

# PVR

## A clearer picture

India Equity Research | Media

In this update, we take a look at the key questions grappling investors and new developments which could have a bearing on PVR's business. We believe: a) RIL's announcement that it will release movies on its digital platform on the same day as its theatrical release; and b) PVR's announcement to roll out *PVR Utsav*—an affordable format to tap in to tier-II/III demand—warrant a closer look. Moreover, we shed light on the contagion risk to demand from the broad-based slowdown and its implications for PVR. Overall, we delineate our stance as to why we still believe PVR is a 'BUY'.

### Expect minimal risk from RJIO; ad revenue could be impacted

While customers will be the biggest winners of RJIO's 'First day first show' service, it is difficult to ascertain its sustainability given that it is not being monetised separately. Also, exhibitors are already resisting this move. Even if rolled out, it is unlikely that a large number of movies will be released on digital platform. Hence, we will wait for the finer print before we read more in to it. Prima facie, we do not expect multiplexes to be impacted materially. In wake of the overall slowdown and sluggish advertising environment, we cannot rule out risk to PVR's advertising revenue in FY20.

### FY20 screen guidance to be intact; *PVR Utsav* poised to tap demand

Management has guided for opening 80-plus screens in FY20. Given that PVR typically engages with the better real-estate developers wherein the mall completion risk is minimal, we do not expect any risk to FY20 guidance. To tap **unaddressed demand in tier-II/III cities, the company has launched an affordable format *PVR Utsav***. The format is relatively new, with current occupancy rate being ~20-25% and the ATP & SPH being lower than the regular format. While we expect demand in this format to pick up, we also anticipate challenges for screen expansion given real-estate issues.

### Outlook and valuation: Robust; maintain 'BUY'

We remain enthused by PVR's screen expansion plan and innovation focus. Key risks to our call are (1) Jio's digital release service; and (2) aggression of OTTs. We retain our TM of 30x EPS yielding a TP of INR2,040. We maintain '**BUY/SO**'. At CMP, the stock is trading at ~43x/29x FY20/FY21E EPS (post Ind AS 116 adjustment); ex of Ind AS 116 the stock is trading at ~31x/22x FY20/21E EPS.

#### Financials

Year to March	FY18	FY19	FY20E	FY21E
Revenues (INR mn)	23,341	30,856	36,411	41,485
EBITDA (INR mn)	4,018	5,863	12,411	14,303
Adjusted Profit (INR mn)	1,253	1,836	1,759	2,673
Adjusted Diluted EPS (INR)	26.8	39.3	36.4	55.3
EPS growth (%)	25.3	46.6	(7.4)	52.0
Diluted P/E (x)	58.9	40.2	43.4	28.6
EV/EBITDA (x)	19.9	14.9	10.2	8.6

#### EDELWEISS 4D RATINGS

<b>Absolute Rating</b>	<b>BUY</b>
Rating Relative to Sector	Outperform
Risk Rating Relative to Sector	Medium
Sector Relative to Market	Overweight

#### MARKET DATA (R: PVRL.BO, B: PVRL IN)

CMP	: INR 1,580
Target Price	: INR 2,040
52-week range (INR)	: 1,834 / 1,099
Share in issue (mn)	: 46.8
M cap (INR bn/USD mn)	: 74 / 1,028
Avg. Daily Vol.BSE/NSE('000)	: 443.6

#### SHARE HOLDING PATTERN (%)

	Current	Q4FY19	Q3FY19
Promoters *	20.2	20.3	20.3
MF's, FI's & BK's	25.6	28.3	30.0
FII's	44.9	42.0	40.0
Others	9.3	9.4	9.7
* Promoters pledged shares (% of share in issue)	:		2.2

#### PRICE PERFORMANCE (%)

	Stock	Nifty	EW Media Index
1 month	(12.5)	(8.1)	(11.4)
3 months	(17.6)	(5.6)	(18.6)
12 months	19.6	(4.7)	(37.6)

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### Will Jio's 'First Day First Show' service pose a risk to PVR?

