NSSPL RESEARCH

PVR Ltd

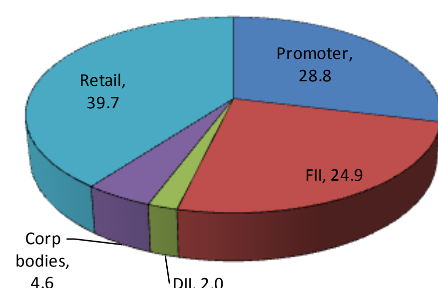
ACCUMULATE

BSE Code	532689
NSE Code	PVR
Bloomberg Code	PVRL:IN
Current Price	676
Target Price	764
Mcap ` bn	29
Mcap US$ bn	0.5
52 wk H/L	705/361
Face Value	10
2 wk avg vol (000)	132

Financial Snapshot

₹ Mn	FY14	FY15E	FY16E
Net sales	13,475	15,675	18,628
% ch	67.3%	16.3%	18.8%
EBIDTA	2,230	2,533	3,040
%ch	77%	14%	20%
PAT	560	466	927
%ch	25.9%	-16.9%	98.9%
EPS	13.6	11.3	22.5
BV	97.1	105.8	123.1
P/E	51.3	61.8	31.1
EV/EBIDTA	15.0	13.3	11.0
ROE	11%	9%	19%
ROCE	14%	13%	17%

Shareholding Pattern



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Steady Growth over the next couple years

PVR Ltd is the largest multiplex exhibition company under the management of Mr Ajay Bijli who has pioneered the multiplex business. It has its operations spread in 101 locations in India with a current screen presence of 445 which is expected to grow rapidly. PVR also has access to International film rights where they are the national distributors & exhibitors in India. PVR is still in the growth phase and is looking to add almost 60-70 screens per year. Their model revolves around setting up multiplexes in cities and towns within mall confines. India is seeing a shift from small single screens to multiplexes, currently there are around 10000 single screens while the multiplexes screens are 1400 which are expected to increase to 1925 by FY15. This imbalance which still exists will correct with it moving to about equal number of multiplex screens as single screens over the next few years.

Strong growth expected for the largest multiplex operator: PVR has been dominating the multiplex space with the largest number of screens. This enables better catchment which is a key to driving revenues with regard to the mass audiences in tier I, II and III cities. With a constant flow of content it is well placed and there is visibility of revenue as entertainment is a key demand of the consumer for which there is an acute shortage in India.

Strong relationships with mall developers enabling growth: The relationship between the exhibitors and mall developers is symbiotic. This has enabled PVR to maintain its strong relationships making it a preferred incumbent for the mall developers streamlining significant footfalls. Multiplexes have become an integral part of the malls which will ensure limited increase in rental costs as they drive footfalls. These relationships will enable PVR to grow at a rapid pace going forward.

Multiple revenue streams: Apart from ticket sales PVR is generates strong revenues from other business verticals. Food and beverage (F&B) which contributes to 24% of revenue, advertising 11% which will grow as there is a large captive audience. They also rent out small spaces within their confines to other brands to sell products.

Cinemas are in prime locations: location is the most important factor while setting up a multiplex, and being the largest multiplex cinema operator PVR is located in most of the prime locations. The upper hand of tapping good location is that it there would be hassle free parking and other conveniences that the patrons would be looking for which eventually would result in repeat business from the patrons.

Strong Film Industry relations and better content: PVR has built on its brand equity and has gained recognition in the multiplex business this has helped it in strengthening and extending its relationships with the film fraternity. Larger numbers of films are also produced and exhibited in PVR is due to the quality of film exhibition, ambience and state of the art technology adopted by it. This makes it a dominant player making it possible to have better negotiations with the distributors.

