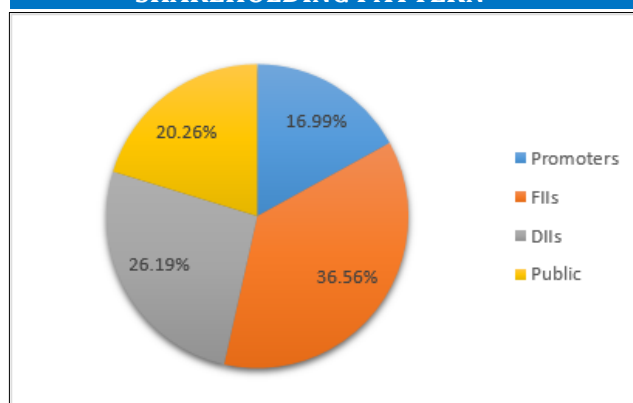


August 2022

VALUE PARAMETERS

Face Value (Rs.)	10.0
Mrk.Cap (Rs. in Cr)	13,185
52-Week High/Low	2,167/1,224
EPS (TTM)	-35.4
P/E Ratio (TTM)	NA
Book Value per share (Rs)	224
Industry P/E	75.3
P/B Ratio (calc at CMP)	9.59
Dividend Yield (%)	0
Enterprise value (Rs in Cr)	17,803

SHAREHOLDING PATTERN



FINANCIAL PERFORMANCE

Consolidated	FY22	FY23E	FY24E
Sales (Rs. Cr)	1,331	4,150	4,850
Growth (%)	375%	212%	16.8%
EBITDA (Rs. Cr)	106	1,350	1,590
EBITDA margin	7.9%	32.53	32.78
PAT (Rs. Cr)	-488	170.0	313.5
EPS (Rs)	-80	29	52
RoE (%)	NA	11.2	17
RoCE (%)	NA	11.2	14
P/BV (x)	9.4	7.3	6.32
EV/EBITDA (x)	20.5	12	10
P/E (x)	NA	70	40

Best quarter ever - growth momentum to continue...

Our Recommendation: PVRL reported strong revenue and profit growth in Q1FY23. This growth was aided by releases of blockbusters movies like RRR, KGF-2, Vikram, Bhool Bhulaiya 2 and Dr Strange. We expect the company to report strong growth in the coming quarters aided by opening up of economy post COVID and healthy content in pipeline. Ad revenues to shoot up in coming festive season. Ongoing merger with Inox Leisure and opening up of new 125 screens this fiscal and expansion in tier I and II cities would give premium valuation and would make company even bigger market leader with strong pricing power. Thus, we recommend BUY in price range Rs. 2075-2125 with target price Rs 2400 (upside 15%).

Investment Rationale:

About Company: PVR deals in the business of movie exhibition and production and operates largest cinema circuit in India. The company provides diversified movie-viewing experiencing through different formats that includes PVR Gold Class, PVR IMAX, PVR Superplex, PVR P (XL) etc. The company draws its revenue from different stream – box-office, non-box office, sale of food and beverages, advertisement income, convenience fees, and from movie production and distribution.

Q1FY23 Results: Company reported robust financial performance.

- The company reported 1553% revenue growth to Rs 981.4 crore YoY basis from Rs 59 crore in same quarter in previous year. On QoQ basis, revenue increased by 83% from Rs 537 crore.
- EBITDA stood at Rs 341 crore with margins of 34.8%. Ind-AS Adjusted EBITDA was at 188 crore with 19.2% margin.
- PAT reported to be at Rs 53.2 crore led by strong operating performance. Company reported net PAT (ex- Ind AS116) at Rs 68.3 crore.

Strong performance across segments: Revenue increased by 1553% aided by strong content like RRR, KGF-2, Vikram, Bhool Bhulaiya 2 and Dr Strange. Revenue from NBOC stood at Rs 530 Cr (54% of total revenue). Revenue from F&B was at Rs 323.8 crore (up 90% QoQ). Revenue from advertisement stood at Rs 62.7 crore. Footfalls stood at 25mn (PLe 25mn) in 1QFY23.