In its 42<sup>nd</sup> AGM, the RIL management announced the roll out of the FTTH service JioFiber for Indian consumers. In addition to the core offering, management also highlighted that premium JioFiber customers will be able to watch movies on one of RJIO's platforms (Jio TV/Jio Cinema) on the same day of its theatrical release. While minute details of the plan are not available in public domain as of now, let's take a look at it from different perspectives:

**Consumers:** The biggest winner of this move will be customers as they will get to watch the movie on the first day in their homes. Assuming this service will be part of the premium subscription plan (no extra charges), customers will get to save on movie ticket costs, consume food at their convenience and watch content with complete control in their hands.

**Content creators:** Assuming that the creators will receive a fixed payment upfront, this service bodes well for content creators as it takes away content performance risk, which they would have faced had the movie been released in theatres. However, box office collection revenue has been one of the largest sources of revenue and creators will have to forego it in case exhibitors decide not to screen those movies. Though content creators get to hedge the downside of a movie's performance, they also lose the upside from the movie garnering strong collection at the box office.

**RIL:** The move will definitely appeal to a lot of consumers and is likely to attract many subscribers to the RJIO platform. However, it will be impossible for RIL to release each and every movie which is released in India given that over 2,000 movies are released in the country every year. Second, as the service does not monetise the content separately, it will be difficult to maintain a steady stream of fresh movie releases on the platform, especially now when there are multiple platforms in race driving up the price for acquisition of content rights.

**Exhibitors:** While the move appears to be negative for exhibitors, we do not expect any material impact on them given that over 2,000 movies are released in India and it is highly unlikely that all of them will be released on RJIO's platform. Additionally, multiplexes have said that they will not screen those movies in their theatres which will have simultaneous release on other mediums. Furthermore, we do believe that cinema theatres offer a novel experience to patrons, which is difficult to recreate at homes and with the recent innovations introduced by PVR and INOX, the customer experience factor has improved significantly.

**Our view:** At this juncture, it is difficult to comment anything conclusively as the announcement does not provide any details. While customers will be the biggest winners of RJIO's 'First day first show' service, it is **difficult to ascertain its sustainability given that it is not being monetised separately**. Also, exhibitors are already resisting the move. **Even if rolled out, it is unlikely that a large number of movies will be released on the digital platform. Hence, we will wait for the finer print before we read more in to it. Prima facie, we do not expect multiplexes to be impacted materially.**

### Will multiplexes be impacted due to discretionary slowdown?

Q1FY20 was challenging for media companies, primarily due to slowdown in the economy and cut back in advertising spends. However, PVR registered ~26% revenue growth riding ~20% spurt in footfalls despite the quarter being cricket heavy (IPL and World Cup). Additionally, Q1FY20 also proved to be one of the best quarters for the movie business. In our view, the need for escapism is not impacted significantly during a slowdown and the Indian audience has been known to be loyal to their Bollywood stars.

Additionally, while broadcasters such as ZEEL and SUN TV reported low to mid single digit advertising growth in Q1FY20, PVR registered ~28% YoY jump in advertising income (INOX's grew ~17%). The significant disparity between broadcasters and multiplexes in terms of advertising revenue is largely due to the fact that while advertisers were skeptical about the impact and reach on television in Q1FY20 due to NTO disruption, strong content pull and good blockbuster movies assured advertisers of footfalls, reflecting in robust advertising growth.

### How will advertising slowdown impact PVR?

While we expect footfalls to remain strong, there could be some risk from pressure on advertising rates in the current weak advertising environment. Currently, advertising revenue constitutes ~11-12% of PVR's total net revenue. However, slowdown in advertising revenue could impact the company's EBITDA owing to the superior margin registered from the advertising revenue segment. While PVR recorded robust advertising growth in Q1FY20, we cannot rule out the possibility of some risk to advertising in ensuing quarters.

### Can property developers' liquidity issues impact screen openings?

For FY20, PVR has guided for opening 80-plus screens. Given that the company typically engages with better real-estate developers wherein the mall completion risk is minimal, we do not expect any risk to FY20 guidance. PVR had opened 22 screens in Q1FY20 and is on-track to meet its guidance. For FY21, there could be some risk in to screen openings: i) if the current slowdown impacts mall development in FY21; and ii) rise in competitive landscape.

