

The Week Gone By

Weekly Newsletter



Parag's View

This is a very interesting article, I came across.

'Returns dip as motion rises'

Warren Buffett hasn't got around to writing a book detailing his investment philosophy till date. But, he does outline his investment philosophy in the letters he writes to the shareholders of his company, Berkshire Hathaway, every year. The nuggets of wisdom these letters offer are for investors at large to understand and remember.

In one such letter, for 2005, he wrote, "Long ago, Sir Isaac Newton gave us three laws of motion, which were the work of a genius. But Sir Isaac's talents didn't extend to investing: He lost a bundle in the South Sea Bubble, explaining later, "I can calculate the movement of the stars, but not the madness of men." If he had not been traumatised by this loss, Sir Isaac might well have gone on to discover the Fourth Law of Motion: For investors as a whole, returns decrease as motion increases."

This is a basic law investors forget as markets keep going up. During a bull run, investors tend to look at the returns in the recent past and assume that future returns will be identical. They mistake probability for certainty and pump in more money into the stock market. And when the market falls, there is great pain.

In the letter for 2000, Buffett wrote, "The line separating investment and speculation, which is never bright and clear, becomes blurred still further when most market participants have recently enjoyed triumphs. Nothing sedates rationality like large doses of effortless money.

After a heady experience of that kind, normally sensible people drift into behaviour akin to that of Cinderella at the ball. They know that overstaying the festivities... will eventually bring on pumpkins and mice.

But they nevertheless hate to miss a single minute of what is one helluva party... During a bull run, stock markets offer astonishing returns in a short period of time as compared to other investments. This helps in attracting more money into the stock market and so the markets keep going up.

But is this really good for potential investors?

Well, Buffett had already answered this in his 1997 letter. "A short quiz: If you plan to eat hamburgers throughout your life and are not a cattle producer, should you wish for higher or lower prices for beef? Likewise, if you are going to buy a car from time to time but are not an auto manufacturer, should you prefer higher or lower car prices? These questions, of course, answer themselves. But now for the final exam:

If you expect to be a net saver during the next five years, should you hope for a higher or lower stock market during that period? Many investors get this one wrong. Even though they are going to be net buyers of stocks for many years to come, they are elated when stock prices rise and depressed when they fall... Only those who will be sellers of equities in the near future should be happy at seeing stocks rise. Prospective purchasers should much prefer sinking prices."

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Q4 Performance Review

Research Associate : Hiren Samani

Garware Offshore Services Ltd. (GOSL) reported a drop of 30% in Reported PAT from Rs. 82.8 Mn. for the quarter ended December 2007 to Rs. 57.7 Mn. for the quarter ended March 2008. This was largely due to Forex Loss of Rs. 0.3 Mn. vis-a-vis a gain of Rs. 23.8 Mn. in the immediately preceding quarter. The company also saw a minor drop in Operating Revenues from Rs. 242.3 Mn. to Rs. 234 Mn. on a Q-Q basis. The otherwise static quarter ended with a 3.2% drop in Q-Q PAT on account of the forex element.

On a Y-o-Y basis, the company reported an increase of 21% in Revenues & 30.8% in Gross Profits. However, this increase has not been seen at PAT levels (up 8.4%) due to increase in Total Expenditure, Depreciation & Interest.

The company had earlier declared that it has changed its financial year ending from December to March, thereby having a 15 months year this time around.

Company Profile

Garware Offshore Services Ltd. which was formerly known as Garware Shipping Corporation Ltd., was incorporated in the year 1976. It operates vessels that support the offshore oil and gas drilling activities, largely in India, though the company is now looking to increase its global footprints. The company was promoted by late Shri B. D. Garware, founder of the Garware group of companies. As of today, GOSL owns and operates a fleet of six vessels that it charters on hire basis to well-known clients like ONGC, RIL, British Gas, Transocean, Sedco Forex & Cairn Energy.

In July 2007, GOSL incorporated a 100% subsidiary in Singapore, 'Garware Offshore International Services Pte Ltd'. The subsidiary's main area of business includes 'in and out' chartering of ships to E&P Companies as well as to provide all marine, offshore & logistics services internationally.

Current Fleet Status

Vessel Name	Vessel Type	Built in (Year)	Charterers
Garware I, III & IV	AHTSV	1983/84	2 with ONGC on term charter & 1 in the Spot Market.
MV Everest	PSV	2000	British Gas
MV Kailash	PSV	2006	Transocean
MV Kamet	PSV	2007	ONGC

The company has sold one of its AHTSV - Garware II on 1st of April 2008 at an approximate value of Rs. 120 Mn.

Marching ahead with expanding fleet

Witnessing an extended boom in the offshore market, the company is on a rapid expansion spree. GOSL is expected to take delivery of as much as five offshore support vessels during this financial year. This would comprise of 3 AHTSVs & 2 PSVs. The total cost of these vessels taken together would be to the tune of US\$ 100 Mn., which would be financed by a combination of debt & equity/internal accruals.

