

**PVR's Q4FY21 performance was a beat on our estimates**

- Revenue from operations at INR 1,815 Mn vs INR 454 Mn qoq / INR 6,451 Mn yoy

**Operating Expenses**

- Employee Cost came in at INR 596 Mn, +23% qoq / -22% yoy
- Other Expenses at INR 1,202 Mn, +91% qoq / -34% yoy
- Movie exhibition cost at INR 407 Mn vs INR 62 Mn / INR 1,436 Mn in Q3FY21 / Q4FY20
- F&B Cost came in at INR 176 Mn vs INR 57 Mn / INR 512 Mn in Q3FY21 / Q4FY20
- EBITDA loss at INR (561) Mn vs loss of INR (781) Mn qoq / profit of INR 1,727 Mn yoy
- Depreciation & Amortization at INR 1460 Mn, +2% qoq / +3% yoy
- Finance Cost at INR 1239 Mn, -2% qoq / +6% yoy
- PBT loss at INR (2448 Mn) vs loss of INR (729) Mn and profit of INR (701.9) Mn | qoq / yoy
- Other Income: INR 818 Mn vs INR 2,747.3 Mn / INR 166.5 Mn in Q3FY21 / Q4FY20
- Reported PAT loss of INR (28,921) Mn which included one-time deferred tax expense of INR 1,129.9 Mn due to changes in tax laws on treatment of goodwill
- APAT loss stood at INR (1,761) Mn vs loss of INR (493) Mn qoq / loss of INR (757) Mn

**Key Highlights of the result**

- Admits at 5.8 Mn in Q4FY21 vs 19.5 Mn in Q4FY20
- Screens stood at 842 in Q4FY21 vs 845 in Q4FY20
- ATP at INR 183 in Q4FY21 vs 204 in Q4FY20
- SPH at INR 95 in Q4FY21 vs INR 96 in Q4FY20
- Total number of seats stood at 1,80,155 in Q4FY21 vs 1,81,917 in Q4FY20

**Financial Summary**

Y/E Mar (Rs mn)	FY19	FY20	FY21	FY22F	FY23F
Net sales	30856	34144	2800	12787	40564
% growth	32%	11%	-92%	357%	217%
EBITDA	5863	10766	-3349	663	13704
PBT	3002	901	-9383	-7420	1074
Adj. PAT	1894	269	-6589	-5120	741
EPS (Rs)	39.3	5.3	-127.5	-98.9	14.4
EV/EBITDA (x)	12.4	10.6	-36.0	174.5	8.2
P/B (x)	5.0	4.6	6.1	23.0	19.0
P/E (x)	33.7	248.9	-10.4	-13.4	91.9
D/E	0.8	0.8	1.1	4.7	3.3
ROCE (%)	18%	12%	-15%	-10%	9%
RoE (%)	16%	2%	-51%	-172%	21%
Dividend yield (%)	0%	0%	0%	0%	0%

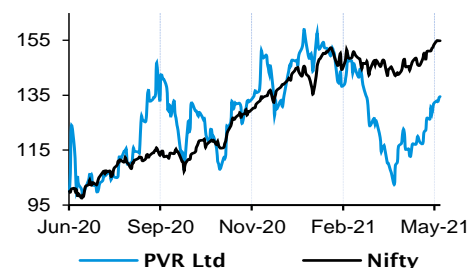
Source: Company

Rating	TP (Rs)	Up/Dn (%)
BUY	1804	35

**Market data**

Current price	Rs	1337
Market Cap (Rs.Bn)	(Rs Bn)	81
Market Cap (US\$ Mn)	(US\$ Mn)	1108
Face Value	Rs	10
52 Weeks High/Low	Rs	1592/925
Average Daily Volume	('000)	1547
BSE Code		532689
Bloomberg		PVRL:IN

Source: Bloomberg

**One Year Performance**

Source: Bloomberg

% Shareholding	Mar-21	Feb-21
Promoters	17.06	17.07
Public	82.94	82.93
Others	0.00	0.00
<b>Total</b>	<b>100</b>	<b>100</b>

Source: BSE

Mayank Babla  
(022) 67141412  
[mayank.babla@dalal-broacha.com](mailto:mayank.babla@dalal-broacha.com)