**Table 1: Screen expansion trajectory**

	FY13	FY14	FY15	FY16	FY17	FY18	FY19	Q1FY20
No. of screens	360	421	464	516	579	625	763	785

Source: Company, Edelweiss research

### How is the content pipeline in coming quarters?

Q1FY20 proved spectacular for the box office riding *Avengers: Endgame*, *Bharat* and *Kabir Singh*. Q2FY20, too, had a good start on account of *Super 30* (collected INR1.5bn), *Mission Mangal* (collected INR1.7bn) and *Batla House* (collected INR860mn). Additionally, Q2 has interesting releases lined up with the prominent ones being *Saaho*, *IT Chapter 2*, *Dream Girl*, *Ad Astra* and *RamboV: Last Blood*. The pipeline for Q3FY20 also looks robust (refer to Table 1).

Table 2: Q3FY20 movie pipeline

Release Date	Movie Title	Language	Cast
<b>October</b>			
2-Oct-19	Marjaavaan	Hindi	Ritesh Deshmukh, Sidharth Malhotra
<b>2-Oct-19</b>	<b>War</b>	<b>Hindi</b>	<b>Hrithik Roshan, Tiger Shroff, Vaani Kapoor</b>
4-Oct-19	Joker 4Dx, Atmos	English	Joaquin Phoenix, Robert De Niro, Zazie Beetz
11-Oct-19	The Current War	English	Benedict Cumberbatch, Tom Holland, Katherine Waterston
11-Oct-19	The Sky Is Pink	Hindi	Priyanka Chopra, Farhan Akhtar, Zaira Wasim
18-Oct-19	Zombie Land 2 Double Trap	English	Emma Stone, Zoey Deutch, Abigail Breslin
18-Oct-19	The Hunt	English	Laurence James Sergeant, Jason Cook
25-Oct-19	The Aeronauts( I max)	English	Felicity Jones, Eddie Redmayne, Tom Courtenay
25-Oct-19	Countdown	English	Anne Winters, Elizabeth Lail, Peter Facinelli
25-Oct-19	Sandh Ki Aakh	Hindi	Tapsee Pannu, Bhumi Pednekar, Pawan Chopra
<b>25-Oct-19</b>	<b>Housefull 4</b>	<b>Hindi</b>	<b>Akshay Kumar, Riteish Deshmukh, Bobby Deol</b>
<b>November</b>			
1-Nov-19	The Last Full Measure	English	Samuel L Jackson, Jeremy Irvine, Sebastian Stan
1-Nov-19	Terminator Dark Fate (3D/Imax)	English	Arnold Schwarzenegger, Mackenzie Davis, Linda Hamilton
8-Nov-19	Last Christmas	English	Emilia Clarke, Emma Thompson, Michelle Yeoh, Henry Golding
8-Nov-19	Pagalpanti	Hindi	John Abraham, Ileana Dcruz, Anil Kapoor, Arshad Warsi
15-Nov-19	Charlie'S Angels	English	Naomi Scott, Elizabeth Banks, Kristen Stuart
<b>15-Nov-19</b>	<b>Ford V Ferrari( Untitled James Mangold)</b>	<b>English</b>	<b>Christian Bale, Matt Damon, Caitriona Balfe</b>
15-Nov-19	Bhoot Part One The Haunted Ship	Hindi	Vicky Kaushal
22-Nov-19	Frozen 2 (3D/Imax/ 4Dx)	English	Kristen Bell, Evan Rachel Wood, Jonathan Groff
22-Nov-19	A Beautiful Day In The Neighbourhood	English	Tom Hanks, Matthew Rhys, Wendy Makkena
22-Nov-19	Bala	Hindi	Ayushmann Khurrana, Bhumi Pednekar, Yami Gautam
29-Nov-19	Good Liar	English	Helen Mirren, Ian McKellen, Johannes Haukur, Johannesson
29-Nov-19	Dil Bechara	Hindi	Sushant Singh Rajput, Sanjana Sanghi
29-Nov-19	Jawaani Janema	Hindi	Saif Ali Khan, Tabu, Alaia Furniturewalla
<b>December</b>			
6-Dec-19	Brahms: The Boy II	English	Katie Holmes, Owain Yeoman, Christopher Convery
6-Dec-19	Panipat	Hindi	Kriti Sanon, Sanjay Dutt, Arjun Kapoor
6-Dec-19	Pati Patni Aur Who	Hindi	Ananya Panday, Bhumi Pednekar, Kartik Aaryan
13-Dec-19	Jumanji : The Next Level	English	Karen Gillan, Dwayne Johnson, Jack Black
<b>20-Dec-19</b>	<b>Star Wars: Episode IX - The Rise Of Skywalker (3D/Imax/ 4Dx)</b>	<b>English</b>	<b>Oscar Isaac, Richard E Grant, Daisy Ridley</b>
<b>20-Dec-19</b>	<b>Dabangg 3</b>	<b>Hindi</b>	<b>Salman Khan, Sonakshi Sinha</b>
25-Dec-19	Spies In Disguise (3D)	English	Will Smith, Tom Holland, Karen Gillan
<b>27-Dec-19</b>	<b>Good News</b>	<b>Hindi</b>	<b>Akshay Kumar, Kareena Kapoor, Diljit Dosanjh</b>

