

PVR

05 November 2020

Reuters: PVRL.BO; Bloomberg: PVRL IN

Mumbai opens up finally; Focus on new content

2QFY21 was largely an inconsequential quarter as cinemas remained shut for the entire quarter. PVR reported revenue of Rs319mn in 2QFY21 (down 97% YoY). EBITDA loss (pre IndAS 116) was 8% higher than estimated at Rs930mn. Net loss of Rs1,160mn (pre IndAS 116) was broadly in line with our estimate. The impact of shutdown was cushioned by a significant reduction in fixed costs (down ~70% YoY, before rent and CAM), which helped it to sustain through 2 quarters of zero revenues. PVR had guided towards an operating expense of Rs200-250mn per month in 2QFY21 (pre rent and CAM) and performed within this range. PVR is more financially levered compared to its immediate peer Inox Leisure. While it availed of the Covid-19 induced moratorium on interest and principal payments for 6 months, we understand that it would unlikely be part of any restructuring arrangement going forward. With cinemas reopening on 15th October, PVR stated that it has been witnessing a fairly positive customer response. The footfall and occupancy levels are increasing by the day and it expects it to reach pre-Covid levels in 5-6 weeks, especially on the back of release of fresh content. PVR stated that the response seen during the festive season in West Bengal was encouraging. One of the key factors holding back business was opening of cinemas in Maharashtra as the state contributes 25% to PVR's revenues. In an order released on 4th November, Maharashtra has allowed cinemas to open up from 5th November. However, we believe that the order has come too late for the industry to exploit the current Diwali festive spending as no blockbuster fresh content is going to be released in this period. There is a very limited audience for old content and PVR is offering these shows at discounted rates. As a result, it expects the Average Ticket Price (ATP) to decline temporarily in the near term, but as fresh content is released, it should go back to pre-Covid levels. We believe that until big-ticket films like Akshay Kumar's 'Sooryavanshi', Christopher Nolan's 'Tenet', Ranveer Singh-starrer '83' are released in theatres, strong footfalls in cinemas would be a challenge. Release of new content, consumer propensity to visit cinemas, F&B and ad revenue pick-up would be key monitorables in 3QFY21. In our view, some risks have dissipated over the last few months as (1) A significant reduction in rental cost and a revenue share model with landlords till 4QFY21 would ease off some pressure on monthly cash burn (2) content pipeline looks strong for FY22 as Bollywood film production has also commenced. While near-term pressures are evident, we believe that the long-term prospects for the film exhibition industry, where PVR is the leader in terms of screens and brand equity, are intact as Indians have limited out-of-the-home entertainment options. Once India recovers from the pandemic, multiplexes will see a full rebound in footfalls. The industry structure is also in favor of larger players i.e. PVR, Inox and Cinopolis could witness more consolidation. This is a consumer discretionary play where we believe there is considerable headroom for growth. Post 2QFY21, we have retained our 'Accumulate' rating for PVR with an unchanged TP of Rs1,229 based on an EV/EBITDA multiple of 11x September 2022 estimates. We have not changed our estimates as we await further clarity on 2HFY21. We prefer Inox Leisure over PVR due to the room for operating metric improvement and also due to a less levered balance sheet.

ACCUMULATE
Sector: Film Exhibition

CMP: Rs1,116

Target price: Rs1,229

Upside: 10%

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Key Data

Current Shares O/S (mn)	55.2
Mkt Cap (Rsbn/US\$m)	61.6/823.7
52 Wk H / L (Rs)	2,087/705
Daily Vol. (3M NSE Avg.)	2,605,747

Price Performance (%)

	1 M	6 M	1 Yr
PVR	(14.2)	18.4	(34.7)
Nifty Index	4.3	28.1	(0.3)

Source: Bloomberg

Y/E March (Rsmn)	2QFY20*	1QFY20*	2QFY21*	1QFY21 (Reported)	YoY (%)	QoQ (%)	2QFY21E*	Var (%)
Net revenue	9,732	43	319	319	(96.7)	646.4	23	1,267.8
Film Exhibition Cost	1,980	-	3	3	-	-	-	-
Cost of food & beverages consumed	728	7	17	17	(97.7)	139.4	-	-
Employee benefit expenses	1,049	682	407	407	(61.2)	(40.3)	351	15.9
Rent	4,031	597	822	822	(79.6)	37.7	536	53.5
Total expenditure	7,788	1,286	1,249	1,246	(84.0)	(2.9)	887	40.9
EBITDA	1,944	(1,243)	(930)	(927)	(147.9)	(25.2)	(864)	7.7
EBITDAM (%)	20.0	-	-	-	-	-	-	-
Depreciation	598	603	583	1,419	(2.6)	(3.4)	606	(3.8)
Interest costs	390	353	351	1,229	(10.0)	(0.4)	353	(0.4)
Other income	62	83	117	787	-	-	120	-
PBT	1,016	(2,116)	(1,747)	(2,788)	(271.9)	(17.4)	(1,702)	2.7
Tax	357	(707)	(587)	(951)	-	-	(562)	-
Net profit	660	(1,409)	(1,160)	(1,836)	(275.9)	(17.7)	(1,140)	1.8
NPM (%)	6.8	-	-	-	-	-	-	-
EPS (Rs)	9	(27)	(34)	(44)	(470.6)	22.9	(22)	52.0