Timshar Dhamodiwala  
(022) 67141441  
[timshar.dhamodiwala@dalal-broacha.com](mailto:timshar.dhamodiwala@dalal-broacha.com)

## Conference Call Key Highlights

- Covid Impact & Cost Control:** Covid has tremendously impacted the business. Aggressive cost control measures have helped PVR withstand the covid impact. Fixed Cost reduced by 63% in FY21 which was led by:
  - Reduction in Rent expenses by 79%
  - Reduction in CAM by 42%
  - Other fixed overheads reduced by 57%
- Liquidity Position:** PVR has shored up its liquidity position through a combination of Debt as well as Equity. Total Liquidity consists of INR 1500 Crores which includes INR 1100 Crore of Equity raised and balance INR 500 Crores of Debt was raised during the course of pandemic. As of 31 March, 2021 PVR has total liquidity of INR 750+ Crores, deemed enough to sustain the operations and meet all the obligations.
- Long-term Savings:** With the exception of Rent & CAM expenses, PVR expects 10-15% savings in fixed cost & other overheads.
- Record-Breaking Collections:** China had a record-breaking box office collection of approximately \$300 Bn in 2021 (equivalent to entire ticket sales of 2020). Movies that have broken box office record include the likes of Detective China, Demon Slayer, Godzilla Vs Kong, Mortal Kombat, etc.
- Content Pipeline:** There are many movies which are lined up and ready to be released however due to the pandemic crisis and cinema shut down the release dates have not yet been announced. However, once the economy re-opens there will be big releases especially in the Bollywood segment consisting of movies such as Sooryavanshi, Pathan, Maidaan, Thalaivi, etc.
- Radhe's Pay Per View Experiment:** Salman Khan's movies are considered to be big box office collectors especially the Eid special films. But this year Radhe was released on OTT platform (Zee5) with ZEE's pay-per-view service ZEEplex at Rs 249 (per view). However, this failed to woo the audience and Pay Per View is not particularly famous in India (popular in overseas market like US & Europe).
- Outlook:** Although the business is disrupted, PVR remains optimistic about the growth opportunity for the cinema business in India. Pent-up demand for various exhibition of movies has been witnessed globally. Evidence of record-breaking box office collections in countries where theatres are allowed to be operational highlights that the recovery will be rapid post the vaccination drive where theatres will be operational.

**Screen Capacity:** Out of the 9000 screens, 3000 are Multiplex screens and 5500-6000 are single screens. However, 10% of the single screens will not re-open as per the rough estimation. Actual screen capacity will be clear once the cinemas re-open.

**Rent & CAM Negotiation:** Rent & CAM Waivers as per the discussion with the Landlords were till 31<sup>st</sup> March 2021. Negotiations with the Landlords have started again and the firm is confident of getting some interim relief.

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## Valuation & Outlook

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PVR is currently trading at an EV/EBITDA multiple of 8.2x FY23e EBITDA. If nothing, Q4 performance indicated that a V-shaped recovery in admits is highly probable (5.8 Mn admits in Q4 vs 1 Mn in Q3). Additionally, movie exhibitors now have an extremely rich content pipeline across Bollywood, Hollywood and Regional films (Tamil, Telugu, etc.) Lastly, the pace of vaccinations in India are increasing by the day and by Q3FY22 - a sizeable chunk of the population will be completely vaccinated - thereby enabling people to confidently return to cinemas. Green shoots for movie exhibitors are already visible in US and China where box office collections have been phenomenal.