GOSL has also entered into an agreement through its Singapore subsidiary, with a bank based in Singapore, to acquire a construction barge on a bare-boat charter basis. This barge is required for the maintenance of oil & gas exploration platforms, with an estimated earning potential of US\$ 25,000-30,000 per day. The vessel will be chartered to GOSL for a period of 10 years, with an option to but the vessel anytime after the second year. The company is working out a similar contract to acquire one more AHTSV on similar terms. Both these vessels are expected to join the fleet by FY10.

We believe that such rapid expansion of fleet in a span of two years should help GOSL to get to its target of achieving 15% share of India's offshore market by 2010 & expand its market to the North Sea & UAE / South East Asian regions.

Other revenue streams

- MOU to sell ship & ship designs: GOSL has entered into an agreement with Havyard Leirvik AS, a Norwegian company for exclusive representation for the marketing & sale of ships & ship designs produced by the shipyard. GOSL would earn commission from this to the tune ~3% of the price of the ship & ~5% of the price of the ship design, adding directly to its bottomline. It has already sold 4 ships designs to ABG Shipyard & 4 more to Bharati Shipyard.
- KPO Design Centre: GOSL is also planning to set up first of its kind, Knowledge Process Outsourcing (KPO) for "workshop design centre" in India in collaboration with Havyard Leirvik AS, to design all types of marine assets. In view of the pool of software design talent available in the country at comparatively lower staff costs and the experience and knowledge that GOSL has in offshore and shipping industry, it expects an impressive growth in this segment.

Future looks promising . . .

Strong E&P sector : Strong economic growth witnessed by India recently, is followed by a strong growth in demand for energy - primarily crude oil & natural gas. The increased activity in the offshore & gas exploration sector, especially in deep waters, coupled with the spiraling charter rates, has made PSV charter business more attractive in recent times. With the New Exploration & Licensing Policies (NELP), the Government is also making an effort to attract private & foreign players into the Indian E&P market. GOSL, with vast experience in offshore support services, is set to emerge as an important player in the coming future.

Demand far exceeding supply: With E&P activities growing by the day, the demand for support vessels like Drill Ships, Rigs, AHTSVs & PSVs is very high. On the other hand, the supply for these support vessels is largely hit by the production capacities at the shipyards globally, which prefer building high margin vessels than low margin ones. Also vessels like PSVs take a longer gestation period. With majority of the ancillary vessels in the world aging quickly, the new builds would be utilised to replace them & the demand would still exceed supply.

Better Rate Realizations: Increasing crude prices leading to increase in E&P activities & consequential increase in demand for support vessels would enable GOSL to have better price realisations across vessels.

Concerns

Existing Fleet getting old: GOSL' existing fleet of 3 AHTSVs is more than 24 years old. However, the company has been able to charter these vessels at substantially higher day rates as compared to past. But it will have to replace these with newer ones.

Decline in E&P activities: A sharp decline in the E&P activities within India & across the globe, not expected in the near future, would hamper the company's growth plans & corresponding profitability.

Foreign Exchange Fluctuations: Forex risk is inherent to this business.

With the current robust E&P market & the timely fleet expansion plans of the company, GOSL is set to register healthy growth in the near future. Also other revenues streams will add directly to the bottomline without much capital investment on the part of the company.

We are carrying out an in-depth study of the offshore segment & would be coming out with a full-fledged report in due course.

