

June 3, 2021

Q4FY21 Result Update

☑ Change in Estimates | ☑ Target | ■ Reco

Change in Estimates

	Current		Previous	
	FY22E	FY23E	FY22E	FY23E
Rating	BUY		BUY	
Target Price	1,429		1,544	
Sales (Rs. m)	19,991	36,617	31,952	38,770
% Chng.	(37.4)	(5.6)		
EBITDA (Rs. m)	5,773	12,126	10,095	12,701
% Chng.	(42.8)	(4.5)		
EPS (Rs.)	(31.9)	31.6	14.7	39.7
% Chng.	NA	(20.4)		

Key Financials - Consolidated

Y/e Mar	FY20	FY21	FY22E	FY23E
Sales (Rs. m)	34,144	2,800	19,991	36,617
EBITDA (Rs. m)	10,766	(3,349)	5,773	12,126
Margin (%)	31.5	(119.6)	28.9	33.1
PAT (Rs. m)	273	(7,478)	(1,938)	1,920
EPS (Rs.)	5.3	(123.2)	(31.9)	31.6
Gr. (%)	(86.9)	NA	NA	NA
DPS (Rs.)	4.0	-	-	2.5
Yield (%)	0.3	-	-	0.2
RoE (%)	1.4	NA	NA	10.6
RoCE (%)	8.7	NA	1.2	10.5
EV/Sales (x)	3.3	42.9	6.2	3.4
EV/EBITDA (x)	10.5	NA	21.3	10.1
PE (x)	247.7	NA	NA	41.7
P/BV (x)	4.6	4.4	4.9	4.4

Key Data

PVRL.BO | PVRL IN

52-W High / Low	Rs.1,592 / Rs.923
Sensex / Nifty	51,849 / 15,576
Market Cap	Rs.80bn / \$ 1,096m
Shares Outstanding	61m
3M Avg. Daily Value	Rs.3609.7m

Shareholding Pattern (%)

Promoter's	17.06
Foreign	42.60
Domestic Institution	24.50
Public & Others	15.84
Promoter Pledge (Rs bn)	-

Stock Performance (%)

	1M	6M	12M
Absolute	16.0	(0.9)	38.2
Relative	9.2	(14.7)	(9.8)

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Recovery delayed but structural story intact

Quick Pointers:

- Enabling resolution taken to raise Rs5bn through issuance of NCDs.
- Fixed operating expenses stood at Rs828mn per month.

PVR's operational performance was broadly in-line with our estimates. Emergence of 2nd wave has delayed the recovery process (all screens are currently shut) and footfall stabilization is expected in 2HFY22 given rising instances of localized lockdowns prompting us to cut our FY22E EBITDA estimates by ~43% odd. Nonetheless, we keep our FY23E estimates broadly intact and remain constructive over the long term as content pipeline is strong which is expected to result in bunching up of releases post re-opening. We maintain BUY with a revised TP of Rs1,429 (11x 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 (higher/similar to pre-COVID levels for fresh content)/SPH (flat on YoY basis) trends 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 (fixed cost reduction of 63% YoY in FY21) and sufficient liquidity on the BS (cash of Rs7.3bn as of FY21) gives us additional comfort till normalcy sets in.

Revenues fall steeply due to limited fresh content: Top-line declined 71.9% YoY to Rs1,815mn (PLe Rs1,666mn) during the quarter given limited fresh content, occupancy caps and intermittent closures. Except for Master there was a dearth of big budget releases which dragged footfalls by 70.3% YoY to 5.8mn (PLe 5.5mn). ATP declined 10.3% YoY to Rs183 while SPH was flat at Rs95.

Fixed opex stood at Rs828mn per month; down 37.2% YoY: Ind-AS adjusted EBITDA loss stood at Rs1,276mn (PLe loss of Rs1,255mn) with fixed opex of Rs828mn per month, down 37.2% YoY due to aggressive cost cutting.

One-time tax impact of Rs1,129mn mars bottom-line: Ind-AS adjusted loss stood at Rs2,716mn (PLe loss of Rs1,316mn). The loss was higher than our estimate due to an additional charge of Rs1,129mn amid amendment in tax laws which disallows benefit of depreciation on goodwill in books.