Valuation: At present PVR Ltd is trading at a P/E multiple of 61.8x & 31.1x, a P/BV of 6.6x & 5.7x and an EV/EBITDA of 13.3x & 11.0x for FY15E & FY16E respectively which look rich. However on cash earnings it does not look as expensive as it trades at 16.4x and 12.9x its FY15E and FY16E earnings. The growth prospects too for PVR are quite strong and given the fast expansion and strong cash flows we believe the premium valuation will sustain. In view of this we value PVR at 12x EV/EBIDTA its FY16E earnings and arrive at a target price of 764 implying an upside of 9% from the current levels and hence recommend to ACCUMULATE the stock on corrections at near 650 levels.

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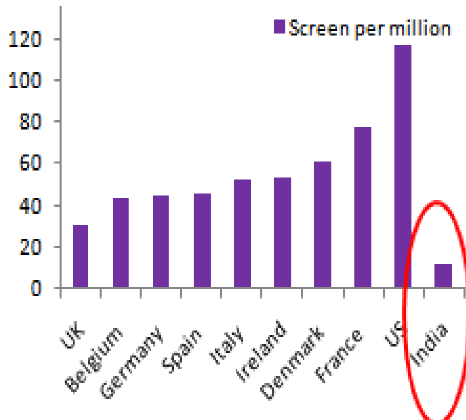
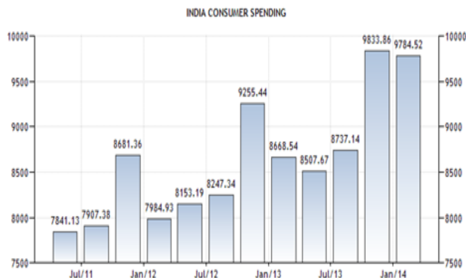
Investment rationale



Under penetration of cinemas in India: PVR was incorporated in 1995 pursuant to a JV between Priya Exhibitors Pvt. Ltd and Village Roadshow Ltd., one of the largest non-US cinema exhibition companies in the world. Since then PVR has become the largest multiplex operator in India in terms of number of screens. At present as on June 2014 the total number of screens stands at 445.The company plans to add upto 60-70 screens per year due to the potential seen demand seen arising in the future for multiplexes. The multiplex industry is still at a nascent stage where the number of screens per million in India is just around 12mn as compared to the global average of 58 screens per million. With many developments happening in India and an ever increasing demand for entertainment there is a long way for the industry to catch up with global averages. This gives PVR as a multiplex player to cash in as it expands with the relationship shared with the mall developers to grow their business. It has exploited its potential by using the first mover advantage to its best use there by sealing many good locations in metros.

Rising youth population :
India is witnessing a significant change in the age profile population that is likely to lead to accelerated consumption over the next few years. The median age for an Indian is about 24 years as compared to 36 years in US and 30 years in China. As Low median age population means a higher current consumption spend vs. savings as they have both the ability and willingness to spend. We believe going forward the overall spending for entertainment is going to increase from all age brackets which will drive the revenues for all multiplex operators especially the ones with strong brand recall.

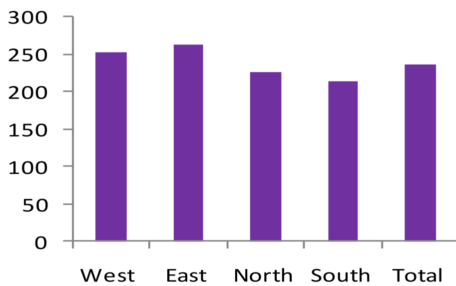
Increase in disposable income:
There has been a significant growth in the consumer Spending in India which is averaged ₹6984.16 bn from 2004 until 2014, reaching an all time high of ₹9833.86bn as can be seen in the chart. Due to this emergence of spending by the household with good earning ability would see an increase in discretionary spending for shopping, restaurants and cinema which could drive eventually drive growth for the multiplex segment.



Changing preferences of audience from single screen to multiplexes
During the early days of cinemas we had single screens theaters operating for most movie content. This was once the main source for entertainment being introduced to the cities but as times have changed, newer trends and technologies have evolved which have seen the demand for single screens fading out as the overall experience of the theaters have been revamped.