Garware Offshore Services Ltd. - Quarterly Financials

Earnings Statement								
YE March (Rs. Mn.)	Mar 08	Dec 07	Q-Q(%)	Mar 07	Y-Y(%)	12MFY08	12MFY07	Y-Y(%)
Net Revenues	234.0	242.3	-3.4%	193.4	21.0%	918.9	598.6	53.5%
Raw Material	(17.6)	(11.0)	61.0%	1.0	-1842.2%	(68.8)	(28.3)	143.3%
Gross Profit	251.6	253.2	-0.6%	192.3	30.8%	987.7	626.8	57.6%
Staff Costs	50.0	49.1	1.8%	32.6	53.5%	183.6	115.9	58.4%
Other Expenses	59.1	53.4	10.5%	44.8	31.8%	246.9	164.9	49.8%
Total Expenditure	109.0	102.5	6.4%	77.4	41.0%	430.5	280.8	53.3%
Operating Profit	142.6	150.7	-5.4%	115.0	24.0%	557.2	346.1	61.0%
OPM (%)	60.94%	62.20%	(126.4)	59.47%	146.6	60.64%	57.82%	281.9
Other Income	2.4	1.3	75.4%	2.3	3.1%	7.7	15.6	-50.9%
EBITDA	145.0	152.0	-4.7%	117.3	23.6%	564.9	361.7	56.2%
Depreciation	42.8	42.1	1.7%	28.5	50.2%	151.7	91.7	65.4%
EBIT	102.2	109.9	-7.1%	88.8	15.1%	413.2	270.0	53.0%
Interest	43.3	48.4	-10.6%	34.1	27.0%	177.1	89.1	98.8%
PBT	58.9	61.5	-4.3%	54.7	7.6%	236.1	180.9	30.5%
Tax	0.9	1.5	-44.8%	1.2	-28.6%	5.1	4.7	7.8%
Current Tax	0.7	0.6	9.4%	0.8	-8.6%	2.8	2.1	34.9%
Fringe Benefit Tax	0.2	0.9	-83.3%	0.4	-64.7%	2.3	2.6	-13.6%
Deferred Tax	0.0	0.0		0.0		0.0	0.0	
PAT	58.0	60.0	-3.2%	53.5	8.4%	231.0	176.2	31.1%
Extraordinary Items	(0.3)	22.8	-101.4%	0.0		194.4	(4.4)	-4518.0%
Profit on Sale of Assets	0.0	0.0		0.0		0.0	0.0	
Forex Gain / (Loss)	(0.3)	23.8	-101.4%	0.0		195.4	0.0	
Excess/(Short) Provision for earlier years		(1.0)	-100.0%	0.0		(1.0)	(4.4)	-77.3%
Reported PAT	57.7	82.8	-30.3%	53.5	7.8%	425.4	171.8	147.6%
Equity Capital	238.2	238.2		189.6		238.2	189.6	
EPS	2.42	3.48	-30.3%	2.82	-14.2%	17.86	9.06	97.1%
Ratio Analysis								
Profitability								
YE March (Rs. Mn.)	Mar 08	Dec 07	Q-Q(bps)	Mar 07	Y-Y(bps)	12MFY08	12MFY07	Y-Y(bps)
OPM (%)	60.94%	62.20%	(126.4)	59.47%	146.6	60.64%	57.82%	281.9
EBITDA (%)	61.94%	62.76%	(81.3)	60.65%	129.1	61.47%	60.42%	104.8
EBIT (%)	43.65%	45.38%	(172.6)	45.91%	(225.9)	44.96%	45.10%	(14.0)
PAT (%)	24.65%	34.17%	(951.8)	27.67%	(301.6)	46.30%	28.70%	1,759.4
Operational Parameters								
YE March (Rs. Mn.)	Mar 08	Dec 07	Q-Q(bps)	Mar 07	Y-Y(bps)	12MFY08	12MFY07	Y-Y(bps)
Raw Material	-7.53%	-4.52%	(301.4)	0.52%	(805.8)	-7.49%	-4.73%	(276.5)
Staff Cost	21.36%	20.27%	109.5	16.84%	452.1	19.98%	19.36%	61.9
Other Expenditure	25.23%	22.05%	318.4	23.16%	207.0	26.87%	27.55%	(67.4)
Effective Tax Rate	1.44%	2.50%	(106.0)	2.18%	(73.4)	2.14%	2.59%	(45.2)