Source: Company, Edelweiss research

### What is the current status of pricing of F&B issue?

In 2018, there was hue and cry about the pricing of food and beverages (F&B) sold in multiplex theatres. Subsequent to petitions filed by complainants in various high courts to permit outside food in multiplexes, pertinent judicial bodies had decreed multiplex-goers to abstain from taking outside food in to multiplex theaters. As of now the matter stands as *sine die* in the Supreme Court. However, keeping previous judgements in view, we do not expect any material risk to multiplexes' F&B revenues.

- The Madras High Court had dismissed a petition sought to permit patrons to take their own food in to cinemas citing that theatres are a private property and there are no rights recognised under law which permit the public to carry their own food in a private property.
- The Maharashtra government has stated in an affidavit to the Bombay High Court that it does not deem it necessary to interfere with the ban on outside food at multiplexes as it may create "chaos" or "security issues".
- The Hyderabad High Court has made it clear that the authorities of the Telangana State legal metrology department have no powers to impose restrictions on sale of non-packaged food items in cinema halls and multiplexes.

- The PIL filed at the Madhya Pradesh high Court to allow outside food was dismissed citing that the commercial decision of a private firm cannot be made subject matter of judicial review in the court.
- The Supreme Court has brought a stay on the Jammu & Kashmir High Court's order on allowing cinemagoers to carry their own food and water in to theatres.

### What's new?

Currently, there are ~9,650 cinema screens in India, of which only ~30% are multiplex screens, while the majority is still constituted by single screens. While multiplexes have garnered sizeable presence in tier-I cities, tier-II/III/IV still remain underpenetrated wherein the market is dominated by single screens, thereby presenting a big opportunity for multiplex players.

To tap this unaddressed market, PVR has launched an affordable format under *PVR Utsav*. This format is anticipated to witness benign business demand from smaller pockets and ride the shift from unorganised (single screens) to organised (multiplex chains), increasing disposable incomes and growing urbanisation. As this format will focus on smaller cities and towns in India, the pricing dynamics for *PVR Utsav* are considerably different from the regular format (refer to Table 2).

**Table 3: Ticket and F&B comparison across properties**

Wednesday (Week-day)	PVR (Mumbai)			PVR		PVR Utsav	
	Juhu	Lower Parel	Kurla	Anand	Latur	Jalgaon	Satna
ATP	239	230-414	175-212	94-138	94-112	70	120-280
Large Salted Popcorn for 1	330	330	310	260	190	190	NA
Regular Salted Popcorn	300	300	280	240	170	-	NA
Large Pepsi	310	310	290	210	190	170	NA
Small Pepsi	270	270	270	190	180	150	NA

Sunday (Week-end)	PVR (Mumbai)			PVR		PVR Utsav	
	Juhu	Lower Parel	Kurla	Anand	Latur	Jalgaon	Satna
ATP	359	322-645	267-304	124-156	112-147	110	NA
Large Salted Popcorn for 1	330	330	310	260	190	190	NA
Regular Salted Popcorn	300	300	280	240	170	-	NA
Large Pepsi	310	310	290	210	190	170	NA
Small Pepsi	270	270	270	190	180	150	NA

Source: Edelweiss research

We compared ticket prices and F&B products' pricing in smaller towns (Tier-II/III) against the pricing at different locations in Mumbai for the same movie being shown at similar times at respective locations. A few key pointers and our view:

- Ticket prices in smaller towns are considerably lower than those located in Mumbai. For instance, ticket price for Sunday evening show in PVR Utsav - Jalgaon is 30-40% of similar show in Mumbai.
- There is significant gap in F&B pricing. For instance, one large salted popcorn and one large Pepsi in PVR Latur costs only ~66% of what it would cost in PVR Kurla.
- Additionally, there is no pricing divergence in F&B between weekday and weekend across locations.

