

Rating: HOLD | CMP: Rs1,090 | TP: Rs1,215

February 7, 2025

Q3FY25 Result Update

☑ Change in Estimates | ☑ Target | ■ Reco

Change in Estimates

	Current	Previous		
	FY26E	FY27E	FY26E	FY27E
Rating	HOLD	HOLD		
Target Price	1,215	1,319		
Sales (Rs. m)	68,687	75,527	70,194	77,886
% Chng.	(2.1)	(3.0)		
EBITDA (Rs. m)	22,110	24,969	23,136	26,527
% Chng.	(4.4)	(5.9)		
EPS (Rs.)	17.7	37.2	27.0	50.7
% Chng.	(34.7)	(26.5)		

Key Financials - Consolidated

Y/e Mar	FY24	FY25E	FY26E	FY27E
Sales (Rs. m)	61,071	61,918	68,687	75,527
EBITDA (Rs. m)	18,101	17,978	22,110	24,969
Margin (%)	29.6	29.0	32.2	33.1
PAT (Rs. m)	(320)	(1,061)	1,732	3,652
EPS (Rs.)	(3.3)	(10.8)	17.7	37.2
Gr. (%)	NA	NA	NA	110.8
DPS (Rs.)	-	-	1.5	2.0
Yield (%)	-	-	0.1	0.2
RoE (%)	NA	NA	2.3	4.7
RoCE (%)	3.9	3.4	5.8	7.2
EV/Sales (x)	3.0	3.0	2.7	2.4
EV/EBITDA (x)	10.3	10.3	8.3	7.3
PE (x)	NA	Na	61.7	29.3
P/BV (x)	1.5	1.5	1.4	1.4

Key Data

	PVRL.BO PVRINOX IN
52-W High / Low	Rs.1,748 / Rs.1,026
Sensex / Nifty	77,860 / 23,560
Market Cap	Rs.107bn/ \$ 1,224m
Shares Outstanding	98m
3M Avg. Daily Value	Rs.882.91m

Shareholding Pattern (%)

Promoter's	27.49
Foreign	19.21
Domestic Institution	40.03
Public & Others	13.28
Promoter Pledge (Rs bn)	-

Stock Performance (%)

	1M	6M	12M
Absolute	(10.9)	(25.5)	(22.5)
Relative	(10.5)	(24.0)	(28.2)

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PVR Inox (PVRINOX IN)

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Footfall recovery key to re-rating

Quick Pointers:

- Net debt declines by Rs2,982mn in 9MFY25.
- Embraces capital light growth strategy (100 screens signed till date) to conserve cash

We cut our pre-IND AS PAT estimates by 14.9%/14.2% for FY26E/FY27E respectively as we re-align our screen opening timelines and footfall growth assumptions. PVR-Inox reported an in-line performance with pre-IND AS EBITDA margin of 13.8% (PLe 13.7%) led by strong performance from movies like Pushpa-2, Bhool Bhulaiya-3, and Singham Again. Given rising volatility in flow and acceptability of content, PVR-Inox is figuring innovative ways to boost footfalls like 1) scheduling re-runs 2) broadcasting trailers 3) offering passport plans and 4) providing private screening options. Nonetheless, footfall growth challenge continues to persist with occupancy hovering in the band of ~22-25% levels since last few quarters. While focus on rationalizing cost, reducing capex (adoption of FOCO & asset light model) and debt is commendable; footfall recovery remains key to re-rating. We expect sales CAGR of 10.4% over the next 2 years with pre-IND AS EBITDA margin of 14.4%/16.0% for FY26E/FY27E. Retain 'HOLD' on the stock with a TP of Rs1,215 (11x Sep-26 EBITDA; no change in target multiple).