Garware Offshore Services Ltd. - Financials

Earnings Statement					Balance Sheet				
Particulars (Rs Mn)	CY04	CY05	CY06	FY08E (15mths)	Particulars (Rs Mn)	CY04	CY05	CY06	FY08E (15mths)
Total Revenues	318.9	308.6	523.8	1,112.3	Equity Capital	118.7	144.2	188.3	238.2
- Growth (%)	8.2%	-3.2%	69.7%	112.4%	Share Warrants	0.0	13.7	32.7	0.0
Total Expenditure	180.2	172.0	229.2	440.0	Reserves	455.1	587.9	918.5	1,347.2
Operating Profit	138.6	136.6	294.6	672.2	Shareholders Funds	573.8	745.8	1,139.5	1,585.4
Other Income	1.0	3.1	10.7	9.9	Borrowed Funds	33.3	810.8	1,847.2	2,597.2
EBITDA	139.7	139.7	305.2	682.2	Deferred Tax Liability	0.0	0.0	0.0	0.0
Depreciation	30.2	35.7	76.2	180.2	Total Liabilities	607.1	1,556.7	2,986.7	4,182.7
EBIT	109.5	104.0	229.0	502.0	Fixed Assets	355.2	1,283.6	2,666.5	3,535.7
Interest	4.5	5.4	67.6	211.2	Investments	4.4	4.6	5.6	5.6
PBT	105.0	98.6	161.4	290.8	Current Assets				
Tax	(18.6)	8.2	8.5	6.2	Inventory	23.9	31.1	60.1	121.9
PAT Before EI	123.6	90.4	152.8	284.5	Sundry Debtors	144.1	146.0	112.1	228.5
- Growth (%)	138.5%	-26.9%	69.1%	86.2%	Loans & Advances	128.9	130.0	124.8	360.0
Extra-ordinary Items	0.0	15.4	3.0	194.4	Cash & Bank Balance	19.0	29.2	108.6	101.1
PAT	123.6	105.8	155.8	478.9	Current Liabilities				
					Sundry Creditors	36.8	34.0	52.4	121.9
					Provisions	31.6	33.9	38.7	48.3
					Net Current Assets	247.5	268.4	314.5	641.3
					Total Assets	607.1	1,556.7	2,986.7	4,182.7
Ratio Analysis					Cash Flow				
Particulars (Rs Mn)	CY04	CY05	CY06	FY08E (15mths)	Particulars (Rs Mn)	CY04	CY05	CY06	FY08E (15mths)
OPM (%)	43.5%	44.3%	56.2%	60.4%	Opening Cash & Bank	13.4	19.0	29.2	108.6
EBITDA (%)	43.8%	45.3%	58.3%	61.3%	Profit After Tax	123.6	105.8	155.8	478.9
PBIT (%)	34.3%	33.7%	43.7%	45.1%	Investment Income	(1.0)	(3.1)	(10.7)	(9.9)
PAT (%)	38.8%	34.3%	29.8%	43.1%	Interest Paid	4.5	5.4	67.6	211.2
Interest Cover (x)	24.4	19.4	3.4	2.4	Miscellaneous Exp W/Off	0.0	0.0	0.0	0.0
EPS (Rs.)	10.4	7.3	8.3	20.1	Depreciation	30.2	35.7	76.2	180.2
P/E (x)	19.5	27.7	24.5	10.1	Deferred Taxation	(22.0)	0.0	0.0	0.0
P/BV (x)	4.2	3.9	3.4	3.0	Others	(7.6)	(94.8)	(3.9)	0.0
BVPS (Rs.)	48.3	51.7	60.5	66.6	Change in Working Cap	(18.5)	(10.7)	33.2	(334.3)
Market Cap (Rs. Mn.)	2,409.6	2,927.6	3,822.0	4,835.3	CF - Operating Activities	109.2	38.3	318.4	526.1
M Cap/Sales (x)	7.6	9.5	7.3	4.3	Change in Fixed Assets	(88.2)	(869.3)	(1,455.3)	(1,049.3)
EV (Rs. Mn.)	2,423.9	3,709.2	5,560.7	7,331.4	Change in Investments	0.0	(0.3)	(1.0)	0.0
EV/EBITDA (x)	17.4	26.5	18.2	10.7	Investment Income	1.0	3.1	10.7	9.9
EV/Sales (x)	7.6	12.0	10.6	6.6	CF - Investing Activities	(87.2)	(866.5)	(1,445.7)	(1,039.4)
ROCE (%)	18.0%	6.7%	7.7%	12.0%	Increase in Equity	(0.0)	72.3	257.8	49.9
RONW (%)	21.5%	12.1%	13.4%	17.9%	Changes in Share Warrants	0.0	13.7	19.1	(32.7)
Debt/Equity Ratio (x)	0.1	1.1	1.6	1.6	Changes in Borrowings	4.1	777.5	1,036.4	750.0
Inventory T/o Days	27.3	36.8	41.9	40.0	Interest Paid	(4.5)	(5.4)	(67.6)	(211.2)
Debtors T/o Days	165.0	172.7	78.1	75.0	Dividend Paid	(16.1)	(19.8)	(39.1)	(50.2)
Advances T/o Days	147.5	153.7	87.0	118.1	CF - Financing Activities	(16.5)	838.4	1,206.6	505.9
Creditors T/o Days	42.1	40.2	36.5	40.0	Net Change in Cash	5.6	10.2	79.3	(7.5)
Working Cap T/o Days	283.3	317.5	219.2	210.5	Closing Cash & Bank Balance	19.0	29.2	108.6	101.1
Fixed Assets T/o (Gross)	0.4	0.2	0.2	0.3					
DPS (Rs.)	1.2	1.2	1.8	1.8					
Dividend Payout (%)	11.5%	16.4%	21.8%	9.0%					
Dividend Yield (%)	0.6%	0.6%	0.9%	0.9%					

PVR Limited

Research Associate : Jugal Shah

PVR Ltd, one of the largest cinema multiplex chains in India recently announced its results for quarter ending March 08 and consolidated numbers for FY08. As of May 2008, the company operates 24 properties having 97 screens with a seating capacity of 24830 seats across the country. On the production front, PVR Pictures Ltd the wholly owned subsidiary of the company co-produced its first movie "Taare Zameen Pe" in association with Aamir Khan Production Pvt Ltd which was a huge success.

Financial Highlights

- The revenues for the quarter were Rs.543 mn which grew by 33% viz-a-viz Q4FY07.
- EBITDA for the quarter was Rs.95.9 mn against Rs.84.2 mn for the same period last year, a growth of 14% y-o-y.
- On consolidated levels, the revenues for FY08 rose to Rs 2659 mn from Rs 1667mn in the previous fiscal, an increase of 59% where as PAT stood at Rs.216mn against Rs.101.9mn last year, increase by 112%.
- PVR has managed to increase its PAT margins in spite of adding new properties under its belt. The PAT margins for the year rose to 8% against 6% in the last fiscal. Similarly, the operating & EBITDA margins also witnesses marginal growth y-o-y basis.
- The number of patrons visiting the screens rose to 18 million during this year, against 14.73 million last year. This can be attributed to the growing number of properties & screens.

The Quarter Gone

The company feels the major factor behind this strong growth has been higher operational efficiency across its network with significant rise in ATP and F&B spends. The company witnesses a slow down in occupancy in the past quarter which got compensated with higher ATP. On overall basis, the entire exhibition industry faced a slow down in the past 3 months on account of the 45 days IPL tournament and no major releases. The screens were bombed with B-grade films which didn't attract patrons.