Con-call highlights: 1) Single screens are struggling for survival and ~10% of them may close permanently post-pandemic 2) Given the ongoing 2nd wave, fresh rent & CAM negotiations have begun and management is hopeful of getting concessions in FY22 as well 3) Ongoing cost reduction exercise is likely to result in permanent cost savings of ~10-15% in long term 4) Fresh capex has been suspended. However, 19 screens are complete & ready to commence operations 5) Renewal of convenience fee contract will be evaluated after the term ends (it is a 3 years' contract and ~1.5 years have elapsed so far) 6) Tax rate is expected to be 35% till the time residual MAT credit is utilized 7) Southern films contribute ~35-36% of NBOCs & PVR's market share has improved in 4QFY21 8) ~2bn can be raised from banking partners under a new scheme launched by the government (acts as a measure of liquidity support).

Exhibit 1: Q4FY21 Result Overview – Consolidated (Rs mn)

Y/e March	4QFY21	4QFY20	YoY gr.	3QFY21	QoQ gr.	FY21	FY20	YoY gr.
Net sales	1,815	6,451	-71.9%	454	299.7%	2,800	34,144	-91.8%
Movie exhibition cost	407	1,436	-71.6%	62	560.1%	472	7,335	-93.6%
<i>As a % of sales</i>	<i>22.4%</i>	<i>22.3%</i>		<i>13.6%</i>		<i>16.9%</i>	<i>21.5%</i>	
Consumption of F&B	176	512	-65.6%	57	206.8%	258	2,637	-90.2%
<i>As a % of sales</i>	<i>9.7%</i>	<i>7.9%</i>		<i>12.6%</i>		<i>9.2%</i>	<i>7.7%</i>	
Employee expenses	596	765	-22.0%	486	22.8%	2,171	3,938	-44.9%
<i>As a % of sales</i>	<i>32.9%</i>	<i>11.9%</i>		<i>107.0%</i>		<i>77.5%</i>	<i>11.5%</i>	
Other expenses	1,202	2,012	-40.3%	630	90.7%	3,249	9,469	-65.7%
<i>As a % of sales</i>	<i>66.3%</i>	<i>31.2%</i>		<i>138.8%</i>		<i>116.0%</i>	<i>27.7%</i>	
EBITDA	(567)	1,727	NM	(781)	NM	(3,349)	10,766	NM
<i>EBITDA margin</i>	<i>NM</i>	<i>26.8%</i>		<i>NM</i>		<i>NM</i>	<i>31.5%</i>	
Depreciation	1,460	1,422	2.6%	1,425	2.5%	5,748	5,425	6.0%
EBIT	(2,027)	304	NM	(2,206)	NM	(9,098)	5,341	NM
<i>EBIT margin</i>	<i>NM</i>	<i>4.7%</i>		<i>NM</i>		<i>NM</i>	<i>15.6%</i>	
Interest cost	1,239	1,171	5.8%	1,271	-2.5%	4,978	4,818	3.3%
Other income	818	167	391.3%	2,747	-70.2%	4,693	378	1142.0%
PBT	(2,448)	(701)	NM	(729)	NM	(9,383)	901	NM
Exceptional items/Share of JVs	-	1	-100.0%	-	NM	(6)	(5)	NM
Tax expenses	444	44	904.5%	(237)	NM	(1,906)	627	NM
Tax rate	NM	NM		NM		NM	69.2%	
PAT	(2,892)	(746)	NM	(492)	NM	(7,482)	269	NM
<i>PAT margin</i>	<i>NM</i>	<i>NM</i>		<i>NM</i>		<i>NM</i>	<i>0.8%</i>	
Noncontrolling interest	1	1	-25.0%	1	-18.2%	4	5	-6.7%
Other comprehensive income (OCI)	(7)	(20)	NM	2	NM	-5	66	NM
PAT inclusive of OCI	(2,884)	(725)	NM	(493)	NM	(7,473)	207	NM
EPS (Rs)	(50.6)	(15.0)	NM	(8.2)	NM	(135.6)	5.4	NM