Top-line up by 11.1% YoY: Top-line increased 11.1% YoY to Rs17,173mn (PLe Rs16,773mn) supported by movies like Pushpa 2, Bhool Bhulaiya 3, Singham Again, Amaran, Vettaiyan, and Mufasa - The Lion King. Footfalls increased by 2.2% YoY to 37.3mn (PLe 37.0mn) with an occupancy of 25.7%. Gross ATP increased 3.7% YoY to Rs281 (PLe Rs282) while gross F&B SPH was up 6.1% YoY to Rs140 (PLe of Rs140).

Pre-Ind AS EBITDA margin at 13.8%: Ind-AS adjusted EBITDA increased by 17.0% YoY to Rs2,365mn (PLe Ind-AS adjusted EBITDA Rs2,302mn) with a margin of 13.8%. Ind-AS adjusted PAT increased by 65.3% YoY to Rs681mn (PLe Ind-AS adjusted PAT Rs654mn) with a margin of 4.0%.

Con-call highlights: 1) Plan is to open ~100-110 new screens in FY25E and FY26E. 2) In management contracts/FOCO model, PVR-Inox earns a 6-10% management fee on net revenue. 3) Capex for FY25E/FY26E is pegged at Rs4bn/Rs4-5bn respectively. 4) For FY26E, PVR-Inox will take ~5-7% price hike on select F&B items. 50% of the SPH growth will come from volume, with the rest being driven by value. 5) South India will account for ~35-40% of new screen additions. 6) The commission-based distribution model involves PVR-Inox paying an advance to the producer and earning a 6-9% commission on BO collections. 7) ~4% of footfalls in 3QFY25 were from re-releases. Upcoming planned re-releases include movies like Interstellar, Jab We Met and Silsila. 8) PVR's popcorn brand '4700 BC' is expected to reach Rs1bn in revenue in FY25E. 9) First outlet of 'Street Junction' (JV with Devyani International) opened in Kota, in Dec'24. It has gained strong traction, with brands like KFC, Pizza Hut, Costa, and Van Gogh performing well. 10) Recently

launched 'Screen-IT', a customized-private-screenings initiative, has seen 100 confirmed shows, with potential to grow to 500 shows per month. **11)** PVR has rationalized rental costs of Rs500mn up to Dec'24 and is converting properties from the straight lease model to other viable models when lock-ins expire, or where developers show interest. **12)** Collaborations with BCCI are underway for live cricket match screenings.

Exhibit 1: 3QFY25 Result Overview – Consolidated (Rs mn)

