



DALAL & BROACHA
STOCK BROKING PVT. LTD.

Head of Research: Kunal Bhatia 022 67141442

Analyst: Mayank Babla 022 67141412

Associate: Suraj Nandu 022 67141438

Management Meet Update @ Dalal & Broacha

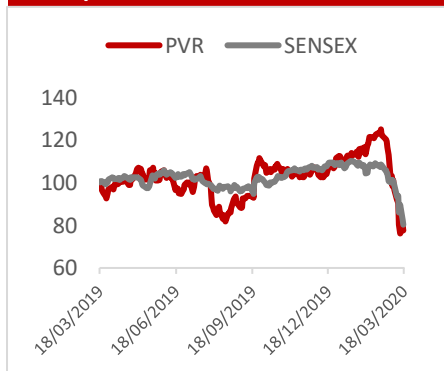
Not Rated

Current Price	1304
52 Week Range	1045/2121

Key Share Data

Market Cap (Rs.bn)	65.65
Market Cap (US\$ mn)	849.41
No of o/s shares (mn)	51.33
Face Value	
Monthly Avg. vol(BSEgrew byNSE)	
Nos'000	968.38
BSE Code	532689
NSE Code	PVR
Bloomberg	PVRL:IN

Price performance



% Shareholding	Dec-19	Sep-19
Promoters	18.44	18.41
Public	81.56	81.59
Others	0.00	0.00
Total	100.0	100.0

We recently had a conference call with the management of PVR Ltd and following are the Key Takeaways from the conference call.

- **Screen Shutdowns may increase on account of Covid-19:** PVR has closed 250 screens (Maharashtra: 165, Delhi: 68, J&K: 2, Kerala: 15) in total out of 845 total screens YTD and 825 as of Q3FY20. Screen shut downs excluding Maharashtra contributed 12-13% to revenues. There are chances of further shutdowns across India spread of COVID-19 continues on. The company had added 67 screens in 9MFY20
- **Occupancy one of the highest:** PVR's National occupancy stands at 35-36%; North has 25%, South is highest at 51%, West at 28%. Company has the highest occupancy rates when compared to its peers.
- **Blockbuster Movie Delays create uncertainty of revenue, however FY21 some quarter could witness very high growth due to multiple launches:** Several Blockbuster movies (has highest Ticket prices) such as Sooryavanshi which was to be released on 24th March, 2020 has been delayed till further notice along with several Hollywood blockbusters such as "No time to die (James Bond)" has been delayed to November 2020 from April 2020, "New Mutants" has been delayed which was to be released in March 2020 among many others. Highly anticipated, Baghi 3 which released on March 6th, 2020 performed well but was still lower than company's expectations as by then footfalls had already taken a hit due to the virus. Angrezi Medium which was a comeback movie for Irfan Khan who took break of 2 years battling Cancer released on 14th March, 2020 but soon after screen shutdowns happened.
- **Impact on key metrics:** The screen shutdowns in addition to delay in blockbuster movies will have negative impact on key metrics such as admits, Average Ticket price, occupancy and on key revenue contributors such as Box office collections (52% of revenues as of 9MFY20), F&B revenues (29% of revenues as of 9MFY20) and Advertisement income (12% of revenues as of 9MFY20).
- **Terms of Lease:** company signs 10 year leases with a 12% escalation every 3 years. Time taken by the company between identifying the location to screen operation commencement takes 3-4 years.
- **Capex and Breakeven:** Capex per traditional screen is ~Rs. 30mn whereas for IMAX and ICON, the capex per screen increases to Rs. 70-90mn. The gap is with the technology involved for IMAX screens which are much costlier comparatively. As per management screen EBITDA breakeven is achieved within 1 year of operations.
- **Food and Beverages (29% of revenues as of 9MFY20), cloud kitchen a New opportunity:** Company is listed on delivery aggregators such as Zomato and Swiggy. They have different menu for the aggregators along with some common items and have begun this pilot in 176 screens till date. PVR has several product launches in pipeline along with packaged food and within the next 6-12 months, they will scale up the business further.

Financials (Rs. Mn)

Particulars	Revenue	%growth	EBITDA	Margins (%)	PAT	%growth	EPS	P/E (x)	ROE
FY18	23341.1	10%	4318.6	18.5%	1247	30%	26.68	45.84	12.2%
FY19	30855.6	32%	6183.2	20.0%	1836	47%	39.29	31.13	16.3%
FY20e*	37044	20%	10086	27.2%	1773	-3%	36.79	33.24	12.7%
FY21e*	42269	14%	11614	27.5%	2468	39%	50.72	24.11	15.2%
FY22e*	47025	11%	12635	26.9%	3279	33%	65.37	18.71	17.0%

*- as per bloomberg estimates



DALAL & BROACHA
STOCK BROKING PVT. LTD.