Source: Company, PL

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

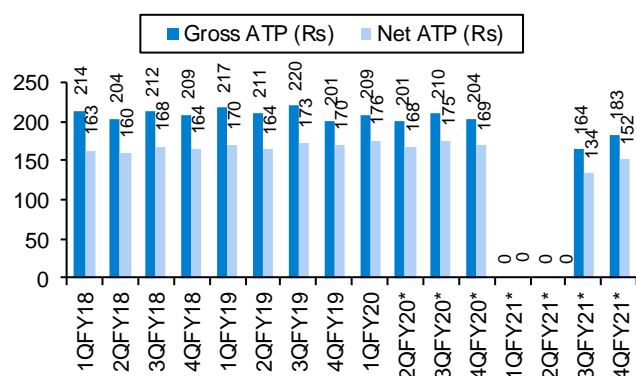
Y/e March	4QFY21	4QFY20	YoY gr.
NBOC	879	3,300	-73.4%
<i>As a % of total</i>	<i>52.2%</i>	<i>56.0%</i>	
Net F&B	565	1,746	-67.7%
<i>As a % of total</i>	<i>33.6%</i>	<i>29.6%</i>	
Advertisement revenue	136	685	-80.2%
<i>As a % of total</i>	<i>8.1%</i>	<i>11.6%</i>	
Other revenue from operations	103	165	-37.5%
<i>As a % of total</i>	<i>6.1%</i>	<i>2.8%</i>	
Total sales	1,682.3	5,896.8	-71.5%

Source: Company, PL

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

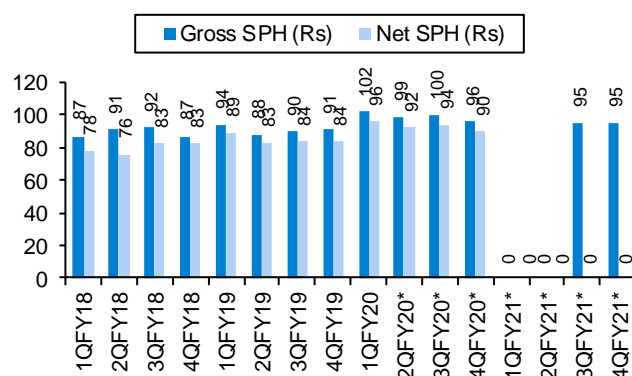
Y/e March	4QFY21	4QFY20	YoY gr.	3QFY21	QoQ gr.	FY21	FY22E	FY22E
Sales	1,815	6,451	-71.9%	454	299.7%	2,800	19,991	36,617
Ind-AS Adjusted EBITDA	(1,277)	428	NM	(1,268)	NM	(4,545)	829	6,954
Ind-AS Adjusted EBITDA margin	NM	6.6%		NM		NM	4.1%	19.0%
Ind-AS Adjusted PAT	(2,717)	(479)	NM	(1,367)	NM	(6,656)	(1,938)	1,920
Ind-AS Adjusted PAT margin	NM	NM		NM		NM	NM	5.2%

Source: Company, PL

Exhibit 4: Gross ATP trend over the last few quarters


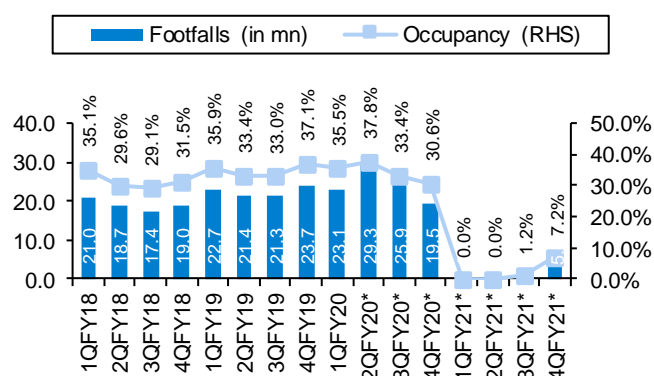
Source: Company, PL

*Including SPI Cinema's

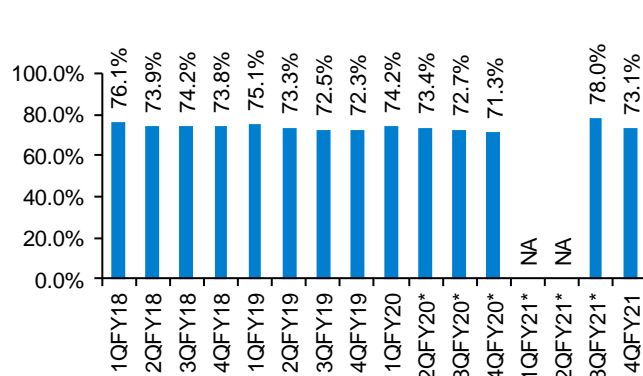
Exhibit 5: Gross SPH trend over the last few quarters