- Management had mentioned that the capex involved in *PVR Utsav* is ~INR17.5-20.0mn per screen; ~33% lower than the normal capex of INR30mn per screen.
- ATP and SPH for PVR in tier-II/III cities are typically INR120-140 and INR50-60, respectively, as shared by the management in Q1FY20 earnings call.
- One challenge which the management had pointed out in this format is on the advertising revenue front. We expect ad revenue to grow once strong footfalls commence in these properties.
- While we believe this is an immense opportunity, we do expect challenges in terms of SPH and advertising growth. More importantly, we anticipate screen openings in such locations to be a challenge given that smaller cities have relatively less developed commercial infrastructure such as malls, commercial complexes, etc., which poses a set up constraint for multiplex screens.
- Pricing power in such geographies will be limited due to cheaper substitutes such as single screens, lower willingness & ability to pay, availability of cheaper data and competitive pricing by OTTs.
- On average, PVR typically houses five screens in one property. However, for *Utsav* we expect each property to have two-three screens with a seating capacity of 250-300 (on average seats per screen in the normal format is 220).
- Management also said that current occupancy levels are 20-25%. However, given that this is a recent initiative, we expect occupancy to improve going ahead.

Fig. 1: PVR Utsav – Jalgaon Property



Source: Company

**Any risk from the recent news on Anti-Profiteering?**

Recently, PVR has come under the scanner of anti-profiteering authorities for not slashing the ticket prices in line with the GST rate cut on movie tickets. A preliminary investigation has been initiated by the state-level authorities post certain complaints made by movie patrons. While this probe involves PVR and Cinepolis as of now, it is likely that it could be expanded to other multiplex operators. Previously, we had seen that companies such as Jubilant Foodworks, Hindustan Unilever and ITC getting embroiled in similar issues and facing litigation and fines. Though, the management maintains their stance that they had passed on the GST benefit to consumers, as visible in their Q3FY19 and Q4FY19 ATP – INR222 and INR209 respectively, we would watch out for any further developments on this front.



### Company Description

PVR was incorporated in 1995 pursuant to a JV with Village Roadshows, one of the largest cinema exhibition companies in the world. It opened its first multiplex in Delhi in 1997. In November 2002, Village Roadshows divested its stake in PVR as part of an overall strategy to rationalise its operations across 18 countries. Since then, PVR has come a long way and is presently one of the leading multiplex players in India with 625 screens across 134 properties. PVR is also present in the movie distribution business through its subsidiary PVR Pictures. It has also ventured into retail entertainment and management of food courts to diversify its revenue stream

### Investment Theme

PVR has 625 screens as of March 2018. The company plans to add 90 plus screens in FY19. With its primary focus on the movie exhibition business, PVR has decided to go slow in the bowling business and loss-making movie production business. Increasing 3D content will further enhance revenues. DT Cinemas acquisition is expected to create operating synergies going ahead.

### Key Risks

- Unavailability of quality content
- Slowdown in consumer discretionary spends
- Delay in rollout of proposed multiplexes
- Competition from other forms of entertainment



## Financial Statements

### Key Assumptions

Year to March	FY18	FY19	FY20E	FY21E
<b>Macro</b>				
GDP(Y-o-Y %)	6.7	7.1	7.1	7.3
Inflation (Avg)	3.6	3.7	4.0	4.5
Repo rate (exit rate)	6.0	6.3	5.8	5.8
USD/INR (Avg)	64.5	70.0	72.0	72.0
<b>Company</b>				
Int rate on debt (%)	12.0	14.5	16.0	9.0
Sales assumptions	-	-	1	-
Ad revenue growth (%)	17.9	19.1	13.1	16.1
Average Ticket Price	210.0	212.0	207.8	210.9
<b>Footfall growth (%)</b>				
<b>F&amp;B revenue growth (%)</b>				
Cost assumptions	1	1	2	2
F&B COGS (% of F&B rev)	25.5	27.0	32.0	32.0
Personnel cost(% of rev)	10.9	10.9	11.0	11.0
Rent exp (% of rev)	17.6	-	-	-
Financial assumptions	1	1	2	2
Dis shr (% of tkt sales)	33.6	33.3	33.0	33.2
Tax rate (%)	36.0	36.5	35.0	35.0
Debtor days	20	20	20	20
Inventory days	10	10	10	10
Payable days	118	120	120	120
Cash conversion cycle	(87)	(90)	(90)	(90)