The advent of multiplex business have completely overshadowed the existence of the single screen, making it an inevitable fact of the dominance in the in the film screening business. As per the single screen association of India the number of single screens has come down from 13,000 to 10,167 in the past five years showing the trend of the single screens being replaced by multiplexes. The Indian film exhibition is witnessing rapid transformation due to the advent of multiplexes and digital cinema The reason for the emergence of multiplexes are multifold these include

Demand of content varies for audiences:
During the earlier days of theaters single screen cinemas did not have the flexibility in the timing of the shows that would be screened giving less preference to the mass audience, but as times have changed the introduction of multiplexes have offered the convenience in the show timing along with variability of content preferred by the different target audiences. This has enabled the shift from the single screens to the multiplexes making it most preferred destination for film viewership.



Box Office Earnings

Rank	Film	Nett Gross
1	Dhoom 3 (Hindi)	17,08,00,000
2	Sholay (Re-Run)	7,52,00,000
3	Mr. Joe B. Carvalho	2,80,50,000
4	R... Rajkumar	23,00,000
5	Mahabharat	6,00,000

An eg of working between the Multiplex and Single Screen

Scenario	Multiplex	Single Screening
Footfalls	100	100
ATP	150	75
Gross Collection	15000	7500
Ent Tax 30%	4500	2250
Net Collection	10500	5250
Distributors Share	5250	3675

Better experience at a multiplex for masses:

During the pre-multiplex era the single screens were the only available option for film viewership where the pricing was low, being the only enticing factor. Due to the redundant infrastructure and technology along with poor quality of F&B the industry has seen a transition moving from single screen to Multiplexes. This has given the consumer an overall better experience for film viewership which has resulted as a most preferred destination for movies by large number of audience. The increase in the disposable income would foster growth for the company given the change in preference for movie viewing.

The number of shows exhibited would be nearly equal to 3-4 shows a day prior to the multiplex era, but today we have a flux of multiplex chains and cinemas running more than that number, giving more choice and preference to the patrons to choose from. The single screen cinemas continue to have their struggle for survival making multiplexes the most favored destination for cinema entertainment. Although one cannot ignore the pricing of single screen cinemas to the multiplexes with higher disposable income and aspiration value of the viewer for a better experience they too would prefer multiplexes which will keep demand growing over time.

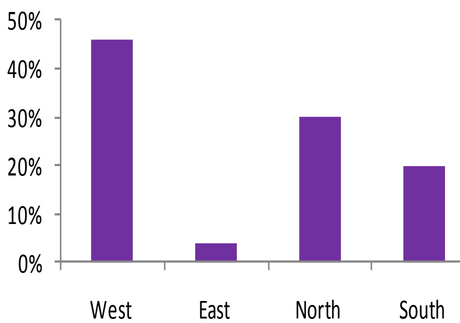
Other entertainment activities in the vicinity bring more footfalls:

PVR not only runs its exhibition business but has also has a joint venture with Gyan enterprises for the purpose of running, managing and operating food courts, restaurants, pubs, coffee shops providing newer avenues for to improve revenues. The company operates its subsidiary BluO entertainment ltd for setting up and carrying out activities like bowling, karaoke centers and ice-skating. Further being present in malls it generates a lot more footfalls, as it gives the audience a variety of entertainment avenues in a single location, against them having to move locations for these individual activities. The desire for leisure needs coupled with the choices given by the malls will manifest in itself also changing the overall concept of shopping.

Organic and embedded growth with Cinemax:

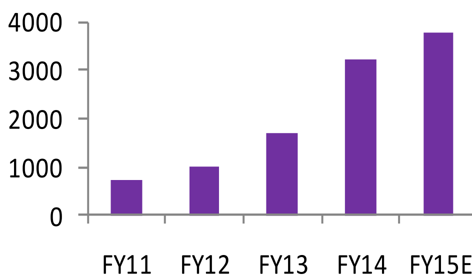
PVR had made acquisition of Cinemax India buying 69.3% of stake of Kanakia family for ₹394cr which was a competitor in the exhibition space making PVR the largest player in its screen count having a wider reach in newer locations in India. The promoters of Cinemax India were real estate developers and the cinema exhibition business was a space entered by them to fill their malls. Having being given fair valuation they chose to exit the business and invest it in their own. This threw up a great opportunity for PVR as they were able to increase their presence albeit at a premium to setting up of new screens. In addition the locations fit in well giving them screen presence in areas they were absent.