Highlights of the year

PVR Pictures Ltd, a wholly owned subsidiary of PVR Ltd has recently raised Rs 1.2bn in private equity investment from JP Morgan & ICICI venture, each investing Rs.600 mn, resulting in a dilution of 40%. The company plans to use these funds to explore & develop opportunities in production & distribution space.

The company discontinued the franchise agreement where it provided management services to PVR SRS & PVR spice. With this, the number of screens under operation have come down by 11.

The company signed a JV with Thailand based Major Cineplex group to set up bowling alleys, karaoke centers, ice skating rinks and gaming zones in and around the Company's multiplexes. The company is setting up its first project, a 24-lane Bowling Alley Center at Ambience Mall in Gurgaon.

Recently, PVR announced the opening of its prestigious multiplexes in Mumbai comprising 6 Screens with 1783 seats, situated at Oberoi Mall, Goregaon.

Future Plans

The company plans to add 35 screens having approximately 7500 seats in FY09.

In distribution space, the company has acquired rights for movies such as "Sarkaar Raj"; "Mere Baap Pehle Aap" and has lined up several projects for production including "Jaane Tu Ya Jaane Na", a co-production with Aamir Khan Productions Pvt Ltd releasing on 4th July, "Contract", a co-production with Ram Gopal Verma releasing on 18th July and "Mere Khwabon Mein Jo Aaye" releasing towards the end of the year.

Our Take

PVR has been showing impressive growth across all its verticals and emerging as an integrated player in the movie space. With strong movies lined up for release in PVR Pictures Ltd and rapid expansion in its exhibition business, PVR would emerge as a winner. At CMP of 186, PVR is trading at 18 times its TTM & can be an attractive investment.

PVR Ltd. - Quarterly Financials (Standalone)

Earnings Statement					
YE March (Rs. Mn.)	Q408	Q308	Q-Q(%)	Q407	Y-Y(%)
Net Revenues	543.0	648.1	-16.22%	395.4	37.33%
Total Expenditure	472.3	518.4	-8.89%	342.2	38.02%
Operating Profit	70.7	129.7	-45.49%	53.2	32.89%
OPM (%)	13.02%	20.01%	-34.94%	13.45%	-3.23%
Other Income	25.2	25.7	-1.95%	20.4	23.53%
EBITDA	95.9	155.4	-38.29%	73.6	30.30%
Depreciation	37.2	41.9	-11.22%	35.0	6.29%
EBIT	58.7	113.5	-48.28%	38.6	52.07%
Interest	17.7	21.3	-16.90%	14.4	22.92%
PBT	41.0	92.2	-55.53%	24.2	69.42%
Tax	14.0	31.1	-54.98%	7.5	86.67%
PAT	27.0	61.1	-55.81%	16.7	61.68%
Equity Capital	230.1	230.1		228.8	
EPS	1.2	2.7	-55.81%	0.73	60.76%
Ratio Analysis					
Profitability					
YE March (Rs. Mn.)	Q408	Q308	Q-Q(bps)	Q407	Y-Y(bps)
OPM (%)	13.02%	20.01%	(699.2)	13.45%	(43.4)
EBITDA (%)	17.66%	23.98%	(631.7)	18.61%	(95.3)
EBIT (%)	10.81%	17.51%	(670.2)	9.76%	104.8
PAT (%)	4.97%	9.43%	(445.5)	4.22%	74.9
Operational Parameters					
YE March (Rs. Mn.)	Q408	Q308	Q-Q(bps)	Q407	Y-Y(bps)
Other Expenditure	28.34%	24.19%	414.9	18.36%	998.2
F&B	6.35%	6.62%	(26.6)	7.01%	(66.1)
Staff Cost	11.58%	10.46%	112.2	12.01%	(42.7)
Rent	16.81%	12.50%	431.6	11.32%	549.2
Repair & Maintenance	0.00%	0.00%	0.0	9.18%	(918.0)
Film Distribution Share	23.89%	26.22%	(232.9)	26.11%	(222.8)

PVR Ltd. - Quarterly Financials (Standalone)