Y/e March	3QFY25	3QFY24	YoY gr.	2QFY25	QoQ gr.	3QFY25E	Var (%)	9MFY25
Net sales	17,173	15,459	11.1%	16,221	5.9%	16,773	2.4%	45,301
Movie exhibition cost	3,549	3,710	-4.3%	3,257	9.0%	3,669	-3.3%	9,257
<i>As a % of sales</i>	<i>20.7%</i>	<i>24.0%</i>		<i>20.1%</i>		<i>21.9%</i>		<i>20.4%</i>
Consumption of F&B	1,340	1,248	7.4%	1,330	0.8%	1,291	3.8%	3,675
<i>As a % of sales</i>	<i>7.8%</i>	<i>8.1%</i>		<i>8.2%</i>		<i>7.7%</i>		<i>8.1%</i>
Employee expenses	1,740	1,629	6.8%	1,773	-1.9%	1,724	0.9%	5,156
<i>As a % of sales</i>	<i>10.1%</i>	<i>10.5%</i>		<i>10.9%</i>		<i>10.3%</i>		<i>11.4%</i>
Other expenses	5,267	4,148	27.0%	5,068	3.9%	4,842	8.8%	14,628
<i>As a % of sales</i>	<i>30.7%</i>	<i>26.8%</i>		<i>31.2%</i>		<i>28.9%</i>		<i>32.3%</i>
EBITDA	5,277	4,724	11.7%	4,793	10.1%	5,247	0.6%	12,585
<i>EBITDA margin</i>	<i>30.7%</i>	<i>30.6%</i>		<i>29.5%</i>		<i>31.3%</i>		<i>27.8%</i>
Depreciation	3,201	3,171	0.9%	3,294	-2.8%	3,147	1.7%	9,637
EBIT	2,076	1,553	33.7%	1,499	38.5%	2,100	-1.1%	2,948
<i>EBIT margin</i>	<i>12.1%</i>	<i>10.0%</i>		<i>NM</i>		<i>12.5%</i>		<i>6.5%</i>
Interest cost	2,031	1,966	3.3%	2,064	-1.6%	2,000	1.6%	6,136
Other income	418	588	-28.9%	418	0.0%	220	90.0%	1,123
PBT	463	175	164.6%	(147)	NM	320	44.9%	(2,065)
Exceptional items/Share of JVs	1	-	NM	-	NM	-	-	1
Tax expenses	107	47	127.7%	(26)	NM	80	33.9%	(510)
<i>Tax rate</i>	<i>23.1%</i>	<i>26.9%</i>		<i>17.7%</i>		<i>25.0%</i>		<i>24.7%</i>
PAT	355	128	177.3%	(121)	NM	240	48.1%	(1,556)
<i>PAT margin</i>	<i>2.1%</i>	<i>0.8%</i>		<i>NM</i>		<i>1.4%</i>		<i>NM</i>
Noncontrolling interest	4	-	NM	3	33.3%	-	-	10
Other comprehensive income (OCI)	(8)	(7)	NM	(9)	NM	-	-	(2)
PAT inclusive of OCI	351	135	160.0%	(109)	NM	240	46.4%	(1,544)
EPS (Rs)	3.7	1.3	181.5%	(1.2)	NM	2.4	49.8%	(15.8)

Source: Company, PL

Exhibit 2: Revenue mix (Rs mn)

Y/e March	3QFY25	3QFY24	YoY gr.	2QFY25	QoQ gr.
NBOC	8,791	8,308	5.8%	8,376	5.0%
<i>As a % of total</i>	<i>51.2%</i>	<i>53.7%</i>		<i>51.6%</i>	
Net F&B	5,209	4,763	9.4%	5,232	-0.4%
<i>As a % of total</i>	<i>30.3%</i>	<i>30.8%</i>		<i>32.3%</i>	
Advertisement revenue	1,486	1,405	5.8%	1,093	36.0%
<i>As a % of total</i>	<i>8.7%</i>	<i>9.1%</i>		<i>6.7%</i>	
Other revenue from operations (including OI and convenience fee)	1,687	983	71.6%	1,520	11.0%
<i>As a % of total</i>	<i>9.8%</i>	<i>6.4%</i>		<i>9.4%</i>	
Total sales	17,173.0	15,459.0	11.1%	16,221.0	5.9%

