

July 31, 2021

## Q1FY22 Result Update

☑ Change in Estimates | ☑ Target | ■ Reco

### Change in Estimates

	Current		Previous	
	FY22E	FY23E	FY22E	FY23E
Rating	BUY		BUY	
Target Price	1,625		1,589	
Sales (Rs. m)	13,416	38,585	19,991	36,617
% Chng.	(32.9)	5.4		
EBITDA (Rs. m)	2,385	12,472	5,773	12,126
% Chng.	(58.7)	2.9		
EPS (Rs.)	(44.1)	38.0	(31.9)	31.6
% Chng.	38.2	20.1		

### Key Financials - Consolidated

Y/e Mar	FY20	FY21	FY22E	FY23E
Sales (Rs. m)	34,144	2,800	13,416	38,585
EBITDA (Rs. m)	10,766	(3,349)	2,385	12,472
Margin (%)	31.5	(119.6)	17.8	32.3
PAT (Rs. m)	273	(7,478)	(2,681)	2,308
EPS (Rs.)	5.3	(123.1)	(44.1)	38.0
Gr. (%)	(86.9)	(2,412.3)	(64.1)	(186.1)
DPS (Rs.)	4.0	-	-	2.0
Yield (%)	0.3	-	-	0.1
RoE (%)	1.4	(40.8)	(17.1)	12.9
RoCE (%)	8.7	(14.3)	(2.7)	11.3
EV/Sales (x)	3.4	44.7	9.7	3.4
EV/EBITDA (x)	10.9	(37.4)	54.6	10.4
PE (x)	263.1	(11.4)	(31.7)	36.9
P/BV (x)	4.9	4.6	5.4	4.8

### Key Data

### PVRL.BO | PVRL IN

52-W High / Low	Rs.1,592 / Rs.961
Sensex / Nifty	52,587 / 15,763
Market Cap	Rs.85bn / \$ 1,144m
Shares Outstanding	61m
3M Avg. Daily Value	Rs.2221.12m

### Shareholding Pattern (%)

Promoter's	17.06
Foreign	38.19
Domestic Institution	26.39
Public & Others	18.36
Promoter Pledge (Rs bn)	-

### Stock Performance (%)

	1M	6M	12M
Absolute	5.0	(1.2)	29.4
Relative	4.8	(13.0)	(7.2)

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## Staggered re-opening on the cards

### Quick Pointers:

- Out of 842 screens, 526 have permission to re-open and 200 have actually opened on 30<sup>th</sup> July.
- As of 30<sup>th</sup> June, PVR had access to ~Rs8.5bn of liquidity (including unutilized credit lines).

**PVR's operational performance was subdued with Ind-AS adjusted EBITDA loss of Rs1.2bn due to paucity of content and intermittent closures. However, with declining COVID cases, staggered re-opening is on the cards (13 states and 3 UT's have already given permission to re-open) and footfalls are likely to stabilize by 2HFY22. Though emergence of 2<sup>nd</sup> wave has delayed the recovery process prompting us to cut our footfall estimates by 31% to ~43mn in FY22 we remain constructive over the long term as content pipeline is strong which is expected to result in bunching up of releases post re-opening. Further, we believe narrowing window gaps and higher distributor pay-outs are stop gap arrangements and not structural risks that are likely to prevail post-COVID. We thus maintain BUY with a revised TP of Rs1,625 (11.5x FY23EBITDA; no change in target multiple) as 1) the ongoing vaccination drive is expected to eliminate fear psychosis thereby improving consumer sentiments 2) encouraging ATP/SPH trends (higher/similar to pre-COVID levels for fresh content) indicate there is no change in behavioral psyche of patrons and 3) wide spread closure of single screens amid liquidity constraints is expected to reduce competitive risks post-pandemic. Stringent cost control and sufficient liquidity of Rs8.5bn on the BS (including unutilized credit lines) gives us additional comfort till normalcy sets in.**

**Regional releases drive revenue growth:** Top-line increased 367.6% YoY (base effect due to outright closures in 1QFY21) to Rs594mn (PLe Rs359mn) but declined 67.3% QoQ given limited fresh content and intermittent closures. Except for a few regional releases, there was a dearth of content that dragged footfalls to 1.5mn. ATP/SPH stood at Rs191/Rs96 respectively.