Although we do not expect the revenues to kick off immediately after the integration, one would need to consider the changes that would need to take place in terms of the re-branding and refurbishing of the older brand Cinemax India. By capitalizing on this acquisition PVR could see in the long run an uptick in the ticket prices at these screens and spends per head driving overall revenues for the company. The synergetic effect of Cinemax India would bode well for PVR enabling higher number of screen and seats. PVR has stayed focused on the north but with Cinemax has tripled its properties in the west, and added some screens in south India. The integration has enabled higher revenue flow from different geographies. We believe that the dual strength of the entity could drive the other areas of revenues which would then improve profitability and growth going ahead.

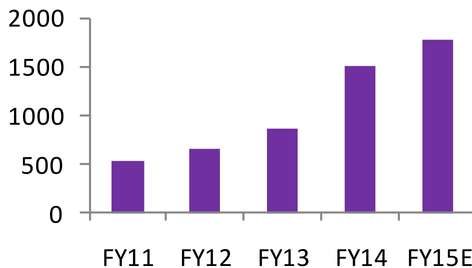


Varied revenue streams:
Apart from just collection on tickets which is the largest contribution to revenues PVR collects money from offering various services within its confines. These revenues help them beef up profitability as they usually have much higher margins than the normal movie exhibition business these include

Food and Beverage second largest revenue stream: Food and beverage at movies contributes a large part to the overall experience of the movie goers. This has become an additional and very large component of income for PVR. It contributes 24% of the total revenue for PVR. The sale of the F&B has a higher margin in a range of 55%-60% making it a highly profitable area of revenue generation. PVR has started with a combo meal deal for patrons giving them assorted products at a discount that having to buy the individual product, they have also started newly have the orders being taken from the seating place giving the patrons convenience and comfort.



Advertisement revenues: Movie theatres are a good point for advertising many products as the audience will have to watch what's on screen. With having large screen presence it would be easier for marketing and advertising companies to approach a single entity for the advertisements which could be played in multiple screens enabling them to reduce their negotiations and reach a larger audience. As mentioned movie goers once in the screen watch what is put on the screen this gives advertisers an opportunity to showcase products to audiences based on movie types. PVR is able to capitalize this as there is barely any cost to them for projecting these images or videos and most of the revenue flows into the bottomline.



Rental space within its confines: Another key point of attraction in the multiplexes for food court chains are the spaces that are readily available helping PVR to tap another source of revenue without incurring any cost. This has made it more feasible for the food chains to associate with a big brand like PVR there by getting recognition in the minds of the patrons which could then bring repeat business. Food chains operating within multiplexes eliminate the high real rental cost which would be incurred given a larger set up to be done in malls and also captures a market in a confined space. We believe that going ahead we could see a gradual move in the revenues from rental spaces as larger number of brands would want to be under the umbrella of PVR. Although this would lead to some risk of cannibalization of some business it opens up an avenue of revenue which is more stable.

Being a market leader has good bargaining power: Having a large size gives some amount of bargaining power to PVR with movie distributors, advertisers and its suppliers. With growth in number of screens the bargaining power would increase which will enable them to increase their overall operating margins and in turn profits. The benefits of bargaining power are explained below.

Optimizing Film hire charges: Film hire charges forms a large part of the total cost which is fixed in nature. These are charges that PVR has to pay to the distributors for the exhibition of the films. While the distribution cost is paid as a percentage of the net box office revenues which sees variability during every week of the film exhibition. In the 1st week 50% of movie revenues are shared followed by 42.5% and 37.5% in the subsequent 2nd and 3rd week. We believe that with the consolidation in the film exhibition business PVR would have an added advantage there by negotiating better agreed ratios with the film distributors enabling them to retain a larger portion of the ticket prices which in turn will be a big boost to margins and profitability.