**We retain our BUY rating on the stock, with a target price of INR 1804, based on our FY23 estimates.**

# Financials

Profit & Loss A/c						Balance Sheet					
YE March (Rs. mn)	FY19	FY20	FY21	FY22F	FY23F	Year to December	FY19	FY20	FY21	FY22F	FY23F
<b>Total Revenue</b>	30856	34144	2800	12787	40564	<b>ASSETS</b>					
<i>Growth %</i>	32%	11%	-92%	357%	217%	<b>Current Assets</b>					
<b>Less:</b>						Cash in hand and at banks	352	3,235	7,323	2,491	6,830
Film Distributors Share	7019	7335	472	2814	9579	Accounts receivable	1,839	1,893	307	596	2,445
F&B cost	2387	2637	258	1017	3454	<b>Total Current Assets</b>	<b>3,934</b>	<b>7,536</b>	<b>10,023</b>	<b>4,068</b>	<b>12,053</b>
Employee cost	3373	3938	2171	2313	4654	<b>Non-current Assets</b>					
Rent	5059	0	0	0	0	Gross Block	20,056	22,750	23,660	24,730	28,430
Other expenses	7154	9469	3249	5979	9174	Less Depreciation	5,157	6,392	8,621	10,947	14,174
<b>Total Operating Expenditure</b>	<b>24992</b>	<b>23379</b>	<b>6149</b>	<b>12124</b>	<b>26860</b>	<b>Net Block</b>	<b>14,900</b>	<b>16,358</b>	<b>15,039</b>	<b>13,783</b>	<b>14,256</b>
<b>EBITDA</b>	<b>5863</b>	<b>10766</b>	<b>-3349</b>	<b>663</b>	<b>13704</b>	<b>Total non-current asset s</b>	<b>21,578</b>	<b>51,760</b>	<b>52,054</b>	<b>45,543</b>	<b>53,302</b>
<i>Growth %</i>	46%	84%	-131%	-120%	1968%	<b>TOTAL ASSETS</b>	<b>25,512</b>	<b>59,297</b>	<b>62,077</b>	<b>49,611</b>	<b>65,355</b>
<i>EBITDA Margin (%)</i>	19%	32%	-120%	5%	34%	<b>LIABILITIES AND EQUITY</b>					
<b>Less: Depreciation</b>	<b>1913</b>	<b>5425</b>	<b>5748</b>	<b>6299</b>	<b>8851</b>	<b>Current liabilities</b>					
<b>EBIT</b>	<b>3951</b>	<b>5341</b>	<b>-9098</b>	<b>-5636</b>	<b>4854</b>	Trade & notes payable	7,287	6,187	5,469	4,554	12,225
<b>EBIT Margin</b>	13%	16%	-325%	-44%	12%	<b>Total Current Liabilities</b>	<b>11,713</b>	<b>11,739</b>	<b>10,801</b>	<b>15,630</b>	<b>29,888</b>
<i>Growth %</i>	59%	35%	N.A.	N.A.	N.A.	<b>Noncurrent liabilities</b>					
Interest Paid	1280.1	4817.9	4978	4884	4380	Secured Loans	11,461	12,043	11,793	14,043	12,043
Non-operating Income	331.4	377.9	4693.4	3100.0	600.0	Lease Liabilities					
Exceptional Items	-	-	-	-	-	<b>Total noncurrent liabilities</b>	<b>11,461</b>	<b>47,734</b>	<b>45,884</b>	<b>47,794</b>	<b>48,663</b>
<b>Profit Before Tax</b>	<b>3002</b>	<b>901</b>	<b>-9383</b>	<b>-7420</b>	<b>1074</b>	<b>TOTAL LIABILITIES</b>	<b>23,174</b>	<b>59,473</b>	<b>56,685</b>	<b>63,423</b>	<b>78,551</b>
<b>Adjusted PBT</b>	<b>3002</b>	<b>901</b>	<b>-9383</b>	<b>-7420</b>	<b>1074</b>	<b>Defered Tax Liability</b>	<b>485</b>	<b>(2,526)</b>	<b>(4,489)</b>	<b>(4,489)</b>	<b>(4,489)</b>
Tax	1096.6	627.4	-2794	-2300	333	<b>Goodwill</b>	<b>13,108</b>	<b>12,455</b>	<b>12,294</b>	<b>12,294</b>	<b>12,294</b>
Profit/(Loss) from JV	-12	-5	0	0	0	<b>SHAREHOLDERS' EQUITY</b>					
<b>Net Profit</b>	<b>1894</b>	<b>269</b>	<b>-6589</b>	<b>-5120</b>	<b>741</b>	Share Capital	467	513	517	517	517
<b>Adjusted Profit</b>	<b>1894</b>	<b>269</b>	<b>-6589</b>	<b>-5120</b>	<b>741</b>	Retained Earnings	11,928	14,289	7,697	2,457	3,078
<i>Growth %</i>	51%	-86%	N.A.	N.A.	N.A.	<b>Total Shareholders' Equity</b>	<b>12,395</b>	<b>14,802</b>	<b>11,155</b>	<b>2,974</b>	<b>3,595</b>
<i>Net Profit Margin (%)</i>	6%	1%	-235%	-40%	2%						
<b>Reported Diluted EPS Rs</b>	<b>39.3</b>	<b>5.3</b>	<b>-127.5</b>	<b>-98.9</b>	<b>14.4</b>	<b>Cash Flow Statement</b>					
<i>Growth %</i>	47%	-86%	N.A.	N.A.	N.A.	<b>YE March (Rs. Mn)</b>	<b>FY19</b>	<b>FY20</b>	<b>FY21</b>	<b>FY22E</b>	<b>FY23E</b>
<b>Adjusted Diluted EPS Rs</b>	<b>39.3</b>	<b>5.3</b>	<b>-127.5</b>	<b>-98.9</b>	<b>14.4</b>	<b>PAT</b>	<b>1836</b>	<b>284</b>	<b>-6592</b>	<b>-5116</b>	<b>745</b>
						(Less)/Add: Extraordinary Income/Expense	-12	-5	0	0	0
						Less: Non Operating Income	331	378	4693	3100	600
						Add: Depreciation	1913	5425	5748	6299	8851
						Add: Interest Paid	1280	4818	4978	4884	4380
						<b>Operating Profit before WC Changes</b>	<b>5418</b>	<b>10900</b>	<b>8831</b>	<b>9163</b>	<b>14572</b>
						<b>Net Cash Generated From Operations</b>	<b>10082</b>	<b>8181</b>	<b>9099</b>	<b>15622</b>	<b>25021</b>
						<b>Cash Flow from Investing Activities</b>					
						(Inc)/Dec in Fixed Assets	-5543	-6883	-4429	-5044	-9323
						<b>Net Cash Flow from Investing Activities</b>	<b>-15855</b>	<b>-4533</b>	<b>29</b>	<b>953</b>	<b>-12533</b>
						<b>Cash Flow from Financing Activities</b>					
						Inc/(Dec) in Total Loans	4847	582	-250	2250	-2000
						<b>Net Cash Flow from Financing Activities</b>	<b>5787</b>	<b>-8433</b>	<b>-5038</b>	<b>-6491</b>	<b>-7247</b>
						<b>Net Inc/Dec in cash equivalent s</b>	<b>14</b>	<b>-4785</b>	<b>4090</b>	<b>10084</b>	<b>5241</b>
						<b>Opening Balance</b>	<b>339</b>	<b>352</b>	<b>3235</b>	<b>7323</b>	<b>2491</b>
						<b>Closing Cash and Cash Equivalent s</b>	<b>352</b>	<b>3235</b>	<b>7325</b>	<b>2491</b>	<b>6830</b>