**Fixed opex stood at Rs551mn per month; up 29% YoY:** Ind-AS adjusted EBITDA loss stood at Rs1,214mn (PLe loss of Rs1,699mn) in comparison with Ind-AS adjusted EBITDA loss of Rs1,159mn in 1QFY21. Fixed opex stood at Rs551mn per month, up 29% YoY.

**Con-call highlights:** 1) Big ticket films would start releasing towards Sep end (Bell Bottom is expected to release on 19<sup>th</sup> Aug) 2) Shooting schedules have resumed normalcy (no future pipeline risk) and producers have shown willingness to release movies even with 50% occupancy caps 3) Net debt stood at Rs7.5bn as of June end 4) PVR has availed additional liquidity of Rs2bn under the ECLGS scheme 5) Rental waivers are under negotiation for existing properties under lockdown period. For new signings, revenue sharing model is being explored 6) Distributor share can be higher for next 2-3 months but will revert to past trends by end of FY22. 7) Post normalcy, ~90 odd properties shall start delivering food outside to expand the non-cinema F&B business 8) While temporarily windowing gap has been reduced to 4 weeks, it is expected to revert to 8 weeks by end of FY22.

**Exhibit 1: 1QFY22 Result Overview – Consolidated (Rs mn)**

Y/e March	1QFY22	1QFY21	YoY gr.	4QFY20	QoQ gr.
<b>Net sales</b>	<b>594</b>	<b>127</b>	<b>367.6%</b>	<b>1,815</b>	<b>-67.3%</b>
Movie exhibition cost	94	-	NM	407	-76.9%
<i>As a % of sales</i>	<i>15.8%</i>	<i>0.0%</i>		<i>22.4%</i>	
Consumption of F&B	60	7	739.4%	176	-66.2%
<i>As a % of sales</i>	<i>10.0%</i>	<i>5.6%</i>		<i>9.7%</i>	
Employee expenses	531	682	-22.1%	596	-11.0%
<i>As a % of sales</i>	<i>89.4%</i>	<i>536.8%</i>		<i>32.9%</i>	
Other expenses	819	597	37.1%	1,202	-31.9%
<i>As a % of sales</i>	<i>137.8%</i>	<i>470.3%</i>		<i>66.3%</i>	
<b>EBITDA</b>	<b>(909)</b>	<b>(1,159)</b>	<b>NM</b>	<b>(567)</b>	<b>NM</b>
<i>EBITDA margin</i>	<i>NM</i>	<i>NM</i>		<i>NM</i>	
Depreciation	1,430	1,445	-1.0%	1,460	-2.0%
<b>EBIT</b>	<b>(2,340)</b>	<b>(2,604)</b>	<b>NM</b>	<b>(2,027)</b>	<b>NM</b>
<i>EBIT margin</i>	<i>NM</i>	<i>NM</i>		<i>NM</i>	
Interest cost	1,237	1,240	-0.2%	1,239	-0.2%
Other income	332	427	-22.3%	818	-59.5%
<b>PBT</b>	<b>(3,245)</b>	<b>(3,418)</b>	<b>NM</b>	<b>(2,448)</b>	<b>NM</b>
Exceptional items/Share of JVs	-	2	NM	-	NM
Tax expenses	(1,050)	(1,162)	NM	444	NM
Tax rate	NM	NM		NM	
<b>PAT</b>	<b>(2,196)</b>	<b>(2,257)</b>	<b>NM</b>	<b>(2,892)</b>	<b>NM</b>
<i>PAT margin</i>	<i>NM</i>	<i>NM</i>		<i>NM</i>	
Non-controlling interest	1	1	0.0%	1	22.2%
Other comprehensive income (OCI)	(9)	(0)	NM	(7)	NM
<b>PAT inclusive of OCI</b>	<b>(2,185)</b>	<b>(2,256)</b>	<b>NM</b>	<b>(2,884)</b>	<b>NM</b>
<b>EPS (Rs)</b>	<b>(36.1)</b>	<b>(43.1)</b>	<b>NM</b>	<b>(50.6)</b>	<b>NM</b>