Purchase of larger quantities of products at single location to bring cost optimization:
Food and beverage is an important constituent and the second largest contributor in revenues terms capturing a higher margin which is entwined with ticket sales. PVR having the largest screen presence in India would be able to acquire the food and beverage materials at an optimized cost as they would be able to approach the manufacturers directly rather than going through distributors. This helps the both the manufacturer and PVR to eliminate the middlemen cost between making this an optimal solution to both parties.

Rising occupancy to help margins expand:
PVR has a wide reach in terms of the number of screens spread across locations, the multiple screens have different seating capacity which enables the exhibitor to choose to screen movies in a smaller or larger theater based on the existing movie ticket demand. This enables PVR to try and have maximum utilizations of the seats which lead to better occupancy resulting in better revenues as compared to single screens. The number of shows screened by PVR depends purely on the movie along with the demand for the tickets which will then decide how many shows will be played.

Since PVR is in an expansion phase the occupancy levels are still relatively low. It usually takes time for a customer to shift from his preferences from his existing movie cinemas to a new location. However over time as the preferences change the shift continues. This will allow PVR to increase their occupancy at screens. Although the occupancy is very skewed as most movie goers prefer weekends and evening the overall occupancy rising will bode well for margins. With a large part of the costs being fixed in nature (rental, electricity, employee) any increase in ticket sales drives profits. At present PVR has been seeing occupancy of around 30% which we believe would rise over time towards 35% and eventually higher to levels shown in table below.

Days	Monday	Tuesday	Wednesday	Thrursday	Friday	Saturday	Sunday
Morning- afternoon	3	4	5	5	50	70	70
Evening - night	10	10	12	40	80	90	90
daily average	6.5	7.0	8.5	22.5	65.0	80.0	80.0
Total Weekly occupancy	**38.5**						

As can be seen the occupation of theatres is extremely low during the weekdays, this as most people have work or college during the day. However to increase occupancy during these days PVR has started running promotion schemes which would be a buy 1 get 1 free ticket or a cash back offer having designated credit card of a the particular bank. This also leads to brand recognition of other brands integrated with PVR opening new doors for business for them. All in all the demand for these promotional products have been a big hit leading to higher demand from the patrons, thereby making entertainment a pleasurable experience resulting in repeat business which would boost the overall movie revenues.

Distribution business through subsidiary
The film business is 3 pronged approach i.e. production, distribution and exhibition. Once a film is produced by a film producer, he either approaches a film distributor to distribute his film to the exhibitors or directly approaches the film exhibitors. Therefore, distribution and exhibition are the end points of the value chain in the film business and are therefore occupy a place of importance. The distributor acquires theatrical distribution rights from the producer and recovers its costs from the revenues arising from the exhibition of the film. In order to avoid any discrepancies in the revenues being shared the tripartite enter in to a master service agreement. The 1st week exhibition revenue sharing would be as hig as 50% to be paid to the distributor who then would have a sharing ratio with the

producer, the 2nd week would comprise of the net collections around 42.5% and the 3rd week around 37.5%.

PVR operates a small distribution business under the brand name of PVR pictures which acquires and distributes Indian and international films, it is currently a leading Hollywood films distributor in India. The revenue model for the distribution business works in two ways i.e. Producer-Distributor model and the Distributor-Exhibitor model. As a result, PVR has adopted a portfolio of films to de-risk from the failure of any film that could hamper the revenues and profitability.

Producer-Distributor model

(I) Commission Model: In this scenario PVR pays an advance to the producer acquiring the rights of the film and there by shares the remaining revenues obtained from the exhibitor netting off the advance amount paid to the producer. PVR uses this model for acquiring all the Hindi content.