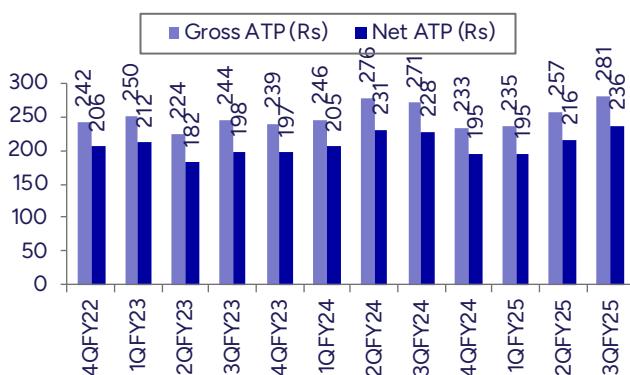
Source: Company, PL

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

Y/e March	3QFY25	3QFY24	YoY gr.	2QFY25	QoQ gr.	FY21	FY22	FY23	FY24	FY25E	FY26E
Sales	17,173	15,459	11.1%	16,221	5.9%	2,800	13,310	37,507	61,071	61,918	68,687
Ind-AS Adjusted EBITDA	2,365	2,022	17.0%	1,868	26.6%	(4,545)	(2,331)	3,194	7,110	6,267	9,922
Ind-AS Adjusted EBITDA margin	13.8%	13.1%		11.5%		NM	NM	8.5%	11.6%	10.1%	14.4%
Ind-AS Adjusted PAT	681	412	65.3%	224	204.0%	(6,656)	(4,189)	(2,429)	1,143	880	3,767
Ind-AS Adjusted PAT margin	4.0%	2.7%		1.4%		NM	NM	NM	1.9%	1.4%	5.5%

