

## Week Gone

- ⇒ In the week ended on Friday, 25 March 2022, the S&P BSE Sensex fell 501.73 points or 0.87% to settle at 57,362.2. The Nifty 50 index lost 134.05 points or 0.78% to settle at 17,287.05.
- ⇒ The BSE Mid-Cap index fell 0.15% to settle at 23,789.91.
- ⇒ The BSE Small-Cap index rose 0.34% to settle at 27,800.6

## Week Ahead

- ⇒ Trading could be volatile in the forthcoming week as traders roll over positions in the F&O segment from the near month March series to April series. The March 2022 F&O contracts will expire on 31 March 2022.
- ⇒ Volatility is also likely to remain high amid the ongoing Russia-Ukraine crisis..
- ⇒ India's infrastructure output data for February will be unveiled on 31 March 2022

## Technical Overview

Index opened the week on a flat note and remained volatile throughout the week ending the week with minor loss. Index has been consistently finding resistance around 61.8% retracement levels of its prior decline. Going ahead sustenance above the 17350, will open the way for 17500-17750. While on the other hand immediate support is seen at 17000-16830-16600



Source: Falcon, BP Equities Research

## Weekly Wealth

### DOMESTIC INDICES

Index	25-Mar-22	17-Mar-22	Weekly % Chg
Nifty 50	17,153.00	17,287.1	-0.8
Nifty Next 50	40,754.6	41,059.0	-0.7
Nifty 100	17,370.5	17,505.4	-0.8
Nifty 500	14,651.7	14,721.7	-0.5
NIFTY MIDCAP 100	29,274.6	28,977.9	1.0
S&P BSE SENSEX	57,362.5	57,863.9	-0.9
S&P BSE 100	17,423.2	17,531.7	-0.6
S&P BSE 200	7,412.3	7,451.3	-0.5
S&P BSE 500	23,296.1	23,395.0	-0.4
S&P BSE MidCap	23,789.9	23,824.6	-0.1
S&P BSE SmallCap	27,800.6	27,706.3	0.3

### WORLD INDICES

Index	25-Mar-22	17-Mar-22	Weekly % Chg
Nikkei Index	28,149.8	26,827.4	4.9
Hang Seng Index	21,404.9	21,412.4	0.0
Kospi Index	2,730.0	2,707.0	0.8
Shanghai SE Composite	3,212.2	3,251.1	-1.2
Strait Times Index	3,413.7	3,330.6	2.5
Dow Jones	34,861.2	34,754.9	0.3
NASDAQ	14,169.3	13,893.8	2.0
FTSE	7,483.4	7,404.7	1.1

### FOREX

Currency	25-Mar-22	17-Mar-22	Weekly % Chg
US\$ (Rs.)	76.3	76.1	0.3
GBP (Rs.)	100.6	100.2	0.5
Euro (Rs.)	83.9	84.0	-0.2
Yen (Rs.) 100 Units	62.6	63.8	-2.0

### NIFTY TOP GAINERS (WEEKLY)

Scrip	25-Mar-22	17-Mar-22	Weekly % Chg
Zee Entertainment	295.1	258.8	14.0%
Vedanta	410.55	378.45	8.5%
Hindalco	622.7	576.8	8.0%
Dr. Reddys Lab	4361.45	4042.15	7.9%
Coal India	186.1	176.55	5.4%

### FII - ACTIVITY

(INR. Cr.)

Date	Purchases	Sales	Net
25-Mar-22	6,543.1	8,050.5	-1,507.4
24-Mar-22	13,101.1	14,841.8	-1,740.7
23-Mar-22	10,224.0	9,742.6	481.3
22-Mar-22	9,859.0	9,474.5	384.5
21-Mar-22	6,838.7	9,800.8	-2,263.9
<u>MTD</u>	46,565.8	51,910.2	-4,646.2