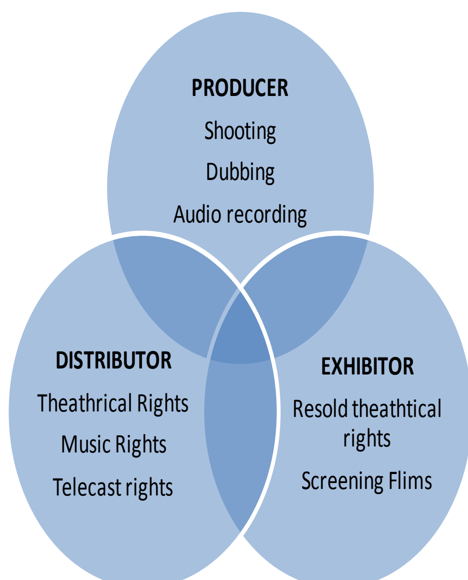
(II)Minimum guarantee + Royalty : PVR pays a minimum guarantee to the producer for the distribution of the films in particular zones for a limited period and has the revenue shared with the producer over and above the cost of publicity and printing cost with a defined sharing ratio, it has undertaken only English content under this model.

Distributor-Exhibitor model

The exhibition model runs under the name of PVR cinemas and has a 2 way approach to the revenue generation which are
(I)Revenue share model: As the name suggest the revenues from the ticket sales net of the entertainment tax is collected and shared with the distributor as per a defined ratio where the risk of the movie performance is borne by the distributor

Asset light Mode of Business:
PVR does not own any property in which the multiplexes operate, but have contractual agreements signed with the mall developers before commencing operations, the tenure of these rental agreements would be in the range of 15-25 years and accordingly renewed. This makes the business asset light as it would be difficult to acquire each and every property in prime locations of Tier I,II and III cities given pricing. This enables them to get new screens set up at lower capital expenditures of ₹20-25mn per screen. This gives the company the leeway to expand its screen presence across location at a quicker pace without having to constantly look to raise capital. It also helps them keep debt levels in check would be a dangerous path.

Strong cash generation:
Since PVR is in still on the growth phase with large additions of screens expected over the next few years. This would mean they would have good amount of capital investment even though they follow an asset light model. These investments being made lead to high depreciation for it the depreciation on a yearly basis is quite large compared to the profits which imply really strong cash generation. During FY14 the total depreciation was ₹950mn which was higher than the profit at ₹560mn. In all the cash generation was ₹1.5bn which will help with all the expansion plans. In all the cash generations are expected to remain strong further the company has a negative working capital cycle as they receive funds upfront on ticket sales which the payments are made to suppliers and movie distributors over a period of time. This negative working capital bodes well for them and will support them for all future expansions.



Depreciation to dampen EBIT margins in the current financial year: According to the new company law the deprecitation has to be made on the usefull life of the asset. Given the new law the derprecation rates are expected to be higher and we have also seen a one off expense for past years during the past quarter. In view of this depreciation will be higher which will affect the profitability of the company. Although we have a high depreciation we have to remember this is a non cash expense and hence this will not affect cash generations which will continue to grow even though profits will decline during the current financial year.

Tax rates to be lower for the coming years:
PVR being a multiplex is currently into the exhibition of screening movies, while in the past it was also running a production house which eventually wasn't a profitable unit. The overall accumulated losses on the production business entitles PVR for adjusting this loss with the taxable income it pays. PVR has also set up its multiplexes in location where it receives tax benefits from various governments. The management has guided for lower taxable incomes at 7% in the current financial year and will also enjoy lower tax at 10% levels in FY16E. However going forward they will see higher taxability as these losses will be offset and also the tax benefits will start lapsing. Although this will be a some time away this would affect the profitability in years going forward.

Debt at comfortable levels: PVR at the time of its acquisitions raised debt which increased the D/E levels to 1.3x which on the higher side. However given the growth in profitability and strong cash generations we don't see this as a risk. Further we don't see too much more debt being raised as most of the expansions planned can be done through its internal accruals. However given the current valuations we could see some equity dilution to shore up some reserves in case they get a few good assets to acquire in the space. Although the management has not mentioned any plans of equity dilution the probability remains high.