Source: Company, PL

**Exhibit 2: Revenue mix (Rs mn) (Inclusive of SPI Cinema's)**

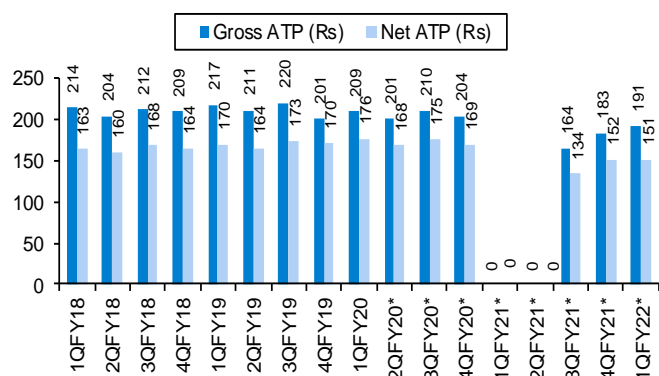
Y/e March	1QFY22	1QFY21	YoY gr.
NBOC	227	-	NM
<i>As a % of total</i>	<i>48.8%</i>	<i>0.0%</i>	
Net F&B	180	14	1235.6%
<i>As a % of total</i>	<i>38.7%</i>	<i>14.0%</i>	
Advertisement revenue	21	-	NM
<i>As a % of total</i>	<i>4.4%</i>	<i>0.0%</i>	
Other revenue from operations (including OI)	38	83	-54.9%
<i>As a % of total</i>	<i>8.1%</i>	<i>86.0%</i>	
<b>Total sales</b>	<b>465.3</b>	<b>96.6</b>	<b>381.7%</b>

Source: Company, PL

**Exhibit 3: Ind-AS 116 Adjusted Consolidated Financials (Rs mn)**

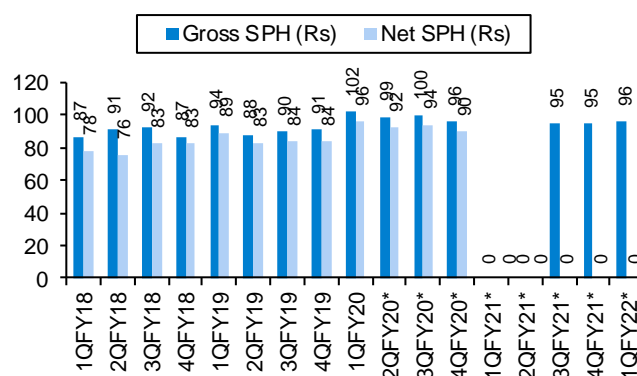
Y/e March	1QFY22	1QFY21	YoY	4QFY21	QoQ	FY21	FY22E	FY23E
Sales	594	127	367.6%	1,815	-67.3%	2,800	13,416	38,585
Ind-AS Adjusted EBITDA	(1,214)	(1,159)	NM	(1,277)	NM	(4,545)	(1,024)	7,301
Ind-AS Adjusted EBITDA margin	NM	NM		NM		NM	NM	18.9%
Ind-AS Adjusted PAT	(1,419)	(1,411)	NM	(2,717)	NM	(6,656)	(2,681)	2,308
Ind-AS Adjusted PAT margin	NM	NM		NM		NM	NM	6.0%

Source: Company, PL

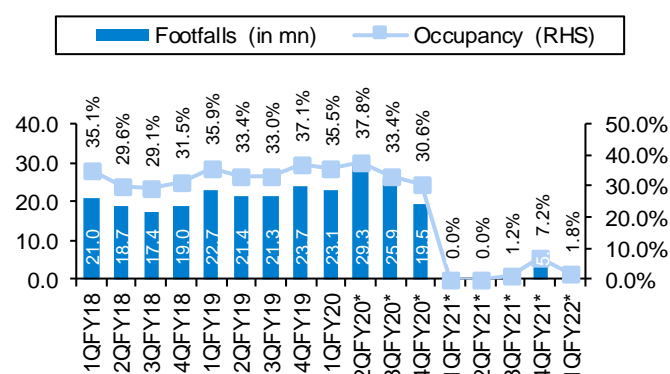
**Exhibit 4: Gross ATP trend over the last few quarters**