Quarterly Financials								
Particulars (Rs. Mn)	Mar 08	Dec 07	Sept 07	Jun 07	Mar 07	Dec 06	Sept 06	Jun 06
Net Revenues	543.0	648.1	618.9	545.7	406.3	395.4	435.0	545.7
Total Expenditure	472.3	518.4	491.3	427.4	341.3	342.2	370.5	427.4
Operating Profit	70.7	129.7	127.6	118.3	65.0	53.2	64.5	118.3
Forex Gain/(Loss)	0.0	-	-	-	-	-	-	-
Other Income	25.2	25.7	20.5	20.2	19.2	20.4	18.5	20.2
EBITDA	95.9	155.4	148.1	138.5	84.2	73.6	83.0	138.5
Misc Write off	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Depreciation	37.2	41.9	37.5	34.4	35.0	35.0	25.7	34.4
PBIT	58.7	113.5	110.6	104.1	49.2	38.6	57.3	104.1
Interest	17.7	21.3	15.0	14.2	14.6	14.4	13.9	14.2
PBT	41.0	92.2	95.6	89.9	34.6	24.2	43.4	89.9
Tax	14.0	31.1	33.1	29.9	12.6	7.5	9.8	29.9
PAT	27.0	61.1	62.5	60.0	22.0	16.7	33.6	60.0
Extra-ordinary Income	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Reported PAT	27.0	61.1	62.5	60.0	22.0	16.7	33.6	60.0
Equity Capital	230.1	230.1	230.1	230.1	230.1	228.8	228.8	230.1
Adjusted EPS (in Rs.)	1.2	2.66	2.72	2.61	0.96	0.73	1.47	2.61
Annualised Adjusted EPS	4.7	10.6	10.9	10.4	3.8	2.9	5.9	10.4
P/E on Adj Annualised EPS	39.4	17.4	17.0	17.7	48.4	63.4	31.5	17.7
Reported EPS (in Rs.)								
Profitability								
OPM %	13.0%	20.0%	20.6%	21.7%	16.0%	13.5%	14.8%	21.7%
EBITDA %	17.7%	24.0%	23.9%	25.4%	20.7%	18.6%	19.1%	25.4%
PBIT %	10.8%	17.5%	17.9%	19.1%	12.1%	9.8%	13.2%	19.1%
PAT %	5.0%	9.4%	10.1%	11.0%	5.4%	4.2%	7.7%	11.0%
Operational Parameters								
<i>Other Expenditure</i>	28.3%	24.2%	18.3%	17.1%	18.4%	18.9%	20.5%	17.1%
<i>F&B</i>	6.4%	6.6%	6.9%	7.0%	7.0%	6.9%	6.8%	7.0%
<i>Staff Cost</i>	11.6%	10.5%	9.7%	10.3%	12.0%	12.9%	11.3%	10.3%
<i>Rent</i>	16.8%	12.5%	10.0%	10.8%	11.3%	11.8%	10.2%	10.8%
<i>Repair & Maintenance</i>	0.0%	0.0%	7.4%	7.1%	9.2%	9.5%	8.2%	7.1%
<i>Film Distribution Share</i>	23.9%	26.2%	27.1%	26.0%	26.1%	26.6%	28.2%	26.0%
Effective Tax Rate	34.1%	33.7%	34.6%	33.3%	36.4%	31.0%	22.6%	33.3%

PVR Ltd. - Financials

Earnings Statement				
Particulars (Rs Mn)	FY05	FY06	FY07	FY08
Total Revenues	679.7	1,049.1	1,667.1	2,659.3
- Growth (%)	15.28%	54.35%	58.92%	59.51%
Total Expenditure	573.3	876.3	1,400.8	2,170.7
Operating Profit	106.3	172.8	266.4	488.6
Other Income	27.5	28.9	61.3	63.7
EBITDA	133.8	201.7	327.7	552.3
Depreciation	55.2	83.3	133.4	170.5
EBIT	78.7	118.4	194.3	381.8
Interest	25.7	30.7	43.9	51.4
PBT	53.0	87.6	150.4	330.4
Tax	15.3	34.7	48.5	114.2
PAT Before EI	37.8	52.9	101.9	216.2
- Growth (%)	142.14%	40.08%	92.74%	112.13%
Extra-ordinary Items	0.0	0.0	0.0	0.0
PAT	37.8	52.9	101.9	216.2

Ratio Analysis				
Particulars	FY05	FY06	FY07	FY08E
OPM (%)	15.6%	16.5%	16.0%	18.4%
EBITDA (%)	19.7%	19.2%	19.7%	20.8%
PBIT (%)	11.6%	11.3%	11.7%	14.4%
PAT (%)	5.6%	5.0%	6.1%	8.1%
Interest Cover (x)	3.1	3.9	4.4	7.4
EPS (Rs.)	2.2	2.3	4.4	9.4
P/E (x)	83.8	80.0	41.8	19.7
P/BV (x)	6.0	2.2	2.1	1.9
BVPS (Rs.)	30.8	84.2	86.9	95.1
Market Cap (Rs. Mn.)	3,162.9	4,232.2	4,257.4	4,257.4
M Cap/Sales (x)	4.7	4.0	2.6	1.6
EV (Rs. Mn.)	3,534.4	4,205.9	4,984.8	4,955.5
EV/EBITDA (x)	26.4	20.9	15.2	9.0
EV/Sales (x)	5.2	4.0	3.0	1.9
ROCE (%)	7.5%	4.6%	6.7%	11.6%
RONW (%)	7.2%	2.7%	5.1%	9.9%
Debt/Equity Ratio (x)	1.2	3.1	2.4	2.4
Inventory T/o Days	3.6	3.2	3.9	3.9
Debtors T/o Days	13.2	14.8	15.1	15.1
Advances T/o Days	109.9	108.0	124.2	124.2
Creditors T/o Days	78.2	83.0	71.8	71.8
Working Cap T/o Days	94.8	241.6	83.2	88.1
Fixed Assets T/o (Gross)	0.8	0.9	0.9	1.2
DPS (Rs.)	0.0	1.2	1.4	1.0
Dividend Payout (%)	0.0%	53.1%	32.3%	10.6%
Dividend Yield (%)	0.0%	0.7%	0.8%	0.5%