Valuation

At present PVR Ltd is trading at a P/E multiple of 61.8x & 31.1x, a P/BV of 6.6x & 5.7x and an EV/EBITDA of 13.3x & 11x for FY15E & FY16E respectively. Although these look rich on its cash earnings the valuations don't look as expensive at 16.4x and 12.9x its FY15E and FY16E respectively. As mentioned the depreciation is significantly higher than its net profits which is a non cash item. Given the strong cash earning we believe it is better to value PVR on a EV/EBIDTA given it would give a clearer picture to its real valuations. We believe a 12x EV/EBIDTA would be justifiable for its FY16E.

The reason we believe these valuations are justifiable are that it is the market leader in the multiplex industry with the largest screen presence. Further in many of the metros and tier 1 and 2 cities it has already captured the market with having good locations. Given constrain of space in many of these cities it would be difficult for competition to come an set up multiplexes creating a barrier to entry. Further the growth for PVR continues to remain strong with good screen additions over the next couple years. Due to these new screens the occupancy levels are still low. We believe there is a shift happening of viewers preferring multiplexes over single screens and this shift would help shore up occupancy. Any increase in occupancy would lead to a good change in the operating margins as the bulk of the costs are fixed in nature and any additional tickets sold minus the distributor share would flow straight to the EBIDTA. This increase in margins will lead to a good growth in profitability over the years. We havr put in a small table which show how even with extremely low occupancy during the week the overall occupancy could move as high as 38% from the current 31% which be a extremely big change to earnings.

Taking these factors and using an EV/EBIDTA of 12x we arrive at a target price of ₹764 which implies an upside of 9% from the current levels over the next 12 months. Given the upside is limited from the current price we chose to give an ACCUMULATE recommendation. We believe if the stock moves down towards the ₹650 levels it is an extremely attractive buy from a longer term point and we believe we will see much higher prices going forward.

Risks

Business is dependent on the popularity of the films :
PVR's box office collection heavily depends on the popularity of the film content, today the film industry has not yet met the marks of producing blockbusters although we do see a few of them but there is no consistency to that. The attraction to the patrons will be the film content and critics, failure of which would result in less occupancy and there by affect the business on the whole.

Refusal grants of entertainment tax
Entertainment tax may vary from one state to another where PVR cinemas are operational any withdrawal or refusal by the government with regards to the entertainment tax would materially have an adverse effect on the film revenues, as film taxes would be inclusive of the ticket prices which means if the taxes grants are withdrawn the prices of the tickets would be much higher which eventually the cost will be passed on to the patrons resulting in lower occupancy due to the price hike and there by stunting growth for the company.

Hire charges variability :
PVR's business heavily relies on the distributors to obtain the films to be exhibited, the share of the distributors could vary as it is comprises of the percentage of the ticket sold to the patrons which would vary on a film to film basis and this share is non-exclusive, while the increasing competition among distributors could put the pressure on PVR increasing the cost for acquiring the films it then boils down to the box office collections to recover such cost failing could affect revenues and profitability.

Risk of implementation of new cinemas:
PVR has formulated to set up addition of screens which could face the risk of the delays in completion of project accounted by delays in government approval or construction delays etc also the newer cinemas set up may take a considerable amount of time in to attain occupancy from its patrons affecting the growth of the business operations.

Seasonality of business :
PVR has witnessed seasonality in business operations during the summer vacations where the revenues from the big budget films have topped box office revenues while during the Big ticket events like IPL and other soaps for example like Big Boss could eventually put a brake in terms of the number of the patron viewership.

Slowdown in economic growth of India:
Any slowdown in the economy could adversely affect the business of PVR as the disposable income by the consumers would also take a hit which would result in curbing the spending patterns leading to a lower occupancy hampering the revenues and the overall profitability.