Source: Company, PL

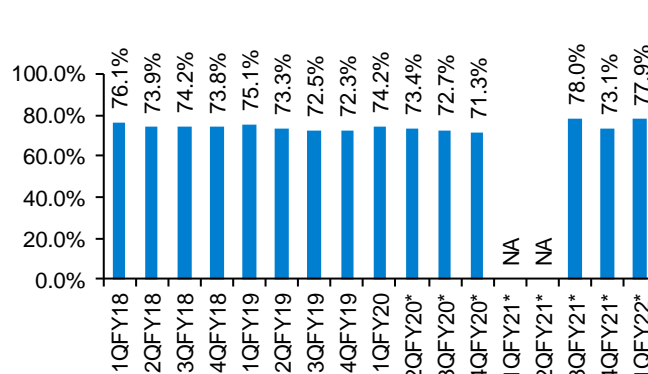
\*Including SPI Cinema's

**Exhibit 5: Gross SPH trend over the last few quarters**


Source: Company, PL \*Including SPI Cinema's Note: Net SPH is NM due to sale of other traded goods

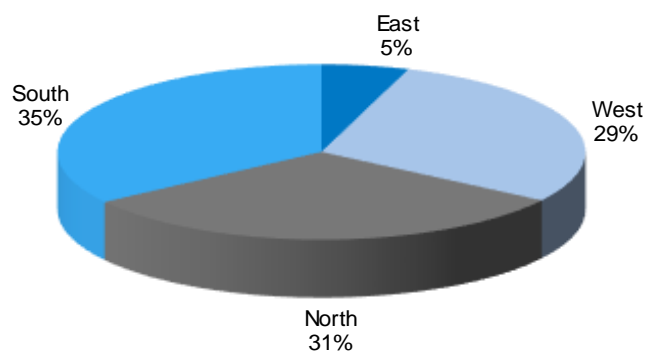
**Exhibit 6: Footfalls are volatile, driven by content**


Source: Company, PL \*Including SPI Cinema's Note: Occupancy calculated based on 4-5 shows per day with no caps

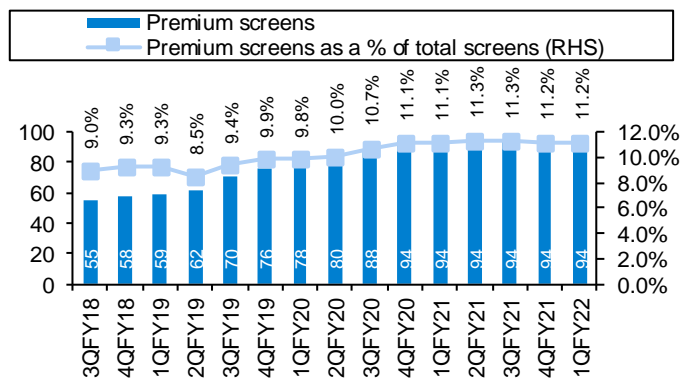
**Exhibit 7: F&B GM is in the steady range of ~73-75%**


Source: Company, PL

\*Including SPI Cinema's

**Exhibit 8: Screen mix as of 1QFY22**


Source: Company, PL

**Exhibit 9: PVR's premium screen count is on a rise**


Source: Company, PL

**Exhibit 10: Relative valuation EV/EBITDA**

Particulars (Rs mn)	FY23E*
EV/EBITDA	11.5
EBITDA	12,472
EV	143,431
Less: Debt	50,024
Add: Cash	5,348
Equity Value	98,756
No of shares	61
Per share value (Rs)	1,625
CMP (Rs)	1,400
Upside	16.1%