Reduced debt. Merger with Inox is on track: The company reduced its debt by Rs 82 crore to Rs 844 in first-quarter of FY23. Company expects its debt will not go up in FY23 as capex will be from its reserves and internal funding. Merger with Inox is progressing well with just NCLT approval pending. Company expects that merger will complete by the end of third quarter.

Business growth to continue post-COVID: The company will add 125 new screens in current fiscal with capex of Rs 400 Cr. Per management this capex will not increase debt as this will be funded through internal accruals. Most of the screening opening will complete by second half of FY23. As the economic recovery is on track post-COVID, management expects ad revenue to get to pre-COVID level by Q3 aided by festive season. ATP, SPH ratio will continue to improve due to merger with Inox and decreasing competition from single-screen theatres; this bodes well for the future growth of the company.

Key Risks: Hindrances in merger with Inox. Further wave of pandemic.

Financials and Valuations

Q1FY23 Quarterly snapshot (Rs in Cr)

Y/E March	Q1FY23	Q1FY22	Q4FY22	Chg YoY (%)	Chg QoQ (%)
Net Revenues	981.40	59.39	537.14	1,552.50	82.70
Expenditure	639.83	150.32	437.26	326	46
EBIDTA	341.57	-90.93	99.88	-	242
<i>EBITDA Margin (%)</i>	<i>34.80%</i>	<i>-153.11%</i>	<i>18.59%</i>	-	87
Depreciation	149	143	168.67	4	-11
EBIT	192	-234	-69	-	-
Other Income	20.86	33.16	42.52	-37	-51
Interest	127.98	123.70	125.24	3.45	2.18
Exceptional items	0.00	0.00	0.00	na	na
PBT	85.07	-324.51	-151.51	-	-
Tax	31.91	-104.96	-46.02	-	-
PAT	53.16	-219.55	-105.49	-	-
Net Profit	53.16	-219.55	-105.49	-	-
Min Int.	0.22	0.00	0.00	na	na
Shares associates	0.00	0.00	0.00	na	na
Consolidated Net Profit	53.38	-219.55	-105.49	-	-
EPS	8.74	-36.12	-17.29	-	-

Revenue Analysis with pre-COVID levels

Rev. Mix	1QFY23	1QFY20	Growth (%)
Net Box Office	530.20	456.60	16
Net F&B	323.8	263.4	23
Ad. revenue	62.70	91.6	-32
Conv. Fee	45.9	40.6	13
Other Op. Inc.	18.8	28.3	-34
Other Inc.	19	6.8	179
Total	1,000.40	887.30	13

Growth Analysis with pre-COVID period

	1QFY23	1QFY20	Growth (%)
Seats	178630	173051	3
Screens	858	785	9
Locations	174	167	4

Advertising revenue will breach pre-COVID levels by Q4 aided by festive season.
125 new screens will be added in FY23 & entering in 9 new cities.

Income Statement, consolidated (Rs. Cr)

Y/E March	FY18	FY19	FY20	FY21	FY22
Net Revenues	2334.11	3085.56	3414.44	280.01	1,331.00
Expenditure	1932.27	2499.23	2337.85	614.94	1,225.27
EBIDTA	401.84	586.33	1076.59	-335	106
<i>EBITDA Margin (%)</i>	<i>17%</i>	<i>19%</i>	<i>32%</i>	<i>-119.61%</i>	<i>7.94%</i>
Depreciation	153.69	191.28	542.46	575	614
EBIT	248.15	395.05	534.13	-910	-509
Other Income	31.34	33.14	37.79	469.34	326.13
Interest	83.71	128.01	481.79	497.84	498.17
Exceptional items	-0.59	0	0	0.00	0.00
PBT	195.19	300.18	90.13	-938.25	-680.71
Tax	70.44	109.63	62.74	-190.63	-192.2
PAT	124.75	190.55	27.39	-747.62	-488.51
Net Profit	124.75	190.55	27.84	-747.62	-488.51
Min Int.	0.68	0.43	0.45	0.42	0.27
Shares associates	-0.73	-1.15	-0.54	-0.59	0.00
Consolidated Net Profit	124.7	189.83	27.75	-747.79	-488.24
EPS	26.2	39.88	5.31	-123.07	-80.00