Source: Company, Nirmal Bang Institutional Equities Research, * Pre IndAS 116

Exhibit 1: Key financials: PVR (consolidated, Pre – IndAS 116 for EBITDA margins)

Y/E March (Rsmn)	FY19	FY20	FY21E	FY22E	FY23E
Revenue	30,856	34,144	6,469	26,221	36,434
YoY %	32.2	10.7	-81.1	305.4	38.9
EBITDA	5864	5762	-2696	5040	7814
EBITDA (%)	19.0	16.9	-41.7	19.2	21.4
Adj. PAT	1890	1214	-4006	1224	3267
YoY %	51.6	-35.8	-430.0	LP	166.8
FDEPS (Rs)	40.5	23.6	-78.0	23.8	63.6
ROE (%)	16.3	8.9	-26.7	7.7	18.1
ROCE (%)	19.2	13.6	-19.2	8.7	16.8
ROIC (%)	19.6	14.7	-22.3	9.9	18.8
P/E(x)	27.6	47.2	-14.3	46.8	17.5
P/BV (x)	4.2	3.9	3.8	3.5	2.9
EV/EBTDA	11.0	11.3	(24.4)	13.4	8.4

Source: Company, Nirmal Bang Institutional Equities Research. Note: Estimates are ex-IndAS116.

Exhibit 2: Operational Assumptions (consolidated with SPI from FY19)

	FY14	FY15	FY16	FY17	FY18	FY19	FY20E	FY21E	FY22E	FY23E
Number of Screens (YE)	421	464	524	579	625	771	845	845	865	945
Growth (%)	20	10	13	10	8	23	10	0	2	9
Number of screens added	70	43	60	55	46	146	74	0	20	80
Footfalls (mn)	60	59	70	75	76	99	102	18	83	117
Growth (%)	61	-1	18	8	1	31	2	-82	358	40
Occupancy Rate (%)	34.0	31.2	34.6	33.0	31.3	36.2	34.9	6.2	25.0	33.0
Gross ATP	168	178	188	196	210	212	218	188	195	199
Growth (%)	1	6	6	4	7	1	3	-14	4	2
Net ATP	146	139	146	148	164	165	170	146	152	156
Growth (%)	11	-5	5	2	11	0	3	-14	4	2
Gross SPH	54	64	72	81	89	91	98	88	93	95
Growth (%)	13	19	13	13	10	2	8	-10	5	3
Net SPH	40	59	67	73	80	85	93	84	88	90
Growth (%)	18	46	14	9	9	7	10	-10	5	3
Advertisement Revenue per screen	2.0	3.8	4.2	4.4	4.9	5.1	4.7	0.6	3.3	4.5
Growth (%)	91	93	10	6	10	3	-8	-87	458	33

Source: Nirmal Bang Institutional Equities Research

Reiterate our bullish thesis: We reiterate our long-term thesis that we enunciated in our initiating coverage report (Sector). We believe that: (1) Indian multiplex industry is an oligopoly (top four players control ~70% of screens) and will remain so as entry barriers are quite formidable and there are no substitutes. This industry structure will deliver steady revenue growth and improved margins as well as RoIC over a long period of time. In the last few years, it has turned into more of a duopoly. (2) PVR and INOL (the two large players) can deliver in the next 10 years at least 5%-10% volume/footfall growth (new screen-driven, attracting both single-screen and new generation customers) per year, respectively, with rise in the realisation of 4%-5%. This will result in revenue CAGR of 10%-15% with EBITDA/PAT growing a tad faster as the revenue mix turns margin rich. Structurally, rise in relevant customer households, which can afford this type of entertainment (currently at 8%-11% of total, in our view), is going to drive demand. Same-store/screen sales growth (SSG), in our view, will be realisation-led at 4%-6%. We believe that: (1) These players deserve premium valuation considering the longevity of earnings compounding and good RoICs. (2) Expensive M&A activity in the past five years and consequent weak return ratios are a small price to pay for achieving consolidation in a nascent industry. Over the long run, as organic growth predominates, the benefits of a better industry structure will far outweigh the price paid. We believe the stranglehold over retail real estate (and slow pace of its expansion) to be the key driver of positive industry dynamics. This will lead to steady increase in capacity, steady pricing power and high occupancy rate. The key risk to sector earnings tends to be the volatility induced by the success of content. This is a very difficult thing to predict. Some movies look great on paper but may turn out to be duds at the box office. But increasingly the content risk is being lowered as Hollywood and Regional movies (both in their original and dubbed versions) are able to command a greater share of GBOC. Besides, there is greater focus on the quality of screenplays. Also, lately the content has been less star-driven and more based on good story lines, which may be a structural shift happening in the industry for the better. OTT challenge in our view is storm in a tea-cup: There has been considerable media speculation and investor angst about the challenge being posed by OTT on the Indian film exhibition sector. While we are cognizant of the threat, we think it is exaggerated, as the economics of taking a movie directly to OTT, for a reasonable budget movie, which will find a theatrical release, is not compelling. In case a movie goes directly to OTT it is likely to get a modest 15-20% return on the cost of production. On the other hand if it goes first through a theatrical release, OTT revenues get enhanced if the movie is a reasonable theatrical success.