Source: Company, PL, \*Ind AS 116 compliant projections

## Financials

### Income Statement (Rs m)

Y/e Mar	FY20	FY21	FY22E	FY23E
<b>Net Revenues</b>	<b>34,144</b>	<b>2,800</b>	<b>13,416</b>	<b>38,585</b>
YoY gr. (%)	10.7	(91.8)	379.1	187.6
Cost of Goods Sold	9,971	730	4,622	11,847
Gross Profit	24,173	2,071	8,794	26,738
Margin (%)	70.8	73.9	65.5	69.3
Employee Cost	3,938	2,171	2,122	4,321
Other Expenses	9,469	3,249	4,288	9,945
<b>EBITDA</b>	<b>10,766</b>	<b>(3,349)</b>	<b>2,385</b>	<b>12,472</b>
YoY gr. (%)	83.6	(131.1)	(171.2)	423.0
Margin (%)	31.5	(119.6)	17.8	32.3
Depreciation and Amortization	5,425	5,748	4,105	5,086
<b>EBIT</b>	<b>5,341</b>	<b>(9,098)</b>	<b>(1,720)</b>	<b>7,387</b>
Margin (%)	15.6	(324.9)	(12.8)	19.1
Net Interest	4,818	4,978	3,305	4,236
Other Income	378	4,693	900	400
<b>Profit Before Tax</b>	<b>901</b>	<b>(9,383)</b>	<b>(4,124)</b>	<b>3,551</b>
Margin (%)	2.6	(335.1)	(30.7)	9.2
Total Tax	627	(1,906)	(1,444)	1,243
Effective tax rate (%)	69.6	20.3	35.0	35.0
<b>Profit after tax</b>	<b>274</b>	<b>(7,476)</b>	<b>(2,681)</b>	<b>2,308</b>
Minority interest	(5)	(4)	-	-
Share Profit from Associate	(5)	(6)	-	-
<b>Adjusted PAT</b>	<b>273</b>	<b>(7,478)</b>	<b>(2,681)</b>	<b>2,308</b>
YoY gr. (%)	(85.6)	(2,839.2)	(64.1)	(186.1)
Margin (%)	0.8	(267.1)	(20.0)	6.0
Extra Ord. Income / (Exp)	-	-	-	-
<b>Reported PAT</b>	<b>273</b>	<b>(7,478)</b>	<b>(2,681)</b>	<b>2,308</b>
YoY gr. (%)	(85.6)	(2,839.2)	(64.1)	(186.1)
Margin (%)	0.8	(267.1)	(20.0)	6.0
Other Comprehensive Income	(66)	5	-	-
Total Comprehensive Income	207	(7,473)	(2,681)	2,308
<b>Equity Shares O/s (m)</b>	<b>51</b>	<b>61</b>	<b>61</b>	<b>61</b>
<b>EPS (Rs)</b>	<b>5.3</b>	<b>(123.1)</b>	<b>(44.1)</b>	<b>38.0</b>

Source: Company Data, PL Research

### Balance Sheet Abstract (Rs m)

Y/e Mar	FY20	FY21	FY22E	FY23E
<b>Non-Current Assets</b>				
<b>Gross Block</b>	<b>55,512</b>	<b>57,151</b>	<b>58,090</b>	<b>61,112</b>
Tangibles	52,797	54,598	55,537	58,558
Intangibles	2,715	2,554	2,554	2,554
<b>Acc: Dep / Amortization</b>	<b>7,172</b>	<b>12,920</b>	<b>17,025</b>	<b>22,111</b>
Tangibles	6,392	12,140	16,244	21,330
Intangibles	781	781	781	781
<b>Net fixed assets</b>	<b>48,340</b>	<b>44,231</b>	<b>41,065</b>	<b>39,001</b>
Tangibles	46,405	42,458	39,292	37,228
Intangibles	1,935	1,773	1,773	1,773
Capital Work In Progress	1,547	2,172	2,172	2,172
Goodwill	10,520	10,520	10,520	10,520
Non-Current Investments	2,618	2,691	3,196	3,360
Net Deferred tax assets	2,049	3,987	5,384	7,271
Other Non-Current Assets	1,668	1,395	1,692	1,868
<b>Current Assets</b>				
Investments	12	9	9	9
Inventories	307	250	294	317
Trade receivables	1,893	307	992	2,854
Cash & Bank Balance	3,223	7,314	4,762	5,348
Other Current Assets	1,764	1,867	2,012	3,087
<b>Total Assets</b>	<b>74,292</b>	<b>75,026</b>	<b>72,442</b>	<b>76,239</b>
<b>Equity</b>				
Equity Share Capital	514	608	608	608
Other Equity	14,289	17,726	15,045	17,232
<b>Total Network</b>	<b>14,802</b>	<b>18,334</b>	<b>15,653</b>	<b>17,839</b>
<b>Non-Current Liabilities</b>				
Long Term borrowings	46,849	46,315	48,815	48,815
Provisions	136	182	215	232
Other non current liabilities	571	524	496	463
<b>Current Liabilities</b>				
ST Debt / Current of LT Debt	1,873	1,209	1,209	1,209
Trade payables	3,124	2,032	1,470	3,383
Other current liabilities	5,884	5,644	3,797	3,511
<b>Total Equity &amp; Liabilities</b>	<b>74,292</b>	<b>75,026</b>	<b>72,442</b>	<b>76,239</b>