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


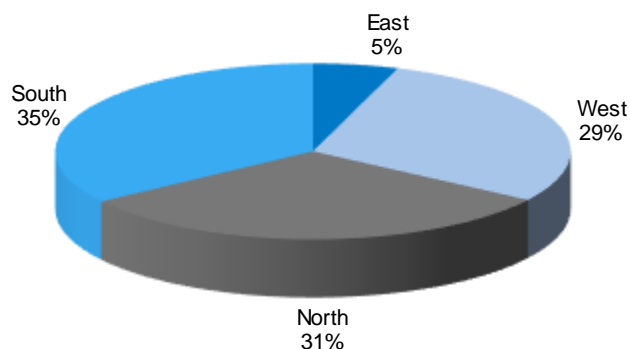
Source: Company, PL *Including SPI Cinema's Note: Occupancy calculated based on 4-5 shows per day with no caps

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


Source: Company, PL

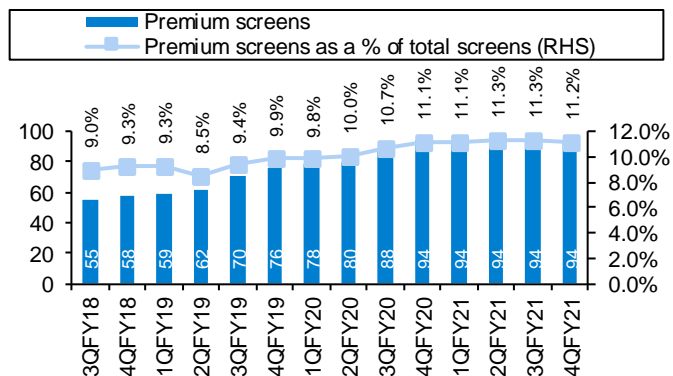
*Including SPI Cinema's

Exhibit 8: Screen mix as of 4QFY21



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
EBITDA	12,126
EV	1,29,747
Less: Debt	50,024
Add: Cash	7,023
Equity Value	86,746
No of shares	61
Per share value (Rs)	1,429
CMP (Rs)	1,319
Upside	8.4%

Source: Company, PL

*Ind AS 116 compliant projections

Financials

Income Statement (Rs m)

Y/e Mar	FY20	FY21	FY22E	FY23E
Net Revenues	34,144	2,800	19,991	36,617
YoY gr. (%)	10.7	(91.8)	613.9	83.2
Cost of Goods Sold	9,971	730	6,556	11,259
Gross Profit	24,173	2,071	13,435	25,358
Margin (%)	70.8	73.9	67.2	69.3
Employee Cost	3,938	2,171	2,299	4,099
Other Expenses	9,469	3,249	5,363	9,134
EBITDA	10,766	(3,349)	5,773	12,126
YoY gr. (%)	83.6	NA	NA	110.1
Margin (%)	31.5	NA	28.9	33.1
Depreciation and Amortization	5,425	5,748	5,022	5,236
EBIT	5,341	(9,098)	751	6,890
Margin (%)	15.6	NA	3.8	18.8
Net Interest	4,818	4,978	4,122	4,336
Other Income	378	4,693	390	400
Profit Before Tax	901	(9,383)	(2,981)	2,954
Margin (%)	2.6	NA	NA	8.1
Total Tax	627	(1,906)	(1,043)	1,034
Effective tax rate (%)	69.6	NA	NA	35.0
Profit after tax	274	(7,476)	(1,938)	1,920
Minority interest	(5)	(4)	-	-
Share Profit from Associate	(5)	(6)	-	-
Adjusted PAT	273	(7,478)	(1,938)	1,920
YoY gr. (%)	(85.6)	NA	NA	NA
Margin (%)	0.8	NA	NA	5.2
Extra Ord. Income / (Exp)	-	-	-	-
Reported PAT	273	(7,478)	(1,938)	1,920
YoY gr. (%)	(85.6)	NA	NA	NA
Margin (%)	0.8	NA	NA	5.2
Other Comprehensive Income	(66)	5	-	-
Total Comprehensive Income	207	(7,473)	(1,938)	1,920
Equity Shares O/s (m)	51	61	61	61
EPS (Rs)	5.3	(123.2)	(31.9)	31.6