### Income statement

(INR mn)

Year to March	FY18	FY19	FY20E	FY21E
Net revenue	23,341	30,856	36,411	41,485
Film exhibition cost	5,377	7,019	8,101	9,080
COGS of F&B	1,591	2,387	2,790	3,167
Employee costs	2,541	3,373	4,005	4,563
Rent expense	4,111	-	-	-
Total SG&A expenses	5,703	12,213	9,103	10,371
Total operating expenses	19,323	24,992	23,999	27,182
EBITDA	4,018	5,863	12,411	14,303
Depreciation	1,537	1,913	4,951	5,888
EBIT	2,481	3,951	7,461	8,415
Less: Interest Expense	837	1,280	4,980	4,547
Add: Other income	313.39	331.4	331.4	350.00
Profit Before Tax	1,952	3,002	2,812	4,218
Less: Provision for Tax	704	1,097	984	1,476
Less: Minority Interest	(7)	57	57	57
Add: Exceptional items	(6)	-	-	-
Associate profit share	(7)	(12)	(12)	(12)
Reported Profit	1,247	1,836	1,759	2,673
Exceptional Items	(6)	-	-	-
Adjusted Profit	1,253	1,836	1,759	2,673
Shares o/s (mn)	47	47	48	48
Diluted shares o/s (mn)	47	47	48	48
Adjusted Diluted EPS	26.8	39.3	36.4	55.3
Dividend per share (DPS)	2.0	2.0	2.0	2.0
Dividend Payout Ratio(%)	7.5	5.1	5.5	3.6

### Common size metrics

Year to March	FY18	FY19	FY20E	FY21E
Film exhibition cost	23.0	22.7	22.2	21.9
COGS of F&B	6.8	7.7	7.7	7.6
Staff costs	10.9	10.9	11.0	11.0
Rent expense	17.6	-	-	-
S G & A expenses	24.4	39.6	25.0	25.0
EBITDA margins	17.2	19.0	34.1	34.5
Net Profit margins	5.3	6.1	5.0	6.6

### Growth ratios (%)

Year to March	FY18	FY19	FY20E	FY21E
Revenues	7.9	32.2	18.0	13.9
EBITDA	12.6	45.9	111.7	15.2
Adjusted Profit	25.5	46.6	(4.2)	52.0
EPS	25.3	46.6	(7.4)	52.0

Balance sheet		(INR mn)			
As on 31st March	FY18	FY19	FY20E	FY21E	
Share capital	467	467	467	467	
Reserves & Surplus	10,286	11,928	8,350	10,907	
Shareholders' funds	10,754	12,395	8,818	11,374	
Minority Interest	8	2,566	2,624	2,681	
Long term borrowings	5,616	10,188	49,610	48,810	
Short term borrowings	998	852	1,500	1,500	
Total Borrowings	6,614	11,039	51,110	50,310	
Long Term Liabilities	100	2,454	2,454	2,454	
Def. Tax Liability (net)	(150)	848	848	848	
<b>Sources of funds</b>	<b>17,327</b>	<b>29,302</b>	<b>65,853</b>	<b>67,667</b>	
Gross Block	14,668	20,056	24,756	29,956	
Net Block	11,271	14,900	47,941	48,049	
Capital work in progress	1,017	2,208	2,300	2,300	
Intangible Assets	4,629	13,108	12,554	11,959	
Total Fixed Assets	16,917	30,216	62,795	62,307	
Non current investments	176	89	89	89	
Cash and Equivalents	339	352	4,091	6,423	
Inventories	198	303	277	376	
Sundry Debtors	1,556	1,839	2,003	2,282	
Loans & Advances	2,483	2,858	2,858	2,897	
Other Current Assets	1,666	3,327	3,327	3,327	
Current Assets (ex cash)	5,902	8,326	8,464	8,881	
Trade payable	2,511	3,677	3,582	4,028	
Other Current Liab	3,496	6,004	6,003	6,004	
Total Current Liab	6,007	9,681	9,585	10,032	
Net Curr Assets-ex cash	(104)	(1,355)	(1,121)	(1,151)	
<b>Uses of funds</b>	<b>17,327</b>	<b>29,302</b>	<b>65,853</b>	<b>67,667</b>	
BVPS (INR)	230.1	265.2	182.4	235.3	