Balance Sheet				
Particulars (Rs Mn)	FY05	FY06	FY07	FY08E
Equity Capital	171.0	228.8	230.1	230.1
Preference Share Capital	0.0	200.0	200.0	200.0
ESOP Outstanding	0.0	2.9	0.0	0.0
Reserves	361.7	1,495.1	1,569.9	1,759.2
Shareholders Funds	532.7	1,926.7	2,000.1	2,189.3
Borrowed Funds	468.0	616.1	850.7	930.7
Deferred Tax Liability	42.4	45.7	64.7	172.9
Total Liabilities	1,043.1	2,588.5	2,915.4	3,292.9
Fixed Assets	849.1	1,600.0	2,114.6	2,256.7
Investments	12.0	294.2	421.0	394.4
Current Assets				
Inventory	6.8	9.2	17.6	28.1
Sundry Debtors	24.6	42.5	68.9	109.8
Loans & Advances	204.6	310.4	567.3	904.8
Cash & Bank Balance	96.6	642.4	123.3	232.6
Current Liabilities				
Sundry Creditors	145.6	238.7	328.1	523.3
Provisions	10.6	71.6	69.1	110.3
Net Current Assets	176.5	694.3	379.8	641.8
Miscellaneous Expenditure	5.5	0.0	0.0	0.0
Total Assets	1,043.1	2,588.5	2,915.4	3,292.9

Cash Flow				
Particulars (Rs Mn)	FY05	FY06	FY07	FY08E
Opening Cash & Bank	26.9	96.6	642.4	123.3
Profit After Tax	37.8	52.9	101.9	216.2
Invnt Income	(27.5)	(28.9)	(61.3)	(63.7)
Interest Paid	25.7	30.7	43.9	51.4
Miscellaneous Exp W/Off	5.5	0.0	0.0	0.0
Depreciation	55.2	83.3	133.4	170.5
Deferred Taxation	7.8	30.9	43.4	108.2
Others	56.6	(110.2)	(31.0)	(0.0)
Change in Working Cap	36.3	28.0	(204.7)	(152.7)
CF - Operating Activities	197.4	86.6	25.5	329.9
Change in Fixed Assets	(403.1)	(857.0)	(636.3)	(312.6)
Change in Investments	(7.0)	(282.2)	(126.9)	26.6
Investment Income	27.5	28.9	61.3	63.7
CF - Investing Activities	(382.6)	(1,110.2)	(701.8)	(222.3)
Increase in Equity	114.9	1,484.1	3.9	0.0
Changes in Borrowings	165.7	148.0	234.6	80.0
Interest Paid	(25.7)	(30.7)	(43.9)	(51.4)
Dividend Paid	0.0	(32.0)	(37.5)	(26.9)
CF - Financing Activities	254.9	1,569.4	157.2	1.7
Net Change in Cash	69.7	545.8	(519.1)	109.3
Closing Cash & Bank Bal	96.6	642.4	123.3	232.6

Local Equity Market					
INDICES	07-Jun-08	Week Ago	% Chng	Month Ago	% Chng
Sensex	15,572.18	16,415.57	(5.14)	17,080.65	(8.83)
Nifty	4,627.80	4,870.10	(4.98)	5,081.70	(8.93)
CNX Nifty Junior	7,648.15	8,221.35	(6.97)	8,964.65	(14.69)
S&P CNX500	3,730.50	3,959.65	(5.79)	4,152.30	(10.16)
CNX Midcap 200	6,193.20	6,562.70	(5.63)	6,959.15	(11.01)
CNX IT	4,571.30	4,688.35	(2.50)	4,407.45	3.72

International Equity Market					
INDICES	07-Jun-08	Week Ago	% Chng	Month Ago	% Chng
DJIA	12,209.81	12,638.32	(3.39)	12,866.78	(5.11)
Nasdaq	2,474.56	2,522.66	(1.91)	2,451.24	0.95
S&P 500	1,360.68	1,400.38	(2.83)	1,397.68	(2.65)
FTSE 100	5,906.80	6,053.50	(2.42)	6,270.80	(5.80)
Nikkei 225	14,489.44	14,338.54	1.05	13,943.26	3.92
Hang Seng	24,402.18	24,533.12	(0.53)	25,449.79	(4.12)
HSCEI	13,513.21	13,770.51	(1.87)	13,886.59	(2.69)

MSCI Indices					
MSCI Indices	07-Jun-08	Week Ago	% Chng	Month Ago	% Chng
The World Index	1,496.48	1,525.73	(1.92)	1,513.69	(1.14)
Emerging Market	1,182.84	1,210.04	(2.25)	1,188.61	(0.49)
EM Asia	447.19	454.27	(1.56)	458.38	(2.44)
EM India	458.75	485.79	(5.57)	508.07	(9.71)