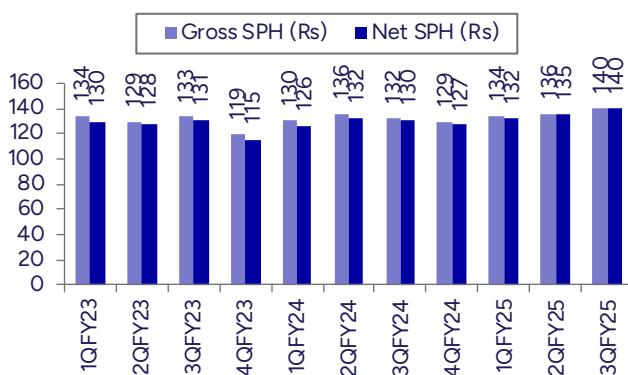
Source: Company, PL

Exhibit 4: Gross ATP trend over the last few quarters



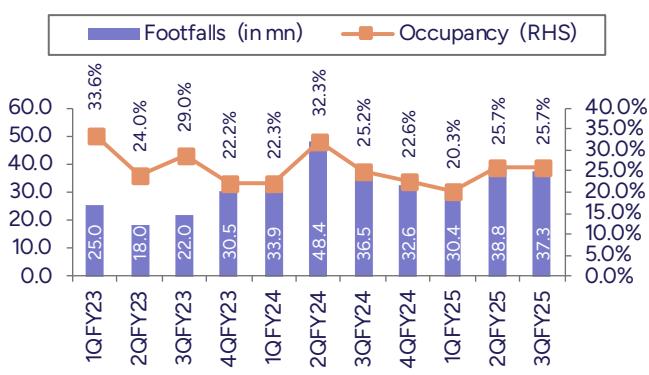
Source: Company, PL

Exhibit 5: Gross SPH trend over the last few quarters



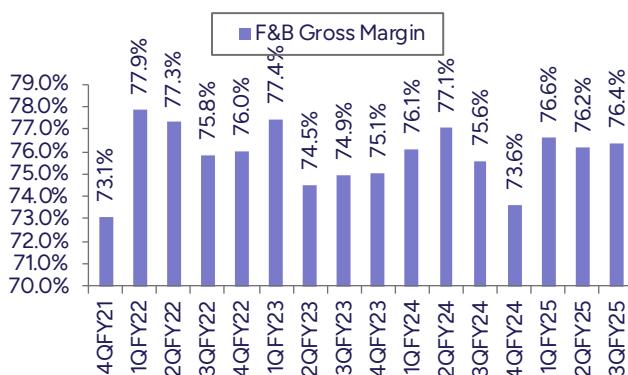
Source: Company, PL

Exhibit 6: Footfalls are volatile, driven by content



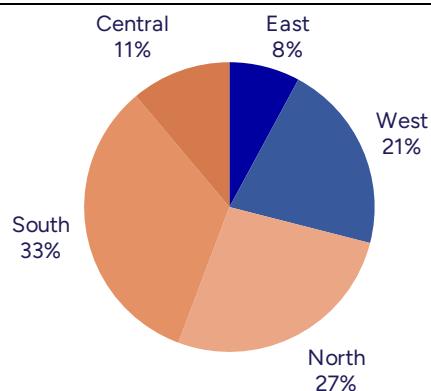
Source: Company, PL

Exhibit 7: F&B GM is in the steady range of 73-77%



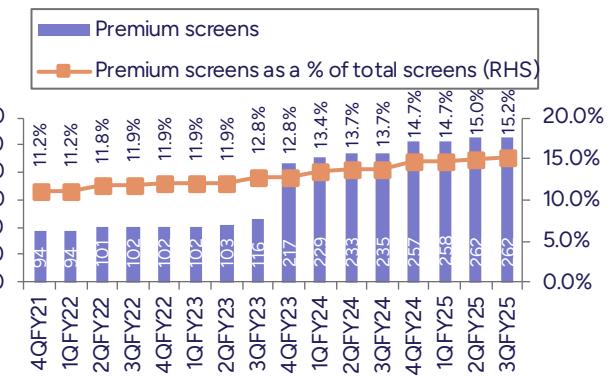
Source: Company, PL

Exhibit 8: Screen mix as of 3QFY25



Source: Company, PL

Exhibit 9: PVR's premium screen count is on the rise



Source: Company, PL

Exhibit 10: Relative valuation table

Particulars (Rs mn)	Sep-26E
EV/EBITDA	11.0
EBITDA*	11,020
EV	1,21,221
Less: Debt*	11,052
Add: Cash	9,001
Equity Value	1,19,170
No of shares	98
Per share value (Rs)	1,215

Source: Company, PL *Pre IND-AS figures

Financials

Income Statement (Rs m)

Y/e Mar	FY24	FY25E	FY26E	FY27E
Net Revenues	61,071	61,918	68,687	75,527
YoY gr. (%)	62.8	1.4	10.9	10.0
Cost of Goods Sold	19,107	17,315	19,434	21,670
Gross Profit	41,964	44,603	49,252	53,857
Margin (%)	68.7	72.0	71.7	71.3
Employee Cost	6,573	6,789	6,969	7,380
Other Expenses	17,290	19,835	20,174	21,507
EBITDA	18,101	17,978	22,110	24,969
YoY gr. (%)	72.8	(0.7)	23.0	12.9
Margin (%)	29.6	29.0	32.2	33.1
Depreciation and Amortization	12,193	12,800	13,200	13,600
EBIT	5,908	5,178	8,910	11,369
Margin (%)	9.7	8.4	13.0	15.1
Net Interest	7,913	8,200	8,200	8,200
Other Income	1,566	1,600	1,600	1,700
Profit Before Tax	(439)	(1,422)	2,310	4,869
Margin (%)	(0.7)	(2.3)	3.4	6.4
Total Tax	(112)	(356)	577	1,217
Effective tax rate (%)	25.5	25.0	25.0	25.0
Profit after tax	(327)	(1,066)	1,732	3,652
Minority interest	(7)	(6)	-	-
Share Profit from Associate	-	(1)	-	-
Adjusted PAT	(320)	(1,061)	1,732	3,652
YoY gr. (%)	NA	NA	NA	110.8
Margin (%)	(0.5)	(1.7)	2.5	4.8
Extra Ord. Income / (Exp)	-	-	-	-
Reported PAT	(320)	(1,061)	1,732	3,652
YoY gr. (%)	NA	NA	NA	110.8
Margin (%)	(0.5)	(1.7)	2.5	4.8
Other Comprehensive Income	5	10	-	-
Total Comprehensive Income	(315)	(1,051)	1,732	3,652
Equity Shares O/s (m)	98	98	98	98
EPS (Rs)	(3.3)	(10.8)	17.7	37.2

Source: Company Data, PL Research

Balance Sheet Abstract (Rs m)