Source: Company Data, PL Research

### Cash Flow (Rs m)

Y/e Mar	FY20	FY21	FY22E	FY23E
PBT	896	(9,388)	(4,124)	3,551
Add. Depreciation	2,282	2,341	4,105	5,086
Add. Interest	4,730	4,949	3,305	4,236
Less Financial Other Income	378	4,693	900	400
Add. Other	2,905	(1,297)	(2,524)	(3,474)
Op. profit before WC changes	10,812	(3,396)	761	9,399
Net Changes-WC	(2,647)	(803)	(1,291)	28
Direct tax	(295)	72	1,444	(1,243)
<b>Net cash from Op. activities</b>	<b>7,870</b>	<b>(4,127)</b>	<b>913</b>	<b>8,184</b>
Capital expenditures	(3,838)	(1,166)	(939)	(3,022)
Interest / Dividend Income	26	28	-	-
Others	(92)	(1,748)	(565)	(253)
<b>Net Cash from Invt. activities</b>	<b>(3,903)</b>	<b>(2,886)</b>	<b>(1,504)</b>	<b>(3,275)</b>
Issue of share cap. / premium	-	-	-	-
Debt changes	(674)	1,768	2,500	-
Dividend paid	(360)	-	-	(122)
Interest paid	(1,151)	(982)	(3,305)	(4,236)
Others	75	9,969	(1,156)	34
<b>Net cash from Fin. activities</b>	<b>(2,110)</b>	<b>10,755</b>	<b>(1,961)</b>	<b>(4,323)</b>
<b>Net change in cash</b>	<b>1,857</b>	<b>3,742</b>	<b>(2,552)</b>	<b>586</b>
Free Cash Flow	4,020	(5,294)	(26)	5,162

Source: Company Data, PL Research

### Key Financial Metrics

Y/e Mar	FY20	FY21	FY22E	FY23E
<b>Per Share(Rs)</b>				
EPS	5.3	(123.1)	(44.1)	38.0
CEPS	111.1	(28.5)	23.4	121.7
BVPS	288.6	301.7	257.6	293.6
FCF	78.4	(87.1)	(0.4)	85.0
DPS	4.0	-	-	2.0
<b>Return Ratio(%)</b>				
RoCE	8.7	(14.3)	(2.7)	11.3
ROIC	14.5	(4.5)	3.3	16.4
RoE	1.4	(40.8)	(17.1)	12.9
<b>Balance Sheet</b>				
Net Debt : Equity (x)	3.1	2.2	2.9	2.5
Net Working Capital (Days)	(10)	(192)	(5)	(2)
<b>Valuation(x)</b>				
PER	263.1	(11.4)	(31.7)	36.9
P/B	4.9	4.6	5.4	4.8
P/CEPS	12.6	(49.2)	59.8	11.5
EV/EBITDA	10.9	(37.4)	54.6	10.4
EV/Sales	3.4	44.7	9.7	3.4
Dividend Yield (%)	0.3	-	-	0.1

Source: Company Data, PL Research

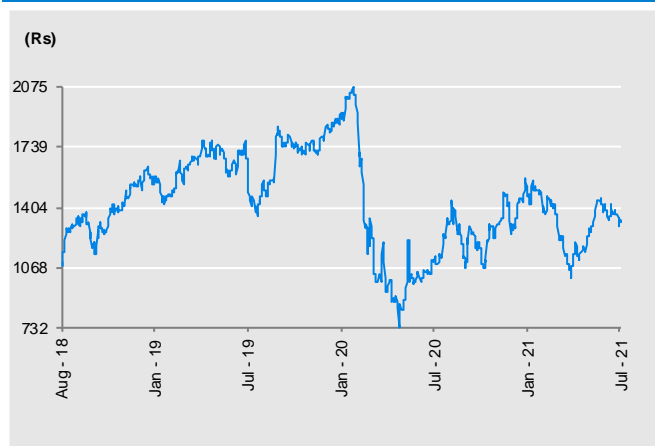
### Quarterly Financials (Rs m)