Source: Company Data, PL Research

Balance Sheet Abstract (Rs m)

Y/e Mar	FY20	FY21	FY22E	FY23E
Non-Current Assets				
Gross Block	55,512	57,151	58,151	61,133
Tangibles	52,797	54,598	55,597	58,579
Intangibles	2,715	2,554	2,554	2,554
Acc: Dep / Amortization	7,172	12,920	17,942	23,178
Tangibles	6,392	12,140	17,162	22,397
Intangibles	781	781	781	781
Net fixed assets	48,340	44,231	40,209	37,955
Tangibles	46,405	42,458	38,436	36,182
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	3,042	3,189
Net Deferred tax assets	2,049	3,987	5,384	7,271
Other Non-Current Assets	1,668	1,395	1,536	1,689
Current Assets				
Investments	12	9	9	9
Inventories	307	250	274	301
Trade receivables	1,893	307	1,479	2,709
Cash & Bank Balance	3,223	7,314	7,077	7,023
Other Current Assets	1,764	1,867	2,399	2,929
Total Assets	74,292	75,026	74,407	76,178
Equity				
Equity Share Capital	514	608	608	608
Other Equity	14,289	17,726	15,789	17,557
Total Network	14,802	18,334	16,396	18,165
Non-Current Liabilities				
Long Term borrowings	46,849	46,315	48,815	48,815
Provisions	136	182	200	220
Other non current liabilities	571	524	500	439
Current Liabilities				
ST Debt / Current of LT Debt	1,873	1,209	1,209	1,209
Trade payables	3,124	2,032	1,862	3,210
Other current liabilities	5,884	5,644	4,638	3,332
Total Equity & Liabilities	74,292	75,026	74,407	76,178

Source: Company Data, PL Research

Cash Flow (Rs m)

Y/e Mar	FY20	FY21	FY22E	FY23E
PBT	896	(9,388)	(2,981)	2,954
Add. Depreciation	2,282	2,341	5,022	5,236
Add. Interest	4,730	4,949	4,122	4,336
Less Financial Other Income	378	4,693	390	400
Add. Other	2,905	(1,297)	(2,643)	(3,115)
Op. profit before WC changes	10,812	(3,396)	3,520	9,410
Net Changes-WC	(2,647)	(803)	(1,366)	91
Direct tax	(295)	72	1,043	(1,034)
Net cash from Op. activities	7,870	(4,127)	3,197	8,467
Capital expenditures	(3,838)	(1,166)	(1,000)	(2,982)
Interest / Dividend Income	26	28	-	-
Others	(92)	(1,748)	(375)	(250)
Net Cash from Invst. activities	(3,903)	(2,886)	(1,374)	(3,232)
Issue of share cap. / premium	-	-	-	-
Debt changes	(674)	1,768	2,500	-
Dividend paid	(360)	-	-	(152)
Interest paid	(1,151)	(982)	(4,122)	(4,336)
Others	75	9,969	(438)	(802)
Net cash from Fin. activities	(2,110)	10,755	(2,060)	(5,289)
Net change in cash	1,857	3,742	(237)	(54)
Free Cash Flow	4,020	(5,294)	2,198	5,485

Source: Company Data, PL Research

Key Financial Metrics

Y/e Mar	FY20	FY21	FY22E	FY23E
Per Share(Rs)				
EPS	5.3	(123.2)	(31.9)	31.6
CEPS	111.1	(28.5)	50.8	117.9
BVPS	288.6	302.0	270.1	299.3
FCF	78.4	(87.2)	36.2	90.4
DPS	4.0	-	-	2.5
Return Ratio(%)				
RoCE	8.7	NA	1.2	10.5
ROIC	14.5	NA	7.8	15.9
RoE	1.4	NA	NA	10.6
Balance Sheet				
Net Debt : Equity (x)	3.1	2.2	2.6	2.4
Net Working Capital (Days)	(10)	(192)	(2)	(2)
Valuation(x)				
PER	247.7	NA	NA	41.7
P/B	4.6	4.4	4.9	4.4
P/CEPS	11.9	NA	25.9	11.2
EV/EBITDA	10.5	NA	21.3	10.1
EV/Sales	3.3	42.9	6.2	3.4
Dividend Yield (%)	0.3	-	-	0.2

