Profit after tax	(7,476)	(4,982)	1,283	2,853
Minority interest	(4)	-	-	-
Share Profit from Associate	(6)	-	-	-
Adjusted PAT	(7,478)	(4,982)	1,283	2,853
YoY gr. (%)	NA	NA	NA	122.3
Margin (%)	NA	NA	3.2	6.1
Extra Ord. Income / (Exp)	-	-	-	-
Reported PAT	(7,478)	(4,982)	1,283	2,853
YoY gr. (%)	NA	NA	NA	122.3
Margin (%)	NA	NA	3.2	6.1
Other Comprehensive Income	5	-	-	-
Total Comprehensive Income	(7,473)	(4,982)	1,283	2,853
Equity Shares O/s (m)	61	61	61	61
EPS (Rs)	(123.1)	(81.7)	21.1	46.8

Source: Company Data, PL Research

Balance Sheet Abstract (Rs m)

Y/e Mar	FY21	FY22E	FY23E	FY24E
Non-Current Assets				
Gross Block	53,657	54,439	57,480	60,661
Tangibles	50,964	51,745	54,786	57,967
Intangibles	2,694	2,694	2,694	2,694
Acc: Dep / Amortization	9,426	15,376	21,526	27,826
Tangibles	8,506	14,456	20,606	26,906
Intangibles	920	920	920	920
Net fixed assets	44,231	39,062	35,953	32,834
Tangibles	42,458	37,289	34,180	31,061
Intangibles	1,773	1,773	1,773	1,773
Capital Work In Progress	2,172	2,172	2,172	2,172
Goodwill	10,520	10,520	10,520	10,520
Non-Current Investments	2,691	3,296	3,128	3,354
Net Deferred tax assets	3,987	5,384	8,619	12,932
Other Non-Current Assets	1,395	1,838	1,996	2,189
Current Assets				
Investments	9	9	9	9
Inventories	250	245	325	383
Trade receivables	307	826	2,926	3,443
Cash & Bank Balance	7,314	6,689	5,808	5,991
Other Current Assets	1,867	3,684	3,560	4,189
Total Assets	75,026	74,135	75,460	78,537
Equity				
Equity Share Capital	608	608	608	608
Other Equity	17,726	12,744	13,905	16,606
Total Network	18,334	13,352	14,513	17,213
Non-Current Liabilities				
Long Term borrowings	46,315	50,815	50,815	50,815
Provisions	182	246	237	279
Other non current liabilities	524	558	435	396
Current Liabilities				
ST Debt / Current of LT Debt	1,209	1,209	1,209	1,209
Trade payables	2,032	1,988	3,468	4,081
Other current liabilities	5,644	5,180	3,995	3,756
Total Equity & Liabilities	75,026	74,135	75,460	78,537

Source: Company Data, PL Research

Cash Flow (Rs m)

Y/e Mar	FY21	FY22E	FY23E	FY24E
PBT	(9,388)	(7,118)	1,974	4,389
Add. Depreciation	2,341	5,950	6,150	6,300
Add. Interest	4,949	4,950	5,200	5,350
Less Financial Other Income	4,693	3,150	400	400
Add. Other	(1,297)	(3,376)	(3,970)	(5,290)
Op. profit before WC changes	(3,396)	406	9,354	10,748
Net Changes-WC	(803)	(558)	(701)	38
Direct tax	72	2,135	(691)	(1,536)
Net cash from Op. activities	(4,127)	1,984	7,962	9,251
Capital expenditures	(1,166)	(781)	(3,041)	(3,181)
Interest / Dividend Income	28	-	-	-
Others	(1,748)	(731)	135	(303)
Net Cash from Invt. activities	(2,886)	(1,513)	(2,906)	(3,484)
Issue of share cap. / premium	-	-	-	-
Debt changes	1,768	4,500	-	-
Dividend paid	-	-	(122)	(152)
Interest paid	(982)	(4,950)	(5,200)	(5,350)
Others	9,969	(646)	(615)	(81)
Net cash from Fin. activities	10,755	(1,096)	(5,937)	(5,583)
Net change in cash	3,742	(625)	(881)	183
Free Cash Flow	(5,294)	1,203	4,921	6,070