Y/e Mar	Q2FY21	Q3FY21	Q4FY21	Q1FY22
<b>Net Revenue</b>	<b>405</b>	<b>454</b>	<b>1,815</b>	<b>594</b>
YoY gr. (%)	(95.8)	(95.0)	(71.9)	367.6
Raw Material Expenses	20	119	583	154
Gross Profit	385	335	1,231	440
Margin (%)	95.1	73.8	67.8	74.1
<b>EBITDA</b>	<b>(842)</b>	<b>(781)</b>	<b>(567)</b>	<b>(909)</b>
YoY gr. (%)	(126.5)	(125.4)	(132.9)	(21.6)
Margin (%)	(208.1)	(172.1)	(31.3)	(153.1)
Depreciation / Depletion	1,419	1,425	1,460	1,430
<b>EBIT</b>	<b>(2,260)</b>	<b>(2,206)</b>	<b>(2,027)</b>	<b>(2,340)</b>
Margin (%)	(558.8)	(485.9)	(111.7)	(394.0)
Net Interest	1,229	1,271	1,239	1,237
Other Income	702	2,747	818	332
<b>Profit before Tax</b>	<b>(2,792)</b>	<b>(729)</b>	<b>(2,448)</b>	<b>(3,245)</b>
Margin (%)	(690.2)	(160.6)	(134.9)	(546.4)
Total Tax	(951)	(237)	444	(1,050)
Effective tax rate (%)	34.1	32.5	(18.1)	32.3
<b>Profit after Tax</b>	<b>(1,841)</b>	<b>(492)</b>	<b>(2,892)</b>	<b>(2,196)</b>
Minority interest	(1)	(1)	(1)	(1)
Share Profit from Associates	-	-	-	-
<b>Adjusted PAT</b>	<b>(1,840)</b>	<b>(491)</b>	<b>(2,891)</b>	<b>(2,194)</b>
YoY gr. (%)	(484.2)	(235.1)	288.1	(2.7)
Margin (%)	(454.8)	(108.1)	(159.3)	(369.5)
Extra Ord. Income / (Exp)	-	-	-	-
<b>Reported PAT</b>	<b>(1,840)</b>	<b>(491)</b>	<b>(2,891)</b>	<b>(2,194)</b>
YoY gr. (%)	(484.2)	(235.1)	288.1	(2.7)
Margin (%)	(454.8)	(108.1)	(159.3)	(369.5)
Other Comprehensive Income	(1)	(2)	7	9
<b>Total Comprehensive Income</b>	<b>(1,840)</b>	<b>(493)</b>	<b>(2,884)</b>	<b>(2,185)</b>
Avg. Shares O/s (m)	55	55	61	61
<b>EPS (Rs)</b>	<b>(33.4)</b>	<b>(8.9)</b>	<b>(47.6)</b>	<b>(36.1)</b>

Source: Company Data, PL Research

## Price Chart

## Recommendation History



No.	Date	Rating	TP (Rs.)	Share Price (Rs.)
1	7-Jul-21	BUY	1,589	1,417
2	24-Jun-21	BUY	1,589	1,387
3	3-Jun-21	BUY	1,429	1,319
4	7-Apr-21	BUY	1,544	1,139
5	16-Jan-21	BUY	1,673	1,475
6	11-Jan-21	BUY	1,704	1,455
7	9-Oct-20	Accumulate	1,435	1,255
8	16-Sep-20	Accumulate	1,435	1,265

## Analyst Coverage Universe

Sr. No.	Company Name	Rating	TP (Rs)	Share Price (Rs)
1	Dish TV India	NR	-	74
2	Entertainment Network (India)	Hold	193	183
3	Indian Railway Catering and Tourism Corporation	BUY	2,329	2,169
4	Inox Leisure	BUY	367	323
5	Music Broadcast	Hold	24	25
6	Navneet Education	Accumulate	92	98
7	PVR	BUY	1,589	1,417
8	S Chand and Company	BUY	146	113
9	V.I.P. Industries	Accumulate	374	342
10	V.I.P. Industries	UR	-	418
11	Zee Entertainment Enterprises	BUY	278	219

## PL's Recommendation Nomenclature (Absolute Performance)

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



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