Free cash flow		(INR mn)			
Year to March	FY18	FY19	FY20E	FY21E	
Reported Profit	1,247	1,836	1,759	2,673	
Add: Depreciation	1,537	1,913	4,951	5,888	
Interest (Net of Tax)	536	812	3,237	2,956	
Others	561	751	1,481	1,310	
Less: Changes in WC	(582)	(2,984)	233	(68)	
Operating cash flow	4,463	8,296	11,194	12,895	
Less: Capex	2,529	15,293	4,992	5,400	
<b>Free Cash Flow</b>	<b>1,933</b>	<b>(6,997)</b>	<b>6,202</b>	<b>7,495</b>	

Cash flow metrics		FY18	FY19	FY20E	FY21E
Year to March					
Operating cash flow		4,463	8,296	11,194	12,895
Financing cash flow		(660)	1,424	(2,795)	(5,463)
Investing cash flow		(4,054)	(10,154)	(4,661)	(5,050)
Net cash Flow		(251)	(434)	3,738	2,382
Capex		(2,529)	(15,293)	(4,992)	(5,400)
Dividend paid		(94)	(93)	(97)	(97)

Profitability and efficiency ratios		FY18	FY19	FY20E	FY21E
Year to March					
ROAE (%)		12.0	14.7	13.8	21.4
ROACE (%)		16.1	19.7	17.6	13.8
Inventory Days		10	10	10	10
Debtors Days		20	20	20	20
Payable Days		118	120	120	120
Cash Conversion Cycle		(87)	(90)	(90)	(90)
Current Ratio		1.0	0.9	1.3	1.5
Gross Debt/EBITDA		1.6	1.9	4.1	3.5
Gross Debt/Equity		0.6	0.7	4.5	3.6
Adjusted Debt/Equity		0.6	0.7	4.5	3.6
Interest Coverage Ratio		3.0	3.1	1.5	1.9

Operating ratios		FY18	FY19	FY20E	FY21E
Year to March					
Total Asset Turnover		1.4	1.3	0.8	0.6
Fixed Asset Turnover		1.5	1.4	0.8	0.7
Equity Turnover		2.2	2.4	2.8	3.3

Valuation parameters		FY18	FY19	FY20E	FY21E
Year to March					
Adj. Diluted EPS (INR)		26.8	39.3	36.4	55.3
Y-o-Y growth (%)		25.3	46.6	(7.4)	52.0
Adjusted Cash EPS (INR)		59.7	80.2	138.8	177.1
Diluted P/E (x)		58.9	40.2	43.4	28.6
P/B (x)		6.9	6.0	8.7	6.7
EV / Sales (x)		3.4	2.8	3.5	3.0
EV / EBITDA (x)		19.9	14.9	10.2	8.6
Dividend Yield (%)		0.1	0.1	0.1	0.1

## Additional Data

### Directors Data

Ajay Bijli	Chairman, Managing Director	Sanjeev Kumar	Joint Managing Director
Vikram Bakshi	Non Executive, Independent	Sanjai Vohra	Non Executive, Independent
Sanjay Khanna	Non Executive, Independent	Renuka Ramnath	Non Executive, Non Independent
Amit Burman	Non Executive, Non Independent	Vishal Mahadevia	Non-Executive Director

Auditors - S.R. Batliboi & Co.

*\*as per last annual report*

### Holding – Top10

	Perc. Holding		Perc. Holding
Bijli ajay	11.63	Kumar sanjeev	7.97
Berry creek investme	7.66	Plenty pe fund i ltd	7.18
Gray birch investmen	6.33	Icici prudential ass	4.79
Multiples private eq	4.57	Aditya birla sun lif	2.84
Fil limited	2.64	Aditya birla sun lif	2.57

*\*in last one year*

### Bulk Deals

Data	Acquired / Seller	B/S	Qty Traded	Price
26 Mar 2019	MORGAN STANLEY FRANCE SAS	BUY	316400	1572.90

*\*in last one year*

### Insider Trades

Reporting Data	Acquired / Seller	B/S	Qty Traded
22 May 2019	Nitin Sood	Sell	15000.00