Source: Company Data, PL Research

Key Financial Metrics

Y/e Mar	FY21	FY22E	FY23E	FY24E
Per Share(Rs)				
EPS	(123.1)	(81.7)	21.1	46.8
CEPS	(28.5)	15.9	122.3	150.6
BVPS	301.7	219.7	238.9	283.3
FCF	(87.1)	19.8	81.0	99.9
DPS	-	-	2.0	2.5
Return Ratio(%)				
RoCE	NA	NA	10.6	14.0
ROIC	NA	0.9	17.1	19.9
RoE	NA	(37.3)	8.8	16.6
Balance Sheet				
Net Debt : Equity (x)	2.2	3.4	3.2	2.7
Net Working Capital (Days)	(192)	(30)	(2)	(2)
Valuation(x)				
PER	NA	NA	89.4	40.2
P/B	6.2	8.6	7.9	6.6
P/CEPS	NA	118.2	15.4	12.5
EV/EBITDA	NA	252.6	12.4	10.3
EV/Sales	55.2	14.3	4.1	3.4
Dividend Yield (%)	-	-	0.1	0.1

Source: Company Data, PL Research

Quarterly Financials (Rs m)

Y/e Mar	Q4FY21	Q1FY22	Q2FY22	Q3FY22
Net Revenue	1,815	594	1,203	6,142
YoY gr. (%)	(71.9)	367.6	197.5	1,252.8
Raw Material Expenses	583	154	400	1,651
Gross Profit	1,231	440	803	4,490
Margin (%)	67.8	74.1	66.7	73.1
EBITDA	(567)	(909)	(681)	1,649
YoY gr. (%)	NA	NA	NA	NA
Margin (%)	NA	NA	NA	26.9
Depreciation / Depletion	1,460	1,430	1,487	1,540
EBIT	(2,027)	(2,340)	(2,168)	109
Margin (%)	NA	NA	NA	1.8
Net Interest	1,239	1,237	1,235	1,257
Other Income	818	332	1,549	956
Profit before Tax	(2,448)	(3,245)	(1,855)	(192)
Margin (%)	NA	NA	NA	NA
Total Tax	444	(1,050)	(322)	(90)
Effective tax rate (%)	(18.1)	32.3	17.4	46.9
Profit after Tax	(2,892)	(2,196)	(1,533)	(102)
Minority interest	(1)	(1)	(1)	-
Share Profit from Associates	-	-	-	-
Adjusted PAT	(2,891)	(2,194)	(1,531)	(102)
YoY gr. (%)	NA	NA	NA	NA
Margin (%)	NA	NA	NA	NA
Extra Ord. Income / (Exp)	-	-	-	-
Reported PAT	(2,891)	(2,194)	(1,531)	(102)
YoY gr. (%)	NA	NA	NA	NA
Margin (%)	NA	NA	NA	NA
Other Comprehensive Income	7	9	7	(19)
Total Comprehensive Income	(2,884)	(2,185)	(1,524)	(121)
Avg. Shares O/s (m)	61	61	61	61
EPS (Rs)	(47.6)	(36.1)	(25.2)	(1.7)

Source: Company Data, PL Research

Inox Leisure - Financials

Income Statement (Rs m)