### NIFTY TOP LOSERS (WEEKLY)

Scrip	25-Mar-22	17-Mar-22	Weekly % Chg
Britannia Inds	3094.5	3356.0	-7.8%
Hindustan Unilever	1953.0	2102.1	-7.1%
Titan Co	2523.9	2703.0	-6.6%
Kotak Mahindra Bank	1722.3	1820.0	-5.4%
HDFC	2303.0	2415.3	-4.6%

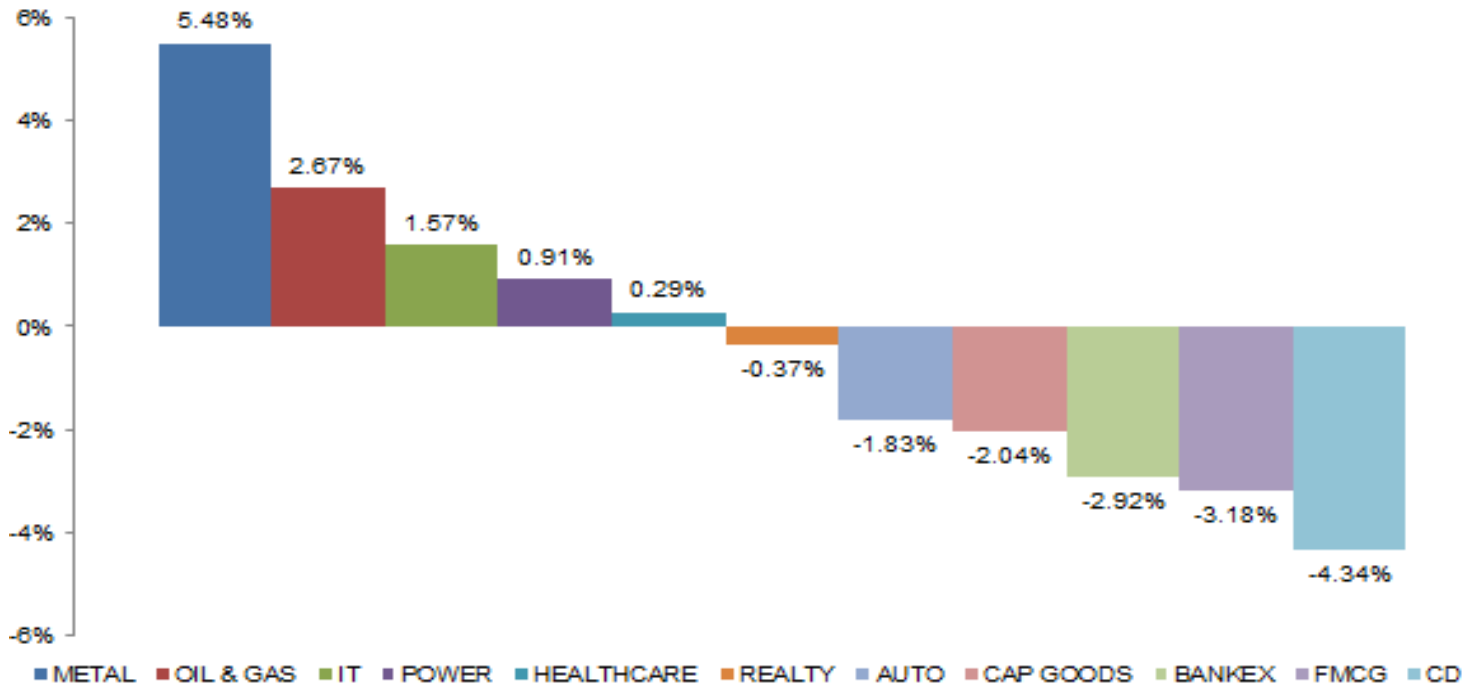
### DII - ACTIVITY

(INR. Cr.)