Takeaways from 2QFY21 results and analyst call

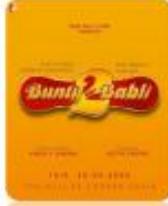
- In what was largely an inconsequential quarter as cinemas remained shut for the entire quarter, PVR reported revenue of Rs319mn in 2QFY21 (down 97% YoY). This was largely driven by (1) Rs275.4mn from the sale and distribution of digital movie rights from subsidiary - PVR Pictures. (2) Rs37.3mn from the sale of food and beverages through subsidiaries Zea Maize and PVR Lanka. EBITDA loss was 8% higher than estimated at Rs930mn (pre IndAS 116). Net loss of Rs1,160mn (pre IndAS 116) was broadly in line with our estimate.
- PVR took several cost-saving steps in 1HFY21 to mitigate the adverse impact on the business. This included a significant reduction in personnel cost through manpower & cost rationalization and lower rental and maintenance charges during lockdown. PVR's employee expenses reduced by ~61% YoY on the back of manpower rationalization and headcount reduction (headcount reduced from 11,073 in 4QFY20 to 6,241 at the end of 2QFY21). The company also implemented temporary salary cuts of 25-50% across the organization. 2QFY21 employee cost also included a one-time expense of Rs31mn on account of final settlement to terminate employees. However, PVR stated that further cost reductions would not be possible.
- PVR has made settlements with developers in more than 60% of cinemas and has achieved complete rent waiver for the lockdown period and reduced rent/revenue share post opening. Most of the agreements for revenue sharing and reduced rent are valid till the end of FY21. However, in properties where opening up has not happened the discussions are still on. Similarly, on common area maintenance (CAM), settlements have been reached with developers in more than 60% of cinemas with either complete waiver or at reduced CAM during the lockdown period. Discussions are still on with other properties and PVR believes that 30-50% discounts will finally be obtained on them too.
- The fixed cost per month, excluding rent and CAM, came in at Rs240m at the higher end of the guided range by the company post 1QFY21 (~Rs200-Rs250m). But, this was 71% lower than that clocked in 2QFY20. The difference in costs between our estimates and actuals is likely because of the PVR Lanka operations and possibly costs booked under PVR Cinemas, which we believe are volatile in nature.

