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Exhibit 1: Low GST rate to benefit patrons

Particulars	Earlier GST rate	Revised GST rate
Ticket prices above Rs100	28%	18%
Ticket prices below Rs100	18%	12%
F&B	18% (with input tax credit)	5% (without input tax credit)

Source: Company, PL

Exhibit 2: LBT structure of various states

State	Levy
Bhopal (MP)	15%
Indore (MP)	5%
Kerala	10%
Tamil Nadu (Tamil Films)	8%
Tamil Nadu (Other films)	15%

Source: FICCI, E&Y, PL

Exhibit 3: Key releases slated for 1QFY21*

Name of the movie	Driving factor
Gulabo Sitabo	Amitabh Bachchan & Ayushman Khurana
Coolie No 1	Remake of the original one
Laxmi Bomb	Akshay Kumar
Radhe – Your most wanted Bhai	Salman Khan
Sooryavanshi#	Akshay Kumar
Bunty & Babli 2	Yash Raj Production

Source: Industry, PL

*High possibility of delay in release

Our assumption. Originally was scheduled to release in 4QFY20

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Single screens to battle for survival post-COVID

Single screens have been facing existential crisis since long. Already fraught with hygiene & maintenance challenges which was hurting footfalls, COVID-19 induced lockdown has posed a direct threat on their survival. We attended one webinar led by prominent speakers who shared insights on future of Single screens in India given the current environment.

Key highlights from the webinar are as follows: -

- Theatres may not open before June end. Also post-COVID, sense of security will be more in Multiplexes and Single screens will face challenges as investment will be required in maintenance & sanitization.
- The process of reopening will be gradual in nature. For instance, in some states where the COVID-19 risk is low theatres may open. However, till the time this risk resides completely, big ticket releases may be postponed as producers may not want to lose out on business in other regions.
- **In order to survive, Single screen owners would require some kind of a relief package from the government. Some of the demands that can be raised are 1) reduction/abolishment of GST/LBT 2) subsidized rate on electricity 3) interest free loans and 4) reduction/waiver in property tax.**
- Till the time theatres are shut, Single screen owners will face challenges in paying wages to the staff.
- Single screen theatres have hidden advantage of implementing seat distancing norms as they have 500-1,000 seats per screen.
- Single screen owners would also put forth a request **for reduction in VPF charges especially in week 1 and week 2.** Contention here is that the equipment provider (UFO movies in most cases) has recovered cost of digital equipment and is trying to exploit Single screen owners to its advantage. However, we expect this may not happen as some time back producers' association had gone to court against exhibitors (PVR and Inox who typically invest in digital equipment) for reduction/abolishment in VPF fee. However, CCI dismissed the petition back then.
- Most Single screens are unable to showcase Hollywood content as producer's demand installing 2K projectors which is out of their budget.
- In pre-GST era, when entertainment tax was present there was a subsidy culture. However, post GST implementation it was abolished. We expect that the industry may demand for some kind of subsidy for survival.
- Taste of Single screen audience is slightly different. They like massy films with star power. With Bollywood now experimenting more on content, Single screen owners are lacking footfalls. As an example, SRK, Hrithik Roshan and Sanjay Dutt (mass actors that pull audience) have not had ample releases in the past. However, in case of South India, the situation is different as films connect more to the audience and are massy in nature.

Our view on future of Single screens in post-COVID world

Over the years, count of Single screens has been falling due to 1) lower occupancy 2) higher movie exhibition cost 3) lower ATP & F&B SPH and 4) lower advertising income due to limited bargaining power. On the other hand, business model of Multiplexes has been thriving due to rising disposable income along with increased comfort & convenience that they offer.

Exhibit 4: Trend in Single/Multiplex screen count over the last few years

Particulars	2010	2011	2012	2013	2014	2015	2016	2017	2018
Single screens	9,308	9,121	8,685	8,451	8,002	7,400	7,031	6,780	6,651
Multiplex screens	1,075	1,225	1,350	1,500	1,630	2,100	2,450	2,750	2,950

Source: Company, PL. Note: Data of 2019 is not available.

Like Multiplex owners, film hire and F&B cost will be ZERO for Single screen owners too during lockdown. However, **most Single screen operators OWN the real estate. Hence, they save on rental outgo unlike Multiplexes (while force majeure has been invoked it remains to be seen whether complete rent waiver is available across all the properties or not).**

Nonetheless, Single screen owners are facing challenges of a different kind. Meeting the wage bills during lockdown is one of them. Also, they do not have easy access to external liquidity from banks like Multiplexes which is causing severe liquidity crisis. Secondly, in the post-COVID world it will be difficult to win back the confidence of patrons given poor hygiene and maintenance standards, at-least in the initial phase. We, thus expect, Single screen count to continue to shrink and this pace can accelerate if operators are not able to manage liquidity crisis in the interim.

Exhibit 5: Key parameters that offer Multiplexes an edge over Single screens

Parameter	Typical Multiplex property	Typical Single screen property	Edge factor
Number of screens	4 to 5 screens	1 screen	Higher number of screens enable content plurality & boosts occupancy
Location	Typically a shopping mall	Standalone in any area	Superior location drives footfalls
Seats per screen	~200-250	~500-1,000	NM
Occupancy	High (Average occupancy is 25-30%)	Low (Average occupancy is 20-25%)	NM
ATP & SPH	High	Low	High ATP & SPH leads to better margins & return ratios
Bargaining power over rental cost	High	Low	Since Multiplex players are typically anchor tenants in a mall their bargaining power is much higher than a Single screen player
Comfort & convenience	Abundant parking, better seats, A/C, option to book tickets online, high end technology (audio & video)	Lesser comfort & convenience as compared to a typical Multiplex	Comfort & convenience is key factor in driving footfalls
Presence of ancillary revenue streams	High	Low	Higher ancillary revenues like advertising & convenience income is margin lucrative.
Screen count as of 2018*	2,950 screens	6,651 screens	Huge scope for expansion
Geographical dominance	No specific geographical dominance but East & South have least penetration of Multiplexes	70-75% of exhibition sector in South India is dominated by Single screens	South & East offer huge growth opportunity

Source: FICCI, E&Y, Livemint, PL *2019 data not available

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5	Music Broadcast	Hold	39	27
6	Navneet Education	BUY	82	66
7	PVR	BUY	1,518	1,002
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10	Zee Media Corporation	Under Review	-	14

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