Date	Purchases	Sales	Net
25-Mar-22	5,969.6	4,596.6	1,373.0
24-Mar-22	6,980.9	4,889.9	2,091.1
23-Mar-22	4,653.2	4,947.5	-294.2
22-Mar-22	4,499.9	5,102.0	-602.1
21-Mar-22	4,611.3	4,358.4	1,686.9
<u>MTD</u>	26,715.0	23,894.2	4,254.7

# Weekly Wealth

## BSE WEEKLY SECTORAL PERFORMANCE



Source: BSE, BP Equities Research

### TOP OPEN INTEREST GAINERS (WEEKLY)

SCRIP NAME	17/03/22	25/03/22	Weekly % Chg	17/03/22	25/03/22	Weekly % Chg
	Share Price (Rs.)			Open Interest		
INTELLECT	770.55	861.8	11.8	661500	914250	38.2
INDHOTEL	209.15	228	9.0	15766240	18561530	17.7
IDFCFIRSTB	42.7	39.9	-6.6	139427100	161382900	15.7
DIXON	4458.5	4267.8	-4.3	442125	495875	12.2
COROMANDEL	852.9	795.15	-6.8	856875	943750	10.1

### TOP OPEN INTEREST LOSERS (WEEKLY)

SCRIP NAME	17/03/22	25/03/22	Weekly % Chg	17/03/22	25/03/22	Weekly % Chg
	Share Price (Rs.)			Open Interest		
ADANI PORTS	743.1	745.9	0.4	80951250	30510000	-62.3
ASTRAL	2037	1963.4	-3.6	854700	503800	-41.1
UPL	762.35	798.2	4.7	22804600	14392300	-36.9
L&TFH	71.3	82.25	15.4	51714580	33429304	-35.4
IDEA	10.35	10.15	-1.9	713860000	483280000	-32.3

## Company Background

PVR Ltd, established in 1995, is the largest multiplex cinema chain in India that owns and operates multiplexes across 21 States and UTs with 860 screens (including 9 in Colombo) with an aggregate seating capacity of ~1.82 lakhs seats. Major income segments for them are Box office, Food & Beverage (F&B) and Advertisement. It has around 30% more screens than the second-largest player. PVR added ~246 screens through inorganic acquisitions since 2012 till date. Management expects to recommence the CAPEX plan, to add 80-100 screens per year once the situation normalizes

## Investment Rationale

### Improving operating efficiency aided by strong content in the pipeline

PVR has a presence in prime locations across major cities, which helps it command a higher average ticket price (ATP) than peers. The operating margin was healthy at around 17%. Moreover, key operating parameters such as ATP and SPH food & beverages stood higher at INR 239 and INR 129 respectively, during the Q3FY22 as compared to INR 204 and INR 99 respectively, in FY20. As per management, discussion on rental waivers/discounts for the second wave has concluded, and management was able to save 57% rent expenses from 97% of its properties over the 9MFY22. Management is confident in the recovery of the business, considering the strong pipeline of content available for release over the next four quarters.

### Healthy financial risk profile

The Company's financial risk profile is supported by a strong ability to raise funds from capital markets. The Company raised INR 1,600 cr through a rights issue of INR 300 cr on August 20 and qualified institutional placement (QIP) of INR 1,100 cr (INR 500 cr in October 2019 & INR 800 cr in January 21), so the Company has enough liquidity to sustain any further restrictions. Net debt reduced to INR 857 cr as on Q3FY22 from INR 914 cr in Q2FY22, leading to sustained improvement in net debt to EBITDA ratio. The significant rebound in operating performance expected in FY23 should further improve the financial risk profile. Sustained improvement in revenue and operating margin, along with maintenance of healthy liquidity, will remain key monitorables going forward.

### Valuation Outlook

We are positive on PVR considering strong content pipeline, rising average ticket price and spend per head, the success of vaccination drives. We expect a fast recovery on PVR's business as the government further relaxes capacity restrictions which have already been witnessed in Q3FY22. In addition, we expect that operating margin may also benefit from some of the cost-control measures undertaken over the last two years, which are expected to sustain longer. On the valuation front, we valued the Company based on 9x of FY24e EV/EBITDA and arrived at a target price of INR 2,185 (20% upside from CMP) with a 12 months investment horizon.