Source: Dalal &amp; Broacha Research, Company

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Name	Designation	Email	Phone	Sector
Mr. Kunal Bhatia	Head of Research	<a href="mailto:kunal.bhatia@dalal-broacha.com">kunal.bhatia@dalal-broacha.com</a>	022 671 41442	Auto   Auto Ancillary   FMCG
Mrs.Charulata Gaidhani	Sr. Analyst	<a href="mailto:charulata.gaidhani@dalal-broacha.com">charulata.gaidhani@dalal-broacha.com</a>	022 671 41446	Pharma   Healthcare
Mr. Mayank Babla	Sr. Analyst	<a href="mailto:mayank.babla@dalal-broacha.com">mayank.babla@dalal-broacha.com</a>	022 671 41412	IT   Telecom   Media
Mr. Avinash Tanawade	Sr. Analyst	<a href="mailto:avinash.tanawade@dalal-broacha.com">avinash.tanawade@dalal-broacha.com</a>	022 671 41449	BFSI
Mr. Akshay Ashok	Analyst	<a href="mailto:akshay.ashok@dalal-broacha.com">akshay.ashok@dalal-broacha.com</a>	022 671 41486	BFSI
Ms. Timshar Dhamodiwala	Associate	<a href="mailto:timshar.dhamodiwala@dalal-broacha.com">timshar.dhamodiwala@dalal-broacha.com</a>	022 671 41441	IT   Telecom   Media

Address: - 508, Maker Chambers V, 221 Nariman Point, Mumbai 400021.

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

E-mail: [equity.research@dalal-broacha.com](mailto:equity.research@dalal-broacha.com)