Y/e Mar	FY24	FY25E	FY26E	FY27E
Non-Current Assets				
Gross Block	1,05,220	1,15,968	1,29,133	1,44,820
Tangibles	1,02,444	1,13,053	1,26,131	1,41,758
Intangibles	2,776	2,915	3,002	3,063
Acc: Dep / Amortization	17,870	30,670	43,870	57,470
Tangibles	16,471	29,271	42,471	56,071
Intangibles	1,399	1,399	1,399	1,399
Net fixed assets	87,350	85,298	85,263	87,350
Tangibles	85,973	83,782	83,660	85,687
Intangibles	1,377	1,516	1,603	1,663
Capital Work In Progress	2,464	2,464	2,464	2,464
Goodwill	57,431	57,431	57,431	57,431
Non-Current Investments	4,306	4,644	5,152	5,665
Net Deferred tax assets	4,881	5,126	3,838	2,872
Other Non-Current Assets	1,806	1,755	1,882	1,971
Current Assets				
Investments	161	161	161	161
Inventories	725	509	565	621
Trade receivables	2,346	2,205	2,258	2,483
Cash & Bank Balance	4,038	6,331	8,051	9,951
Other Current Assets	2,137	1,981	2,747	3,172
Total Assets	1,68,204	1,68,181	1,70,114	1,74,469
Equity				
Equity Share Capital	981	981	981	981
Other Equity	72,254	71,203	72,788	76,244
Total Networth	73,235	72,184	73,769	77,225
Non-Current Liabilities				
Long Term borrowings	76,332	79,037	80,000	81,124
Provisions	141	248	275	302
Other non current liabilities	96	-	-	-
Current Liabilities				
ST Debt / Current of LT Debt	6,703	6,203	5,703	5,203
Trade payables	6,511	5,937	5,646	5,794
Other current liabilities	4,496	3,882	4,032	4,131
Total Equity & Liabilities	1,68,204	1,68,181	1,70,114	1,74,469

Source: Company Data, PL Research

Cash Flow (Rs m)

Y/e Mar	FY24	FY25E	FY26E	FY27E
PBT	(439)	(1,423)	2,310	4,869
Add. Depreciation	4,524	12,800	13,200	13,600
Add. Interest	7,913	8,200	8,200	8,200
Less Financial Other Income	1,566	1,600	1,600	1,700
Add. Other	6,576	(479)	492	526
Op. profit before WC changes	18,574	19,099	24,202	27,195
Net Changes-WC	890	(217)	(400)	(133)
Direct tax	326	356	(577)	(1,217)
Net cash from Op. activities	19,790	19,237	23,224	25,845
Capital expenditures	(6,269)	(10,609)	(13,078)	(15,627)
Interest / Dividend Income	17	-	-	-
Others	(14)	(192)	(622)	(600)
Net Cash from Invt. activities	(6,266)	(10,802)	(13,700)	(16,227)
Issue of share cap. / premium	-	-	-	-
Debt changes	(732)	2,205	463	624
Dividend paid	-	-	(147)	(196)
Interest paid	(1,792)	(8,200)	(8,200)	(8,200)
Others	(10,401)	(147)	79	54
Net cash from Fin. activities	(12,925)	(6,142)	(7,804)	(7,718)
Net change in cash	599	2,294	1,720	1,900
Free Cash Flow	13,446	8,628	10,146	10,218

Source: Company Data, PL Research

Key Financial Metrics

Y/e Mar	FY24	FY25E	FY26E	FY27E	
Per Share(Rs)					
EPS		(3.3)	(10.8)	17.7	37.2
CEPS		121.3	119.9	152.5	176.2
BVPS		748.1	737.3	753.5	788.8
FCF		137.3	88.1	103.6	104.4
DPS		-	-	1.5	2.0
Return Ratio(%)					
RoCE		3.9	3.4	5.8	7.2
ROIC		10.8	10.7	13.0	14.3
RoE		(0.4)	(1.5)	2.3	4.7
Balance Sheet					
Net Debt : Equity (x)		1.1	1.1	1.1	1.0
Net Working Capital (Days)		(21)	(19)	(15)	(13)
Valuation(x)					
PER		NA	NA	61.7	29.3
P/B		1.5	1.5	1.4	1.4
P/CEPS		9.0	9.1	7.1	6.2
EV/EBITDA		10.3	10.3	8.3	7.3
EV/Sales		3.0	3.0	2.7	2.4
Dividend Yield (%)		-	-	0.1	0.2