Head of Research: Kunal Bhatia 022 67141442

Analyst: Mayank Babla 022 67141412

Associate: Suraj Nandu 022 67141438

Management Meet Update @ Dalal & Broacha

Financial Impact: due to screen shutdowns and delay in movie releases will have adverse impact in Q4FY20. Since **screen shutdowns started from early March and will continue on till end of March at least** and even further if needed, we expect company will only record **revenues for the 1st half of the quarter**. As such we expect **Q4FY20 revenues** to be at Rs. 4620mn i.e. **de-growth** of ~45% YoY. PVR on a Pre-IND AS 116 basis will report an **EBITDA loss** of Rs. 910mn on part of loss of revenue and lower operating leverage. **Loss after tax** expected is Rs. 1860 mn. Loss per share for the quarter is expected at Rs. 37.8 and for full year FY20, Loss per share is expected to be at Rs. 3.45. The screen additions will go as planned, as of 9MFY20 total screens stood at 825 and YTD the total screens stood at 845. Company had given guidance of 90-100 screen additions and currently they have added 87 screens.

Outlook: We believe spread of COVID-19 does present substantial short-term risk and one can expect further shutdown of screens and release dates of movies will further pushed. In our belief, this is more of a deferment of revenue rather than loss of revenue and expect once the fear of the virus subsides or containment of the virus happens then the spill over from current quarters will just move to future quarters. There is immense opportunity in India in terms of screen additions as well as the likeness and a mode of escape people choose when they go to watch movies in cinemas. We like the long-term prospects and company's growth story remain intact as we believe the correction is due to factors external to the company's fundamentals. We are currently working on initiating coverage on the company.

Valuation: as per Bloomberg estimates, the company on P/E basis is trading at 24x and 18x FY21e and FY22e EPS of Rs. 50.72 and Rs. 65.37 respectively.



Head of Research: Kunal Bhatia 022 67141442

Analyst: Mayank Babla 022 67141412

Associate: Suraj Nandu 022 67141438

Management Meet Update @ Dalal & Broacha

Disclaimer

Dalal & Broacha Stock Broking Pvt Ltd, hereinafter referred to as D& B (CIN_U67120MH1997PTC111186) was established in 1997 and is an integrated financial services player offering an extensive range of financial solutions and services to a wide spectrum of customers with varied needs ranging from equities to mutual funds to depository services.

D&B is a corporate trading member of Bombay Stock Exchange Limited (BSE), National Stock Exchange of India Limited (NSE). D&B along with its affiliates offers the most comprehensive avenues for investments and is engaged in the securities businesses including stock broking (Institutional and retail), depository participant, portfolio management and services rendered in connection with distribution of primary market issues and financial products like mutual funds, fixed deposits. Details of associates are available on our website i.e. www.dalal-broacha.com

D&B is registered as Research Analyst with SEBI bearing registration Number INH000001246 as per SEBI (Research Analysts) Regulations, 2014.

D&B hereby declares that it has not defaulted with any stock exchange nor its activities were suspended by any stock exchange with whom it is registered in any time in the past. It has not been debarred from doing business by any Stock Exchange / SEBI or any other authorities; nor has its certificate of registration been cancelled by SEBI at any point of time.

SEBI and Stock Exchanges have conducted the routine inspection and based on their observations have issued advice letters or levied minor penalty on D&B for certain operational deviations in routine course of business.

D&B offers research services to clients as well as prospects. The analyst for this report certifies that all of the views expressed in this report accurately reflect his or her personal views about the subject company or companies and its or their securities, and no part of his or her compensation was, is or will be, directly or indirectly related to specific recommendations or views expressed in this report.

Other disclosures by D&B (Research Entity) and its Research Analyst under SEBI (Research Analyst) Regulations, 2014 with reference to the subject company(s) covered in this report:-

D&B or its associates may have financial interest in the subject company.

D&B or its associates do not have any material conflict of interest in the subject company.

The Research Analyst or Research Entity (D&B) has not been engaged in market making activity for the subject company.