- PVR's net debt reduced from Rs9.7bn at the end of 4QFY20 to Rs9.0bn in 2QFY21. But, it was indicated that the number had reached Rs10bn on 31st October 2020 likely due to cash burn as cinemas opened up in various parts of the country as lockdowns got lifted. During the quarter, PVR successfully completed rights issue amounting to Rs2,998mn to strengthen its liquidity position. PVR stated that as on 31st October, it had liquidity of Rs5.54bn, including undrawn banking lines and is confident that it has enough liquidity to sustain operations and meet obligations to tide over the next 6-8 months. **The company believes that the cash burn will likely be higher in 3Q before it tries to achieve breakeven in 4Q post opening up of Mumbai (which has been already announced) and new content is released.**
- The Ministry of Home Affairs guidelines had allowed cinemas to reopen from 15th October 2020 onwards with 50% capacity. However, the Ministry of Health and Family Welfare had left it to the states to take a final call on the matter. Pursuant to the MHA guidelines, several state governments have permitted cinemas to restart operations whereas permission from few state governments is still awaited. 16 states and UTs, where PVR has presence, have permitted cinemas to restart operations. Out of total 831 screens of the company, 575+ have received permission to reopen. PVR stated that the next major milestone would be the opening up of screens in Maharashtra and Telangana. **Maharashtra, which accounts for 25% percent of multiplexes' revenues, announced on 4th November opening up of cinemas with 50% capacity. Despite the opening up in Mumbai, the state order indicated that no F&B consumption would be allowed in theaters. This could mean longer intermissions to allow such consumption to happen in the lobbies.**
- PVR expects the release of Bollywood movie 'Suraj Pe Mangal Bhari' during Diwali. The film features Manoj Bajpayee, Diljit Dosanjh and Fatima Sana Shaikh in lead roles. There is also discussion in the media around the release of 'Sandeep aur Pinky Faraar', directed and produced by Dibakar Banerjee. Arjun Kapoor and Parineeti Chopra play lead roles.
- PVR expects multiplexes to get further relaxation on occupancy level, which is currently at 50% by 4QFY21. Despite the opening up of 575+ screens at present, PVR stated that it is running limited number of shows due to lack of both content and footfall. Under normal times, each screen sees 5-5.3 shows in a day.
- **Very favorable consumer response in West Bengal for new content:** Cinemas opened up in West Bengal on 1st October 2020 with the release of 6 new Bengali films around Durga Puja. Most among these were small size films barring 2 films, which were medium sized. PVR stated that it witnessed a good customer response as these 2 medium sized films did very well during the festive week. **Most of the shows ran at maximum occupancy (within permitted capacity).** Many big-ticket Bengali films that were supposed to be released during the festive week have been postponed to December 2020 or January 2021. PVR stated that it expects some fresh Bengali content to be released in November and December. PVR's multiplex in Sri Lanka is shut at present due to a government directive announced two weeks ago. This was open for some time during 2QFY21.
- PVR has taken a number of steps to bring customers back to the cinemas. It has introduced a number of promotions including - a Rs99 ticket, 25% discount on F&B, private viewing at discounted rates, buy one get one free, film festivals, a fresh F&B menu, etc. For old content, PVR has kept ticket prices in the range of Rs75-125 due to lower demand and for new content, while ATP was at pre-Covid level, SPH was discounted. PVR stated that as new content is released, it expects the ATP and SPH to return to pre-Covid levels, with neither a premium nor a discount being applied to it.
- INOX and PVR both have introduced private screenings keeping in mind the festive season, which will help the exhibitors get the audience back to theatres. Despite reopening on 15th October, theatres have not been able to attract audience in large numbers. Lack of fresh content is one of the biggest factors. Cinemas are mostly running old content except for some new small English ventures and regional films. PVR has introduced private screening in 340 screens across India.
- PVR stated that occupancy is insignificant at 4-5% at present as screens are not fully operational. Footfalls are low. Majority of the single screens have not reopened yet. We believe that until big-ticket films like Akshay Kumar's 'Sooryavanshi', Christopher Nolan's 'Tenet', Ranveer Singh-starrer '83' are released in theatres, strong footfalls in cinemas would be a challenge.

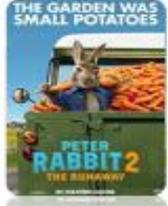
- PVR stated that most of the capex that was done in FY21 pertain to making payment to creditors for work already done in FY20. In some cases, it is related to the capex involved in setting up some cinemas, which are 70% complete and ready to open. These payments are expected to continue in 2HFY21 as well.
- PVR stated that it does not intend to ramp up its headcount until occupancy comes back. PVR will open cinemas at 55-60% of its employee headcount and costs vis-a-vis pre-Covid levels. PVR stated that employee costs will increase as some salary cuts are rolled back for frontline staff and slowly for some of the other staff. PVR was of the view that even when operations normalize it would try to run it with lower staff levels than it did pre pandemic. This could mean that the breakeven levels could be lower.
- PVR shutdown 3 properties with 14 screens in 2Q where leases had come to an end. PVR stated that it did not see any merit in reviewing these leases because these properties had either a negative EBITDA or very marginal positive EBITDA and it did not see long-term viability. PVR stated that at present 4-5% of its screens (including new properties) are loss making at EBITDA level.
- **PVR believes that it is quite likely that the pandemic will lead to greater consolidation in the industry with developers also looking to work with stronger established players. While the pipeline for screen openings is extremely large it expects a significant addition to that pipeline once operations normalize.**
- PVR stated that it is not seeing any significant impact on F&B spends and is at almost 75% of pre-Covid level due to discounting and promotions.
- It indicated that advertising revenue pick-up would likely take a few months after cinema operations normalize. However, it felt that the normalization on the ATP and the F&B SPH front would likely take only 4-5 weeks post opening up in Mumbai with brand new content.
- PVR stated that it does not see the direct-to-streaming platform release trend sustaining beyond the next 3-6 months. A lot of streaming platforms may continue to produce original content, which is essentially films which will be commissioned by the streaming platforms - initiated by producers and commissioned & funded by the streaming platforms. These will release directly on streaming platforms. PVR expects to see a lot of those, but not at the cost of theatrical releases. It believes that the initial euphoria around OTT has died down as both OTT players as well as producers realise that the economics are not as rosy as they were projected to be (without theatrical release of the same content).
- However, almost all OTT platforms are gearing up for new movie releases during Diwali 2020 based on media reports. Akshay Kumar starrer **Laxmii** (initially titled **Laxmmi Bomb**) will be released in November on Disney+Hotstar. **Coolie No.1** on Amazon Prime Video is another big release. Movies such as **Ludo**, **Chhalaang** and **Durgavati** are also slated for a release on OTT platforms in November and December. These do involve A listers among their starcast.
- Content: The dates for much-awaited movies such as '83' and 'Suryanvanshi' have not yet been decided because Maharashtra had not opened up. The state contributes 20-30% to Hindi film collections, with Mumbai alone contributing more than 10%. While there is no clarity on new Bollywood releases at the moment, it can emerge in a few days' time. PVR indicates that once Mumbai opens up fully there is unlikely to be hesitancy from the side of big budget producers to release their already produced movies or to commence production of new ones.
- **A slight realignment in revenue share with producers likely:** PVR hinted that there could be a slight shift in revenue share between the movie producers and the exhibitors for the rest of FY21 but could revert back to normal as customers come back to the cinemas. However, the windowing of content – currently at 60 days – will not see a change.