Balance Sheet, consolidated (Rs. Cr)

Y/E March	FY18	FY19	FY20	FY21	FY22
Equity Share Capital	47	47	51	61	61
Share Warrants	3	6	5	8	12
Reserves & Surplus	1026	1,443	1,424	1,764	1,298
Total Shareholder's Fund	1076	1,496	1,480	1,833	1,371
L.T. Borrowings	562	1,019	913	980	1,033
Deffered tax liability	-15	27	-205	-399	-593
L.T. Trade pay	0	0	0	0	0
Other long term Liab.	0	227	3,730	3,539	3,476
L.T. Provisions	10	18	14	18	10
Non-Current Liabilities	557	1291	4452	4138	3926
S.T. Borrowings	100	85	187	121	61
S.T Trade pay	251	368	312	203	300
Other S.T. Liab.	347	597	786	802	1,070
S.T. Provisions	3	3	4	4	3
Current Liabilities	701	1,053	1,289	1,130	1,434
Minority Interest	1	0	0	0	0
Total Equity & Liability	2,334	3,840	7,221	7,101	6,731
Fixed assets	1,692	2963	6041	5692	5472
L.T. Investments	20	10	1	0	0
L.T. Loans & Adv.	220	324	385	365	352
Other L.T. Assets	104	149	43	44	41
Non-Current Assets	2,036	3,446	6,470	6,101	5,865
S.T. Investments	1	1	1	1	0
Inventories	20	30	31	25	34
Sundry Debtors	156	184	189	31	71
Cash & Bank	33	34	322	731	578
Others	88	144	210	214	183
Current Assets	298	393	753	1,002	866
Misc. Exp. not W/O	0	0	0	0	0
Total Assets	2,334	3,839	7,223	7,103	6,731

Cash Flow statement (Rs. Cr)

Y/E March	FY18	FY19	FY20	FY21	FY22
PBT	194	299	90	-939	-681
Adj. For Exp.	235	316	992	599	794
Other Adj.	59	298	-266	-80	44
CF After WC	488	913	816	-420	157
Tax	-42	-83	-29	7	10
CF from Op. Activity (a)	446	830	787	-413	167
CF from Inv. Activity (b)	-405	-1015	-390	-288	-3
CF from Fin. Activity (c)	-66	142	-211	1,074	-217
Net Change (a+b+c)	-25	-43	186	373	-53
Opening cash	9	27	-7	179	552
Others	43	9	0	0	0
Closing cash balance	27	-7	179	552	499

Key Ratios

Y/E March	FY2018	FY2019	FY2020	FY2021	FY2022
Per Share Data (Rs)					
EPS	26.2	39.88	5.22	-123.07	-80.4
BV/Share	225.28	312.95	282.04	300.38	222.73
DPS	2	2	4	0	0
Dividend Payout (%)	7.63%	5.02%	76.63%	0	0
Valuation Ratios					
P/E	45.58	39.75	218.73	NA	NA
P/BV	5.3	5.16	4.12	4.07	8.62
EV/EBITDA	14.98	14.2	6.23	59.95	29.28
Return Ratios (%)					
ROE	12.25%	14.88%	1.85%	-45.31%	-30.69%
ROCE	15.11%	18.28%	20.60%	-14.78%	-6.02%
Leverage Ratio (x)					
Current Ratio	0.43	0.37	0.58	0.89	0.60
Interest Cover Ratio	3.33	3.34	1.19	-0.88	-0.37
Net Debt/Equity	0.77	0.86	0.88	0.74	1.11
Quick Ratio	0.4	0.34	0.56	0.86	0.58

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Disclosure:

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