*\*in last one year*

Company	Absolute reco	Relative reco	Relative risk	Company	Absolute reco	Relative reco	Relative Risk
DB Corp	HOLD	SU	M	DEN Networks	HOLD	SU	H
Dish TV India	HOLD	SU	M	Hathway Cable & Datacom	HOLD	SP	M
Jagran Prakashan	HOLD	SU	M	PVR	BUY	SO	M
Sun TV Network	BUY	SO	H	Zee Entertainment Enterprises	BUY	SP	M

## ABSOLUTE RATING

Ratings	Expected absolute returns over 12 months
Buy	More than 15%
Hold	Between 15% and - 5%
Reduce	Less than -5%

## RELATIVE RETURNS RATING

Ratings	Criteria
Sector Outperformer (SO)	Stock return > 1.25 x Sector return
Sector Performer (SP)	Stock return > 0.75 x Sector return
	Stock return < 1.25 x Sector return
Sector Underperformer (SU)	Stock return < 0.75 x Sector return

Sector return is market cap weighted average return for the coverage universe within the sector

## RELATIVE RISK RATING

Ratings	Criteria
Low (L)	Bottom 1/3rd percentile in the sector
Medium (M)	Middle 1/3rd percentile in the sector
High (H)	Top 1/3rd percentile in the sector

Risk ratings are based on Edelweiss risk model

## SECTOR RATING

Ratings	Criteria
Overweight (OW)	Sector return > 1.25 x Nifty return
Equalweight (EW)	Sector return > 0.75 x Nifty return
	Sector return < 1.25 x Nifty return
Underweight (UW)	Sector return < 0.75 x Nifty return

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Head of Research

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### Coverage group(s) of stocks by primary analyst(s): Media

DB Corp, DEN Networks, Dish TV India, Hathway Cable & Datacom, Jagran Prakashan, PVR, Sun TV Network, Zee Entertainment Enterprises

#### Recent Research

Date	Company	Title	Price (INR)	Recos
22-Aug-19	Media	Battling ad slowdown; <i>Quarterly Result Review</i>		
21-Aug-19	Media	Q1FY20 conference call highlights compendium; <i>Q1FY20 conference call highlights compendium</i>		
20-Aug-19	Media	Rattling the rattled; <i>Sector Update</i>		

#### Distribution of Ratings / Market Cap

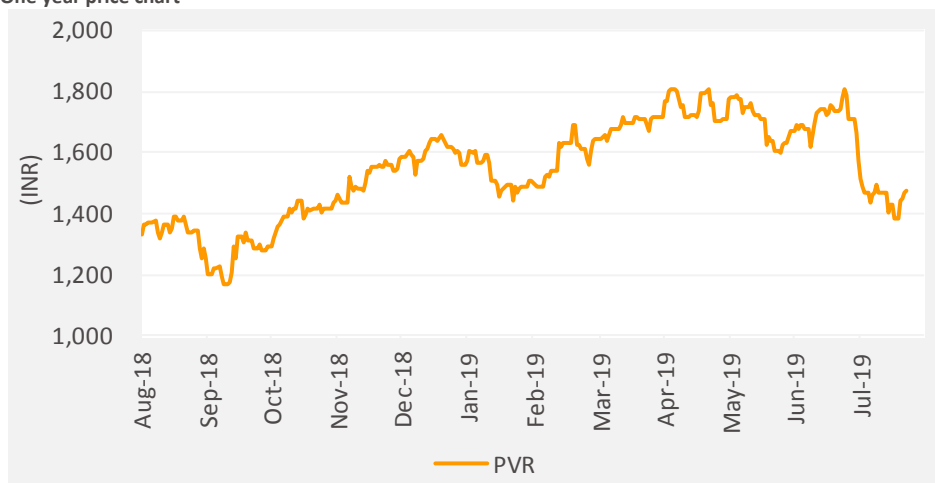
##### Edelweiss Research Coverage Universe

	Buy	Hold	Reduce	Total
Rating Distribution*	161	67	11	240
* 1stocks under review				
	> 50bn	Between 10bn and 50 bn	< 10bn	
Market Cap (INR)	156	62	11	

#### Rating Interpretation

Rating	Expected to
Buy	appreciate more than 15% over a 12-month period
Hold	appreciate up to 15% over a 12-month period
Reduce	depreciate more than 5% over a 12-month period

One year price chart



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