Source: Company Data, PL Research

Quarterly Financials (Rs m)

Y/e Mar	Q4FY24	Q1FY25	Q2FY25	Q3FY25
Net Revenue	12,564	11,907	16,221	17,173
YoY gr. (%)	9.9	(8.8)	(18.9)	11.1
Raw Material Expenses	3,600	3,456	4,587	4,889
Gross Profit	8,964	8,451	11,634	12,284
Margin (%)	71.3	71.0	71.7	71.5
EBITDA	2,784	2,515	4,793	5,277
YoY gr. (%)	5.5	(28.7)	(32.2)	11.7
Margin (%)	22.2	21.1	29.5	30.7
Depreciation / Depletion	3,028	3,142	3,294	3,201
EBIT	(244)	(627)	1,499	2,076
Margin (%)	(1.9)	(5.3)	9.2	12.1
Net Interest	1,999	2,041	2,064	2,031
Other Income	491	287	418	418
Profit before Tax	(1,752)	(2,381)	(147)	462
Margin (%)	(13.9)	(20.0)	(0.9)	2.7
Total Tax	(455)	(591)	(26)	107
Effective tax rate (%)	26.0	24.8	17.7	23.2
Profit after Tax	(1,297)	(1,790)	(121)	355
Minority interest	(2)	(3)	(3)	(4)
Share Profit from Associates	-	-	-	-
Adjusted PAT	(1,295)	(1,787)	(118)	360
YoY gr. (%)	NA	NA	NA	181.3
Margin (%)	(10.3)	(15.0)	(0.7)	2.1
Extra Ord. Income / (Exp)	-	-	-	(1)
Reported PAT	(1,295)	(1,787)	(118)	359
YoY gr. (%)	NA	NA	NA	180.5
Margin (%)	(10.3)	(15.0)	(0.7)	2.1
Other Comprehensive Income	7	1	9	8
Total Comprehensive Income	(1,288)	(1,786)	(109)	367
Avg. Shares O/s (m)	98	98	98	98
EPS (Rs)	(13.2)	(18.2)	(1.2)	3.7

Source: Company Data, PL Research

Price Chart

Recommendation History

No.	Date	Rating	TP (Rs.)	Share Price (Rs.)
1	09-Jan-25	Hold	1,319	1,178
2	15-Oct-24	Hold	1,598	1,621
3	08-Oct-24	Hold	1,474	1,606
4	23-Jul-24	Hold	1,474	1,430
5	08-Jul-24	Hold	1,480	1,469
6	15-May-24	Accumulate	1,431	1,285
7	09-Apr-24	Accumulate	1,663	1,385

Analyst Coverage Universe

Sr. No.	Company Name	Rating	TP (Rs)	Share Price (Rs)
1	Chalet Hotels	BUY	1,064	767
2	Delhivery	Hold	361	335
3	DOMS Industries	BUY	3,370	2,637
4	Imagicaaworld Entertainment	BUY	108	71
5	Indian Railway Catering and Tourism Corporation	Hold	835	770
6	InterGlobe Aviation	BUY	5,246	4,162
7	Lemon Tree Hotels	BUY	175	145
8	Mahindra Logistics	Hold	399	354
9	Navneet Education	Hold	139	140
10	Nazara Technologies	BUY	1,201	985
11	PVR Inox	Hold	1,319	1,178
12	S Chand and Company	BUY	322	205
13	Safari Industries (India)	BUY	2,783	2,383
14	TCI Express	BUY	1,021	791
15	V.I.P. Industries	BUY	463	374
16	Zee Entertainment Enterprises	Hold	137	121

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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