Content pipeline- FY21

Bollywood Content Pipeline:

 <p>83</p> <p>CAST Harrover Singh, Deepika Padukone, Tabir Raj Bhasin</p> <p>DIRECTOR Kabir Khan</p>	 <p>SARDAR UDHAM SINGH</p> <p>CAST Vicky Kaushal, Stephen Hogan</p> <p>DIRECTOR Shoojit Sircar</p>	 <p>SOORYAVANSHI</p> <p>CAST Akshay Kumar, Katrina Kaif, Anupam Khar</p> <p>DIRECTOR Rohit Shetty</p>	 <p>BUNTY AUR BABI 2</p> <p>CAST Rani Mukherji, Saif Ali Khan, Siddhant Chaturvedi, Shweta Wagh</p> <p>DIRECTOR Varun V Sharma</p>
 <p>MUMBAI SAGA</p> <p>CAST John Abraham, Sanjay Shetty, Imraan Hashmi</p> <p>DIRECTOR Sanjay Gupta</p>	 <p>TOOFAN</p> <p>CAST Paahon Akhtar, Isha Talwar, Parosh Rawal</p> <p>DIRECTOR Rakesh Omprakash Mehra</p>	 <p>KGF 2</p> <p>CAST Sanjay Dutt, Yami, Sriridhi Shetty</p> <p>DIRECTOR Prashanth Neel</p>	 <p>JAYESH BHAI JORDAAR</p> <p>CAST Harrover Singh, Shilpa Paulsley, Roman Irani</p> <p>DIRECTOR Krishna Bhatt</p>

Hollywood Content Pipeline:

 <p>TENET</p> <p>CAST John David Washington, Robert Pattinson, Elizabeth Debicki</p> <p>DIRECTOR Christopher Nolan</p>	 <p>WONDER WOMAN 1984</p> <p>CAST Kristen Wig, Gal Gadot, Connie Nielsen</p> <p>DIRECTOR Patty Jenkins</p>	 <p>GHOSTBUSTERS AFTER LIFE</p> <p>CAST Finn Wolfhard, McKenna Grace, Carrie Coon</p> <p>DIRECTOR Jason Reitman</p>	 <p>THE GARDEN WAS SMALL POTATOES</p> <p>PETER RABBIT 2</p> <p>CAST James Cordun, Elizabeth Debicki, Lennie James</p> <p>DIRECTOR Will Gluck</p>
 <p>FREE GUY</p> <p>CAST Taika Waititi, Ryan Reynolds, Jodie Comer</p> <p>DIRECTOR Shawn Levy</p>	 <p>THE KING'S MAN</p> <p>CAST Aaron Taylor-Johnson, Gemma Arterton, Matthew Goode</p> <p>DIRECTOR Matthew Vaughn</p>	 <p>MONSTER HUNTER</p> <p>CAST Milla Jovovich, Tony Jaa, Tip "T.J" Harris, Meagan Good</p> <p>DIRECTOR Paul W. S. Anderson</p>	 <p>TOM & JERRY</p> <p>CAST Chloe Grace Moretz, Michael Peña, Rob Delaney</p> <p>DIRECTOR Tim Story</p>

Regional Content Pipeline:

 <p>MASTER [TAMIL]</p> <p>CAST Joseph Vijay, Vijay Sethupathi, Anushka Javeriah</p> <p>DIRECTOR Lokesh Karanraj</p>	 <p>COBRA [TAMIL]</p> <p>CAST Vikram, Sriridhi Shetty, Irfan Pathan</p> <p>DIRECTOR R. Ajay Gnanamuthu</p>	 <p>JAGAME THANTIRAM [TAMIL]</p> <p>CAST Janme Cosmos, Dharmash, Dacca Haggie</p> <p>DIRECTOR Karthik Subbaraj</p>	 <p>DOCTOR [TAMIL]</p> <p>CAST Sivakarthikeyan, Priyanka Anil Mohan, Vinay</p> <p>DIRECTOR Noban Dilipkumar</p>
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 <p>MOST ELIGIBLE BACHELOR [TELEGU]</p> <p>CAST Akhil Akkineni, Pooja Hegde</p> <p>DIRECTOR Sumanth Bhaskar</p>	 <p>KRACK [TELEGU]</p> <p>CAST Shruti Haasan, Ravi Teja, Varalaxmi Sarathkumar</p> <p>DIRECTOR Gopichand Malineni</p>	 <p>RED [TELEGU]</p> <p>CAST Ram Pothirani, Malvika Sharma</p> <p>DIRECTOR Kishore Tirumala</p>	 <p>VAKILSAAB [TELEGU]</p> <p>CAST Prakash Raj, Nirvaha Thomas, Pawan Kalyan</p> <p>DIRECTOR Venu Sriram</p>
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 <p>RANGDE [KANNADA]</p> <p>CAST Nithi, Kaveri Suresh</p> <p>DIRECTOR Venky Athani</p>	 <p>KGF 2 [KANNADA]</p> <p>CAST Sanjay Dutt, Yash, Srishrini Shetty</p> <p>DIRECTOR Prashanth Neel</p>	 <p>ROBERT [KANNADA]</p> <p>CAST Jagapathi Babu, Darshan Thoogudeep, Asha Rathi</p> <p>DIRECTOR Tarun Sudhir</p>	 <p>KOTHI GOBBI 3 [KANNADA]</p> <p>CAST Madonna Sebastian, Kicha Sadeep, Shradha Das</p> <p>DIRECTOR Shiva Karthik</p>
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 <p>YUVARATHNA [KANNADA]</p> <p>CAST Parvathi Rajkumar, Chetanayya, Suryavha Saigal, Vaishita N Sridha</p> <p>DIRECTOR Suresh Anandram</p>	 <p>KAVVAL [MALAYALAM]</p> <p>CAST Suresh Gopi, Nithin Raveji Parickar, Joby George</p> <p>DIRECTOR Nithin Raveji Parickar</p>	 <p>KURUP [MALAYALAM]</p> <p>CAST Dulquer Salmaan, Sunny Wayans, Indrajith Sukumaran</p> <p>DIRECTOR Srinath Rajendran</p>	 <p>GOLGAPPE [PUNJABI]</p> <p>CAST Rajni Bodi, Haru Dhillon, Haru Dhillon</p> <p>DIRECTOR Simar Kang</p>
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 <p>QISMAT 2 [PUNJABI]</p> <p>CAST Sargun Mehta, Tania, Ammy Virk</p> <p>DIRECTOR Jagdeep Sidhu</p>	 <p>PUAADA [PUNJABI]</p> <p>CAST Sargun Bajwa, Ammy Virk</p> <p>DIRECTOR Rupinder Chhola</p>	 <p>PANNE CH MADHAANI [PUNJABI]</p> <p>CAST Gippy Grewal, Nusrat Bajwa</p> <p>DIRECTOR Vijay Kumar Anra</p>	 <p>KOKKA [PUNJABI]</p> <p>CAST Nusrat Bajwa, Garmam Bhullar</p> <p>DIRECTOR Kohli Chaudhary</p>
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 <p>KAKABARU PROTIBOXION [BENGALI]</p> <p>CAST Prasenjit Chatterjee</p> <p>DIRECTOR Srijit Mukherjee</p>	 <p>SWITZERLAND [BENGALI]</p> <p>CAST Abir Chatterjee, Rakmini Mitra</p> <p>DIRECTOR Souvik Kundu</p>	 <p>LOKKI CHELE [BENGALI]</p> <p>CAST Ambarish Bhutta Charya, Churni Ganguly, Babul Sengupta</p> <p>DIRECTOR Koushik Ganguly</p>	 <p>SHOKLINER LOBI [BENGALI]</p> <p>CAST Parambrata Chatterjee, Juhi Das, Joy Sengupta</p> <p>DIRECTOR Ananya Bikash Dutta</p>
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Financials of PVR (consolidated, P&L is pre-Indas16)