Y/e Mar	FY21	FY22E	FY23E	FY24E
Net Revenues	1,059	5,394	21,770	26,044
YoY gr. (%)	(94.4)	409.2	303.6	19.6
Cost of Goods Sold	343	1,887	6,917	8,275
Gross Profit	717	3,507	14,853	17,769
Margin (%)	67.6	65.0	68.2	68.2
Employee Cost	867	998	1,655	1,979
Other Expenses	(648)	373	6,066	7,004
EBITDA	498	2,136	7,132	8,786
YoY gr. (%)	(91.7)	329.3	233.8	23.2
Margin (%)	47.0	39.6	32.8	33.7
Depreciation and Amortization	2,832	2,950	3,150	3,300
EBIT	(2,334)	(814)	3,982	5,486
Margin (%)	NA	NA	18.3	21.1
Net Interest	2,511	2,600	2,720	2,820
Other Income	423	189	185	208
Profit Before Tax	(4,464)	(3,225)	1,447	2,874
Margin (%)	NA	NA	6.6	11.0
Total Tax	(1,087)	(813)	365	724
Effective tax rate (%)	24.4	25.2	25.2	25.2
Profit after tax	(3,377)	(2,412)	1,083	2,150
Minority interest	-	-	-	-
Share Profit from Associate	-	-	-	-
Adjusted PAT	(3,336)	(2,412)	1,083	2,150
YoY gr. (%)	NA	NA	NA	98.6
Margin (%)	NA	NA	5.0	8.3
Extra Ord. Income / (Exp)	(41)	-	-	-
Reported PAT	(3,377)	(2,412)	1,083	2,150
YoY gr. (%)	NA	NA	NA	98.6
Margin (%)	NA	NA	5.0	8.3
Other Comprehensive Income	13	5	-	-
Total Comprehensive Income	(3,364)	(2,407)	1,083	2,150
Equity Shares O/s (m)	112	122	122	122
EPS (Rs)	(29.7)	(19.7)	8.9	17.6

Source: Company Data, PL Research

Balance Sheet Abstract (Rs m)

Y/e Mar	FY21	FY22E	FY23E	FY24E
Non-Current Assets				
Gross Block	35,835	36,605	39,186	41,832
Tangibles	35,608	36,372	38,949	41,590
Intangibles	227	232	237	242
Acc: Dep / Amortization	5,201	8,151	11,301	14,601
Tangibles	5,030	7,980	11,130	14,430
Intangibles	171	171	171	171
Net fixed assets	30,634	28,454	27,886	27,231
Tangibles	30,578	28,393	27,819	27,160
Intangibles	56	61	66	71
Capital Work In Progress	570	570	570	570
Goodwill	175	175	175	175
Non-Current Investments	1,914	2,374	2,134	2,319
Net Deferred tax assets	2,840	1,704	2,386	4,891
Other Non-Current Assets	290	448	406	498
Current Assets				
Investments	4	4	4	4
Inventories	103	44	179	214
Trade receivables	43	251	1,193	1,427
Cash & Bank Balance	774	1,704	1,513	1,434
Other Current Assets	490	647	610	729
Total Assets	37,842	36,397	37,123	39,574
Equity				
Equity Share Capital	1,125	1,125	1,125	1,125
Other Equity	5,205	2,792	3,753	5,781
Total Network	6,329	3,917	4,878	6,905
Non-Current Liabilities				
Long Term borrowings	27,874	28,324	28,324	28,324
Provisions	167	216	218	260
Other non current liabilities	577	539	435	417
Current Liabilities				
ST Debt / Current of LT Debt	200	100	100	100
Trade payables	1,054	1,330	1,372	1,641
Other current liabilities	1,576	1,901	1,723	1,850
Total Equity & Liabilities	37,842	36,397	37,123	39,574

Source: Company Data, PL Research

Cash Flow (Rs m)

Y/e Mar	FY21	FY22E	FY23E	FY24E
PBT	(3,377)	(3,225)	1,447	2,874
Add. Depreciation	2,832	2,950	3,150	3,300
Add. Interest	2,511	2,600	2,720	2,820
Less Financial Other Income	423	189	185	208
Add. Other	(3,524)	784	(707)	(2,735)
Op. profit before WC changes	(1,558)	3,109	6,611	6,259
Net Changes-WC	200	28	(1,013)	(25)
Direct tax	49	813	(365)	(724)
Net cash from Op. activities	(1,308)	3,950	5,233	5,510
Capital expenditures	(601)	(770)	(2,582)	(2,646)
Interest / Dividend Income	27	-	-	-
Others	(642)	-	-	-
Net Cash from Invt. activities	(1,216)	(770)	(2,582)	(2,646)
Issue of share cap. / premium	-	-	-	-
Debt changes	(540)	450	-	-
Dividend paid	-	-	-	-
Interest paid	(158)	(2,600)	(2,720)	(2,820)
Others	2,897	(100)	(122)	(122)
Net cash from Fin. activities	2,199	(2,250)	(2,842)	(2,942)
Net change in cash	(325)	930	(191)	(78)
Free Cash Flow	(1,910)	3,180	2,651	2,864