Financials

Profit & Loss

In ₹ million	FY13	FY14	FY15E	FY16E
Net sales	8,053	13,475	15,675	18,628
YoY (%)	*55.5*	*67.3*	*16.3*	*18.8*
Total expenses	6,884	11,358	13,184	15,617
EBIDTA	1,169	2,117	2,491	3,012
YoY (%)	*53.6*	*81.1*	*17.7*	*20.9*
EBIDTA (%) of total sales	14.5	15.7	15.9	16.2
Other income	91	113	42	28
PBIDT	1,260	2,230	2,533	3,040
Depre/ Amor	560	944	1,284	1,302
PBIT	699	1,286	1,249	1,738
Interest	368	795	748	708
PBT	332	491	501	1,030
(-) Tax	(124)	19	35	103
Tax/ PBT	(37.3)	3.9	7.0	10.0
Share of loss of associate:	0	0	0	0
PAT	456	472	466	927
Minority interest	2	57	0	0
Net Profit	445	560	466	927
YoY (%)	75.0	25.9	(16.9)	98.9

Balance Sheet

In ₹ million	FY13	FY14	FY15E	FY16E
Equity capital	396	411	411	411
Reserves	6,031	3,582	3,939	4,649
Net worth	6,427	3,993	4,350	5,060
Total borrowings	6,566	5,111	5,211	4,911
Non current Liabilities	135	97	110	125
Current Liabilities	1,879	3,557	3,974	4,683
Minority interest	854	771	771	771
Deffered tax Net	(10)	4	4	4
Total liabilities	**15,852**	**13,533**	**14,420**	**15,554**
Net block	5,888	8,166	8,788	9,486
CWIP	1,453	806	800	800
Investments	16	12	12	12
Current assets	**1,281**	**1,114**	**1,327**	**1,459**
cash	368	273	62	37
Non current assets	6,845	3,161	3,430	3,759
Total assets	**15,852**	**13,533**	**14,420**	**15,554**

Cash Flow

In ₹ million	FY13	FY14	FY15E	FY16E
Net profit	445	560	466	927
Depn and w/o	560	944	1,284	1,302
Deferred tax	0	14	0	0
Change in wrkg cap		1,704	204	577
Other income	91	(113)	(42)	(28)
Non-current Assets		3,684	(269)	(329)
Non-current Liabilties		(121)	13	15
Operating cash flow	**915**	**6,672**	**1,656**	**2,463**
Other income	91	113	42	28
Capex	(690)	(2,476)	(1,900)	(2,000)
Investments	(374)	145	0	0
Investing cash flow	**(973)**	**(2,218)**	**(1,858)**	**(1,972)**
Dividend	0	(121)	(109)	(217)
Equity	15	15	15	0
Debt	415	4,830	(1,455)	100
Financing cash flow	**430**	**4,725**	**(1,549)**	**(117)**
Others		(2,893)	0	0
Net change in cash	**371**	**6,286**	**(1,751)**	**375**

Key Ratios

	FY13	FY14	FY15E	FY16E
EPS (₹)	11.2	13.6	11.3	22.5
CEPS (₹)	25.4	36.6	42.6	54.2
Book value (₹)	162.2	97.1	105.8	123.1
DPS (₹)	1.0	2.5	2.3	4.5
Dividend Payout ratio		18.3		
Debt-equity (x)	16.6	12.4	12.7	11.9
ROCE	5.4%	14.1%	13.1%	17.4%
ROE	6.8%	11.0%	8.9%	18.9%
Valuations				
PE (x)	62.3	51.3	61.8	31.1
Cash PE (x)	27.6	19.1	16.4	12.9
Price/book value (x)	4.3	7.2	6.6	5.7
Dividend yield	14.3%	35.7%	32.4%	64.4%
Market cap/sales	3.4	2.1	1.8	1.5
EV/sales (x)	4.2	2.5	2.1	1.8
EV/EBDITA (x)	4.2	2.5	2.1	1.8

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