### Stock Rating

BUY	HOLD	SELL
> 15%	-5% to 15%	< -5%

### Sector Outlook

Positive

### Stock

CMP (INR)	1822
Target Price (INR)	2185
NSE Symbol	PVR
BSE Code	532689
Bloomberg	PVRL IN
Reuters	PVRL.BO

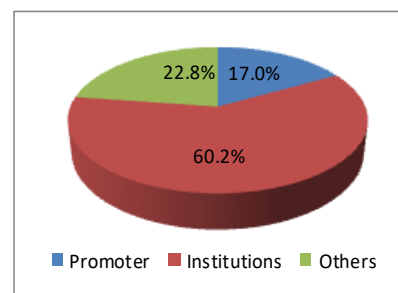
### Key Data

Nifty	17,153
52WeekH/L(INR)	1868/988
O/s Shares (Mn)	61
Market Cap (INR bn)	111
Face Value (INR)	10

### Average volume

3 months	12,66,600
6 months	13,48,777
1 year	12,43,576

### Share Holding Pattern (%)



### Relative Price Chart



## Weekly Wealth

### Key Financials

YE March (Rs. millions)	FY19	FY20	FY21	FY22E	FY23E	FY24E
<b>Revenue</b>	<b>30,856</b>	<b>34,144</b>	<b>2,800</b>	<b>12,390</b>	<b>38,361</b>	<b>45,995</b>
<i>Revenue Growth (Y-o-Y)</i>	32.2%	10.7%	(91.8%)	342.5%	209.6%	19.9%
<b>EBIDTA</b>	<b>5,844</b>	<b>10,743</b>	<b>(3,411)</b>	<b>694</b>	<b>12,621</b>	<b>15,454</b>
<i>EBIDTA Growth (Y-o-Y)</i>	46.5%	83.8%	(131.7%)	120.3%	1718.9%	22.5%
<b>Net Profit</b>	<b>1,898</b>	<b>273</b>	<b>(7,478)</b>	<b>(5,006)</b>	<b>2,110</b>	<b>4,232</b>
<i>Net Profit Growth (Y-o-Y)</i>	52.2%	(85.6%)	(2840.1%)	33.1%	142.1%	100.6%
<b>Diluted EPS</b>	<b>31.1</b>	<b>4.5</b>	<b>(122.6)</b>	<b>(82.1)</b>	<b>34.6</b>	<b>69.4</b>
<i>Diluted EPS Growth (Y-o-Y)</i>	52.2%	(85.6%)	(2840.1%)	33.1%	142.1%	100.6%

### Key Ratios

<b>EBIDTA margin (%)</b>	<b>18.9%</b>	<b>31.5%</b>	<b>-121.8%</b>	<b>5.6%</b>	<b>32.9%</b>	<b>33.6%</b>
<b>NPM (%)</b>	6.2%	0.8%	-267.1%	-40.4%	5.5%	9.2%
<b>RoE (%)</b>	<b>12.7%</b>	<b>1.8%</b>	<b>-40.8%</b>	<b>-37.9%</b>	<b>13.9%</b>	<b>21.9%</b>
<b>RoCE (%)</b>	21.0%	38.7%	-10.7%	2.6%	49.6%	47.8%

### Valuation Ratios

<b>P/E (x)</b>	<b>58.5x</b>	<b>407.2x</b>	<b>-14.9x</b>	<b>-22.2x</b>	<b>52.7x</b>	<b>26.3x</b>
<b>EV/EBITDA</b>	21.2x	11.2x	-34.4x	171.8x	9.1x	7.6x
<b>P/BV (x)</b>	<b>7.4x</b>	<b>7.5x</b>	<b>6.1x</b>	<b>8.4x</b>	<b>7.3x</b>	<b>5.8x</b>
<b>Market Cap. / Sales (x)</b>	3.6x	3.3x	39.7x	9.0x	2.9x	2.4x

Source: Company, BP Equities Research



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Disclaimer Appendix

**Analyst (s) holding in the Stock : Nil****Analyst (s) Certification:**

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