Source: Company Data, PL Research

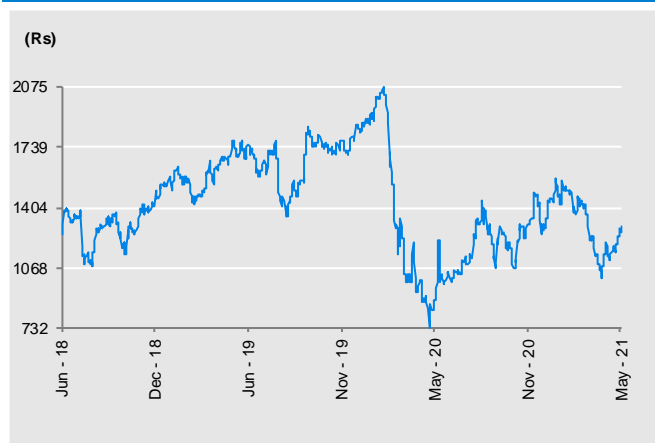
Quarterly Financials (Rs m)

Y/e Mar	Q1FY21	Q2FY21	Q3FY21	Q4FY21
Net Revenue	127	405	454	1,815
YoY gr. (%)	(98.6)	(95.8)	(95.0)	(71.9)
Raw Material Expenses	7	20	119	583
Gross Profit	120	385	335	1,231
Margin (%)	94.4	95.1	73.8	67.8
EBITDA	(1,159)	(842)	(781)	(567)
YoY gr. (%)	NA	NA	NA	NA
Margin (%)	NA	NA	NA	NA
Depreciation / Depletion	1,445	1,419	1,425	1,460
EBIT	(2,604)	(2,260)	(2,206)	(2,027)
Margin (%)	NA	NA	NA	NA
Net Interest	1,240	1,229	1,271	1,239
Other Income	427	702	2,747	818
Profit before Tax	(3,419)	(2,792)	(729)	(2,448)
Margin (%)	NA	NA	NA	NA
Total Tax	(1,162)	(951)	(237)	444
Effective tax rate (%)	NA	NA	NA	(18.1)
Profit after Tax	(2,257)	(1,841)	(492)	(2,892)
Minority interest	(1)	(1)	(1)	(1)
Share Profit from Associates	-	-	-	-
Adjusted PAT	(2,256)	(1,840)	(491)	(2,891)
YoY gr. (%)	NA	NA	NA	NA
Margin (%)	NA	NA	NA	NA
Extra Ord. Income / (Exp)	-	-	-	-
Reported PAT	(2,256)	(1,840)	(491)	(2,891)
YoY gr. (%)	NA	NA	NA	NA
Margin (%)	NA	NA	NA	NA
Other Comprehensive Income	-	(1)	(2)	7
Total Comprehensive Income	(2,256)	(1,840)	(493)	(2,884)
Avg. Shares O/s (m)	51	55	55	61
EPS (Rs)	(44.0)	(33.4)	(8.9)	(47.6)

Source: Company Data, PL Research

Price Chart

Recommendation History



No.	Date	Rating	TP (Rs.)	Share Price (Rs.)
1	07-Apr-21	BUY	1,544	1,139
2	16-Jan-21	BUY	1,673	1,475
3	11-Jan-21	BUY	1,704	1,455
4	09-Oct-20	Accumulate	1,435	1,255
5	16-Sep-20	Accumulate	1,435	1,265
6	08-Jul-20	Accumulate	1,107	1,073
7	10-Jun-20	Accumulate	1,131	1,087

Analyst Coverage Universe

Sr. No.	Company Name	Rating	TP (Rs)	Share Price (Rs)
1	Dish TV India	NR	-	74
2	Entertainment Network (India)	Accumulate	210	155
3	Indian Railway Catering and Tourism Corporation	BUY	2,179	1,707
4	Inox Leisure	BUY	368	276
5	Music Broadcast	Hold	23	24
6	Navneet Education	Accumulate	92	85
7	PVR	BUY	1,544	1,139
8	S Chand and Company	BUY	127	109
9	V.I.P. Industries	Hold	376	366
10	Zee Entertainment Enterprises	BUY	278	192

PL's Recommendation Nomenclature (Absolute Performance)

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

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