Source: Company Data, PL Research

Key Financial Metrics

Y/e Mar	FY21	FY22E	FY23E	FY24E
Per Share(Rs)				
EPS	(29.7)	(19.7)	8.9	17.6
CEPS	(4.5)	4.4	34.6	44.6
BVPS	56.3	32.1	39.9	56.5
FCF	(17.0)	26.0	21.7	23.4
DPS	-	-	1.0	1.0
Return Ratio(%)				
RoCE	NA	NA	12.3	15.9
ROIC	1.3	5.9	19.2	22.2
RoE	NA	NA	22.2	31.1
Balance Sheet				
Net Debt : Equity (x)	4.3	6.8	5.5	3.9
Net Working Capital (Days)	(313)	(70)	-	-
Valuation(x)				
PER	NA	NA	59.0	29.7
P/B	9.3	16.3	13.1	9.2
P/CEPS	NA	118.7	15.1	11.7
EV/EBITDA	173.0	42.4	12.7	10.3
EV/Sales	81.3	16.8	4.2	3.5
Dividend Yield (%)	-	-	0.2	0.2

Source: Company Data, PL Research

Quarterly Financials (Rs m)

Y/e Mar	Q4FY21	Q1FY22	Q2FY22	Q3FY22
Net Revenue	904	223	474	2,965
YoY gr. (%)	(75.7)	8,824.0	13,077.8	1,892.4
Raw Material Expenses	303	72	172	1,029
Gross Profit	602	151	302	1,936
Margin (%)	66.5	67.6	63.7	65.3
EBITDA	(137)	(290)	156	1,318
YoY gr. (%)	NA	NA	NA	NA
Margin (%)	NA	NA	NA	44.4
Depreciation / Depletion	701	729	736	738
EBIT	(838)	(1,019)	(580)	580
Margin (%)	NA	NA	NA	19.6
Net Interest	617	645	648	645
Other Income	286	32	61	49
Profit before Tax	(1,210)	(1,632)	(1,167)	(16)
Margin (%)	NA	NA	NA	NA
Total Tax	(274)	(409)	(291)	(3)
Effective tax rate (%)	22.6	25.1	24.9	17.5
Profit after Tax	(937)	(1,223)	(877)	(13)
Minority interest	-	-	-	-
Share Profit from Associates	-	-	-	-
Adjusted PAT	(896)	(1,223)	(877)	(13)
YoY gr. (%)	NA	NA	NA	NA
Margin (%)	NA	NA	NA	(0.4)
Extra Ord. Income / (Exp)	(41)	-	-	-
Reported PAT	(937)	(1,223)	(877)	(13)
YoY gr. (%)	NA	NA	NA	NA
Margin (%)	NA	NA	NA	(0.4)
Other Comprehensive Income	5	4	(1)	2
Total Comprehensive Income	(932)	(1,219)	(877)	(11)
Avg. Shares O/s (m)	112	122	122	122
EPS (Rs)	(8.4)	(10.7)	(7.1)	(0.1)

Source: Company Data, PL Research

Analyst Coverage Universe

Sr. No.	Company Name	Rating	TP (Rs)	Share Price (Rs)
1	Dish TV India	NR	-	74
2	Entertainment Network (India)	Hold	201	182
3	Indian Railway Catering and Tourism Corporation	Hold	802	850
4	Inox Leisure	BUY	486	380
5	Music Broadcast	Hold	24	25
6	Navneet Education	BUY	128	91
7	Nazara Technologies	BUY	2,544	1,884
8	PVR	BUY	1,891	1,537
9	S Chand and Company	BUY	159	119
10	Safari Industries (India)	BUY	1,264	832
11	V.I.P. Industries	BUY	769	677
12	Zee Entertainment Enterprises	BUY	413	293

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Buy	: > 15%
Accumulate	: 5% to 15%
Hold	: +5% to -5%
Reduce	: -5% to -15%
Sell	: < -15%
Not Rated (NR)	: No specific call on the stock
Under Review (UR)	: Rating likely to change shortly

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