Exhibit 3: Income statement

Y/E March (Rsmn)	FY19	FY20	FY21E	FY22E	FY23E
Net Sales	30,856	34,144	6,469	26,221	36,434
Growth (%)	32.2	10.7	(81.1)	305.4	38.9
Exhibition Cost (Distributor Share)	7,019	7,335	1,145	5,442	7,815
Food & Beverages Cost	2,387	2,637	447	2,127	3,064
Employee Benefits Expense	3,373	3,938	2,242	3,458	4,040
Rent	5,233	7,356	1,905	4,487	5,859
Repairs & Maintenance, Electricity & common area maintenance	1,109	-	-	-	-
Other Expenses (includes production, distribution and print charges)	3,011	3,627	1,919	2,739	3,639
Total Expenses	24,992	28,382	9,165	21,182	28,619
EBITDA	5,864	5,762	(2,696)	5,040	7,814
Growth (%)	47.6	-1.7	-146.8	-286.9	55.1
% of sales	19.0	16.9	-41.7	19.2	21.4
Depreciation & Amortization	1,913	2,324	2,420	2,539	2,676
EBIT	3,951	3,438	(5,117)	2,501	5,138
% of sales	12.8	10.1	-79.1	9.5	14.1
Other income (net)	331	378	536	374	445
Interest	1,280	1,521	1,411	1,361	1,227
Exceptional Item	-	-	-	-	-
PBT	3,002	2,294	(5,992)	1,514	4,356
PBT margin (%)	9.7	6.7	-92.6	5.8	12.0
Tax	1,097	1,077	(1,986)	290	1,089
Effective tax rate (%)	36.5	46.9	33.1	19.1	25.0
Net profit	1,905	1,217	-4,006	1,224	3,267
Minority Interest	-11	-	-	-	-
Adjusted Net Profit	1,895	1,217	-4,006	1,224	3,267
Growth (%)	51	(36)	(429)	(131)	167
Net profit margin (%)	6.1	3.6	(61.9)	4.7	9.0

Source: Company, Nirmal Bang Institutional Equities Research

Exhibit 5: Balance sheet

Y/E March (Rsmn)	FY19	FY20	FY21E	FY22E	FY23E
Equity capital	467	514	514	514	514
Reserves & surplus	11,928	14,289	14,692	15,916	19,183
Networth	12,395	14,802	15,205	16,430	19,696
Minority Interest	2,566	3	3	3	3
Other liabilities	3,409	1,757	1,757	1,757	1,757
Total Debt	11,039	9,134	12,670	11,470	10,270
Lease Liabilities	-	35,691	37,565	37,665	38,065
Total liabilities	29,409	61,387	67,200	67,324	69,791
Net Fixed Assets	17,119	17,911	19,000	19,500	21,500
Right-of-use assets	-	30,047	29,847	29,947	30,347
Goodwill on consolidation	11,116	10,520	10,520	10,520	10,520
Intangible assets	1,992	1,935	1,935	1,935	1,935
Long term loans and advances	2,301	2,396	1,444	2,864	3,485
Deferred tax asset	107	2,063	2,063	2,063	2,063
Other non-current assets	14,489	1,884	11,420	12,299	12,684
Cash & bank balances	341	3,223	4,209	2,717	3,822
Current Investment	11	12	12	12	12
Current assets	3,581	4,301	2,849	5,016	5,964
Current liabilities	10,532	12,905	5,580	9,029	12,020
Net current assets	(6,951)	(8,603)	(2,731)	(4,013)	(6,056)
Total assets	29,409	61,387	67,200	67,324	69,791

Source: Company, Nirmal Bang Institutional Equities Research

Exhibit 4: Cash flow

Y/E March (Rsmn)	FY19	FY20	FY21E	FY22E	FY23E
EBIT	3,951	3,438	(5,117)	2,501	5,138
(Inc./dec. in working capital	2,257	1,653	(5,872)	1,282	2,043
Cash flow from operations	6,207	5,090	(10,989)	3,783	7,181
Other income	331	378	536	374	445
Depreciation & amortisation	1,913	2,324	2,420	2,539	2,676
Financial expenses	1,280	1,521	1,411	1,361	1,227
Tax paid	1,097	1,077	(1,986)	290	1,089
Dividends paid	0	248	0	0	0
Net cash from operations	6,075	4,946	(7,458)	5,045	7,986
Capital expenditure	14,572	2,015	253	1,957	1,286
Increase in other non current assets	7,775	(10,554)	8,585	2,299	1,006
Net cash after capex	(16,272)	13,485	(16,295)	789	5,695
Inc./(dec.) in debt	4,425	(1,905)	3,536	(1,200)	(1,200)
(Inc./dec. in investments	0	1	0	0	0
Equity Issuance	(264)	5,000	3,000	(0)	(0)
Cash from financial activities	(1,497)	(1,458)	(1,665)	(1,822)	(1,786)
Others	(3,243)	6,244	(884)	1,530	4,091
Opening cash	656	341	3,223	4,209	2,717
Closing cash	341	3,223	4,210	2,717	3,822
Change in cash	(315)	2,881	987	(1,492)	1,105