Commodities					
Commodities	07-Jun-08	Week Ago	% Chng	Month Ago	% Chng
GOLD (\$/oz)	902.25	886.50	1.78	881.85	2.31
SILVER (\$/oz)	17.53	16.88	3.85	16.82	4.22
ALUMINIUM (\$/t)	2,957.00	2,931.00	0.89	2,875.00	2.85
COPPER (\$/t)	8,000.00	7,935.00	0.82	8,300.00	(3.61)
CRUDE - BRENT (\$/bbl)	137.69	127.78	7.76	122.72	12.20
CRUDE - WTI (\$/bbl)	138.54	127.35	8.79	123.61	12.08

Transportation					
Commodities	07-Jun-08	Week Ago	% Chng	Month Ago	% Chng
World SCALE	175.00	185.00	(5.41)	210.00	(16.67)
BALTIC FREIGHT INDEX	1,612.00	11,440.00	1.50	10,221.00	13.61

Forex					
FOREX	07-Jun-08	Week Ago	% Chng	Month Ago	% Chng
USD	43.04	42.16	2.09	41.77	3.05
GBP	84.83	83.57	1.50	81.62	3.93
EURO	67.91	65.58	3.55	64.29	5.63
YEN	41.02	39.96	2.65	40.26	1.89

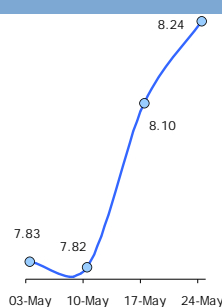
Global Listings					
Scripts	05-Jun-08	Week Chng	Month Chng	Premium/D iscount	Share per ADR/GDR
Infosys ADR	47.47	(3.34)	13.58	2.49%	1
Wipro ADR	13.72	(3.11)	10.02	16.79%	1
ICICI Bank ADR	35.45	(6.04)	(14.75)	-0.85%	2
Satyam ADR	26.97	(7.32)	13.94	13.80%	2
HDFC Bank ADR	86.58	(13.20)	(8.91)	0.79%	3
MTNL ADR	4.69	15.80	(20.90)	4.92%	2
Dr. Reddy ADR	15.83	(2.70)	5.51	-2.14%	1
Reliance GDR	104.00	(8.77)	(12.98)	-0.02%	2
ITC GDR	4.93	(5.19)	(7.14)	-0.59%	1
Ranbaxy GDR	11.70	(6.77)	11.56	-0.66%	1
L & T GDR	62.40	(14.52)	(0.27)	0.18%	1

Top Gainers & Losers of the Week		
Top Gainers	Jun 7, 08	% Chng
Zandu Pharmaceutical Works Ltd.	9,976.40	22.67
JM Financial Ltd.	1,785.05	9.66
Oil & Natural Gas Corporation Ltd.	938.95	8.52
Essar Oil Ltd.	240.05	7.21
Honda SIEL Power Products Ltd.	222.20	6.96
Blue Dart Express Ltd.	660.00	6.32
Allcargo Global Logistics Ltd.	688.10	5.85
Crompton Greaves Ltd.	244.15	5.81

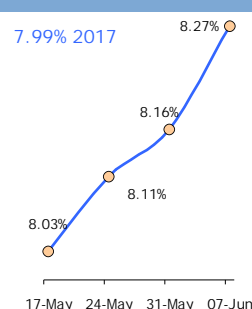
Top Losers		
GHCL Ltd.	50.65	(29.85)
Asian Electronics Ltd.	111.80	(24.41)
Lanco Infratech Ltd.	389.35	(20.18)
Neyveli Lignite Corporation Ltd.	117.30	(17.77)
Triveni Engineering & Industries Ltd.	90.30	(17.38)
Deccan Chronicle Holdings Ltd.	112.10	(17.09)
Monsanto India Ltd.	1,601.70	(16.97)
Bombay Dyeing & Manufacturing Co. Ltd.	739.65	(16.90)

Sectoral Performance			
Sectors	Week	Month	3 Months
Abrasives	3.04	(9.71)	(9.14)
Electrodes	0.13	(1.52)	3.90
Food And Food Processing	(0.44)	(1.64)	2.80
Chemicals - Speciality	(0.73)	4.29	9.54
Automobiles - 2 And 3 Wheelers	(0.89)	(7.89)	(8.95)
Paper And Paper Products	(1.33)	(7.03)	(3.93)
Airconditioners	(1.55)	(16.34)	(16.66)
Personal Care	(1.72)	(6.51)	3.11
Travel And Transport	(1.95)	(9.86)	(0.52)
Cycles	(2.14)	(14.34)	(17.36)
Cigarettes	(2.48)	(4.60)	10.35
Chemicals - Organic	(3.03)	(4.01)	1.86
Pharmaceuticals	(3.16)	(3.23)	7.24
Refractories	(3.22)	(6.41)	(12.70)
Gas	(3.34)	(9.98)	(4.74)
Electrical Equipment	(3.36)	(9.56)	(12.64)
Telecommunication - Services	(3.64)	(4.10)	(0.82)
Trading	(3.66)	(14.53)	(10.70)
Hotels	(3.67)	(8.98)	(2.12)
Oil Exploration/Production	(3.70)	(9.85)	5.87

Inflation (%)



10 year G-Sec Bond Yield



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