D&B or its associates may have actual/beneficial ownership of 1% or more securities of the subject company at the end of the month immediately preceding the date of publication of Research Report.

Disclosures in respect of Research Analyst:

Whether Research Analyst or his/her relatives have actual/beneficial ownership of 1% or more securities of the subject company at the end of the month immediately preceding the date of publication of Research Report:	No
Whether the Research Analyst or his/her relative's financial interest in the subject company.	No
Whether the research Analyst has served as officer, director or employee of the subject company	No
Whether the Research Analyst has received any compensation from the subject company in the past twelve months	No
Whether the Research Analyst has managed or co-managed public offering of securities for the subject company in the past twelve months	No
Whether the Research Analyst has received any compensation for investment banking or merchant banking or brokerage services from the subject company in the past twelve months	No
Whether the Research Analyst has received any compensation for products or services other than investment banking or merchant banking or brokerage services from the subject company in the past twelve months	No
Whether the Research Analyst has received any compensation or other benefits from the subject company or third party in connection with the research report	No

D&B and/or its affiliates may seek investment banking or other business from the company or companies that are the subject of this material. Our salespeople, traders, and other professionals may provide oral or written market commentary or trading strategies to our clients that reflect opinions that are contrary to the opinions expressed herein, and our proprietary trading and investing businesses may make investment decisions that may be inconsistent with the recommendations expressed herein.

In reviewing these materials, you should be aware that any or all of the foregoing, among other things, may give rise to real or potential conflicts of interest including but not limited to those stated herein. Additionally, other important information regarding our relationships with the company or companies that are the subject of this material is provided herein. This report is not directed to, or intended for distribution to or use by, any person or entity who is a citizen or resident of or located in any locality, state, country or other jurisdiction where such distribution, publication, availability or use would be contrary to law or regulation or which would subject D&B or its group companies to any registration or licensing requirement within such jurisdiction. Specifically, this document does not constitute an offer to or solicitation to any U.S. person for the purchase or sale of any financial instrument or as an official confirmation of any transaction to any U.S. person. Unless otherwise stated, this message should not be construed as official confirmation of any transaction. No part of this document may be distributed in Canada or used by private customers in United Kingdom. All material presented in this report, unless specifically indicated otherwise, is under copyright to D&B. None of the material, nor its content, nor any copy of it, may be altered in any way, transmitted to, copied or distributed to any other party, without the prior express written permission of D&B. All trademarks, service marks and logos used in this report are trademarks or registered trademarks of D&B or its Group Companies. The information contained herein is not intended for publication or distribution or circulation in any manner whatsoever and any unauthorized reading, dissemination, distribution or copying of this communication is prohibited unless otherwise expressly authorized. Please ensure that you have read "Risk Disclosure Document for Capital Market and Derivatives Segments" as



DALAL & BROACHA
STOCK BROKING PVT. LTD.

Head of Research: Kunal Bhatia 022 67141442

Analyst: Mayank Babla 022 67141412

Associate: Suraj Nandu 022 67141438

Management Meet Update @ Dalal & Broacha

prescribed by Securities and Exchange Board of India before investing in Indian Securities Market. In so far as this report includes current or historic information, it is believed to be reliable, although its accuracy and completeness cannot be guaranteed.

Contact	Email ID	Contact No.	Sector
Mr. Kunal Bhatia	kunal.bhatia@dalal-broacha.com	022 67141442	Auto, Auto Ancillary, FMCG
Mrs.Charulata Gaidhani	charulata.gaidhani@dalal-broacha.com	022 67141446	Pharma /Healthcare
Mrs.Abhilasha Satale	Abhilasha.satale@dalal-broacha.com	022 67141438	Mid- cap senior analyst
Mr. Mayank Babla	mayank.babladalal-broacha.com	022 67141412	I.T/Telecom/Media
Mr. Avinash Tanawade	avinash.tanawade@dalal-broacha.com	022 67141449	BFSI
Mr. Suraj Nandu	suraj.nandu@dalal-broacha.com	022 67141438	Associate
Ms. Nidhi Babaria	nidhi.babaria@dalal-broacha.com	022 67141450	Associate
Mr. Tanush Mehta	tanush.mehta@dalal-broacha.com	022 67141441	Associate

Address: - 508, Maker Chambers V, 221 Nariman Point, Mumbai 400 021

Tel: 91-22- 2282 2992, 2287 6173, Fax: 91-22-2287 0092

E-mail: research@dalalbroachaindia.com, equity.research@dalal-broacha.com