Source: Company, Nirmal Bang Institutional Equities Research

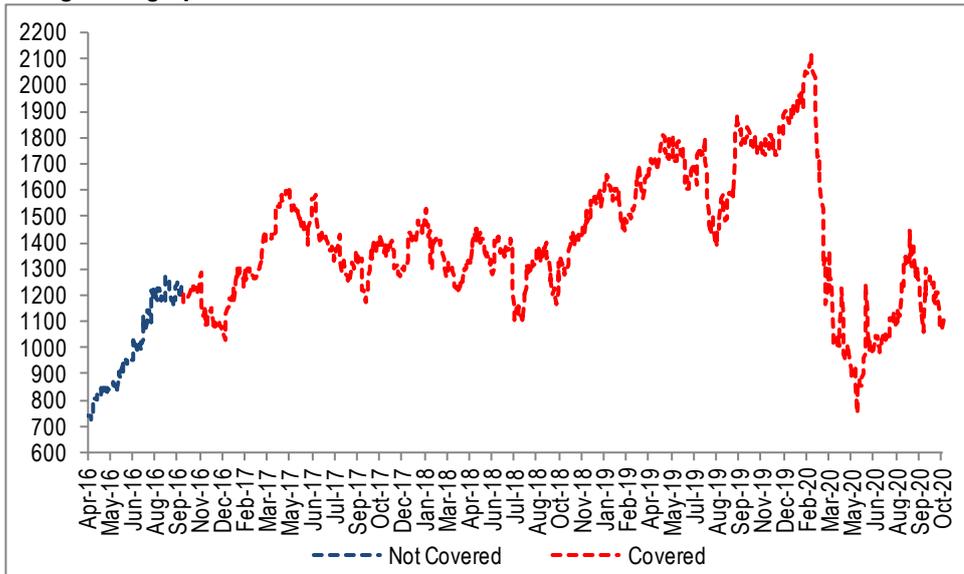
Exhibit 6: Key ratios

Y/E March (Rsmn)	FY19	FY20	FY21E	FY22E	FY23E
Per share (Rs)					
FDEPS	40.5	23.6	-78.0	23.8	63.6
Dividend Per Share	0.0	4.0	0.0	0.0	0.0
Dividend Yield (%)	0.0	0.4	0.0	0.0	0.0
Book Value	265	288	296	320	384
Dividend Payout Ratio (incl DT)	0.0	20.4	0.0	0.0	0.0
Return ratios (%)					
RoE	16.3	8.9	-26.7	7.7	18.1
RoCE	19.2	13.6	-19.2	8.7	16.8
ROIC	19.6	14.7	-22.3	9.9	18.8
Turnover Ratios					
Asset Turnover Ratio	1.5	1.4	0.2	0.9	1.2
Debtor days	22	20	64	31	28
Working Capital Cycle Days	(82)	(92)	(154)	(56)	(61)
Solvency Ratios					
Net Debt/Equity	1.0	0.5	0.6	0.6	0.4
Net Debt/EBITDA	2.1	1.3	-3.1	2.1	1.0
Valuation ratios (x)					
PER	27.6	47.2	-14.3	46.8	17.5
P/BV	4.2	3.9	3.8	3.5	2.9
EV/EBTDA	11.0	11.3	-24.4	13.4	8.4
EV/Sales	2.1	1.9	10.2	2.6	1.8
M-cap/Sales	1.7	1.7	8.9	2.2	1.6

Source: Company, Nirmal Bang Institutional Equities Research

Rating track: PVR

Date	Rating	Market price (Rs)	Target price (Rs)
5 October 2016	Buy	1,235	1,416
1 November 2016	Buy	1,223	1,446
6 December 2016	Buy	1,069	1,275
6 February 2017	Accumulate	1,298	1,315
14 February 2017	Accumulate	1,298	1,433
22 May 2017	Accumulate	1,514	1,469
31 May 2017	Accumulate	1,448	1,494
27 July 2017	Accumulate	1,357	1,453
30 October 2017	Accumulate	1,420	1,458
1 February 2018	Accumulate	1,460	1,590
7 May 2018	Buy	1,425	1,776
27 July 2018	Buy	1,119	1,746
29 October 2018	Buy	1,296	1,785
28 January 2019	Buy	1,562	1,796
9 April 2019	Buy	1,681	2,005
14 May 2019	Buy	1,730	2,017
26 July 2019	Accumulate	1,790	2,017
18 October 2019	Buy	1,840	2,166
24 January 2020	Buy	1,892	2,265
24 February 2020	Buy	2,071	2,386
17 March 2020	Buy	1,339	2,100
19 May 2020	Buy	746	1,063
9 June 2020	Accumulate	1,087	1,131
16 September 2020	Accumulate	1,265	1,229
05 November 2020	Accumulate	1,116	1,229

Rating track graph


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BUY > 15%

ACCUMULATE -5% to 15%

SELL < -5%

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