PVR INOX

Nuvama Flash

KEY DATA

Rating	BUY
Sector relative	Outperformer
Price (INR)	900
12 month price target (INR)	1,765
52 Week High/Low	1,748/866
Market cap (INR bn/USD bn)	88/1.0
Free float (%)	81.2
Avg. daily value traded (INR mn)	813.6

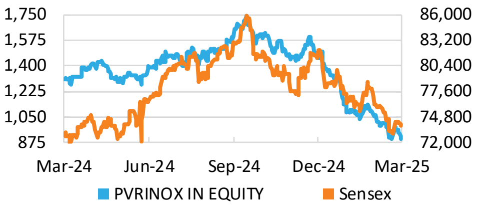
SHAREHOLDING PATTERN

	Dec-24	Sep-24	Jun-24
Promoter	27.49%	27.49%	27.84%
FII	19.21%	20.69%	18.08%
DII	40.03%	39.85%	38.78%
Pledge	5.93%	5.93%	5.86%

FINANCIALS (INR mn)

Year to March	FY24A	FY25E	FY26E	FY27E
Revenue	61,071	58,680	70,117	80,666
EBITDA	18,101	16,010	20,831	24,062
Adjusted profit	(320)	(998)	5,008	7,901
Diluted EPS (INR)	(3.3)	(10.2)	51.1	80.6
EPS growth (%)	(93.7)	212.0	nm	57.8
RoAE (%)	(0.4)	(1.4)	6.7	9.7
P/E (x)	nm	nm	21.9	13.9
EV/EBITDA (x)	14.0	15.9	11.9	9.9
Dividend yield (%)	0	0	0	0

PRICE PERFORMANCE



Strong uptick in first two months

After a weak CY24, CY25 has started on an exciting note—an impressive start to CY25 as *Chhaava* scripts a 39% YoY jump in box office collection in Jan-Feb to INR22.64bn. Feb-25 has been the highest-grossing February post-pandemic for the industry with box office collections of INR12.45bn. The Hindi movie industry, which has been struggling, has seen a revival; consistency will be important to track (*Chhaava* made up 53% of Feb-25). This highlights audiences are eager to watch in cinemas if the content is compelling.

Recent promoter buying in PVR (although a small quantity) and an impressive Q4FY25 are notable triggers, not to mention a strong Hollywood line-up. Maintain 'BUY' with a TP of INR1,765.

Strong content to drive performance in Q4FY25

Promoter buying stake: Promoters have bought a total of 29,140 shares constituting 0.03% of total capital. To be sure, promoter buying is in small amount, but this is a positive indicator for minority investors after a few rounds of promoter selling and pledging.

Asset-light model: PVR INOX is building up its asset-light growth strategy, particularly in South India, where it expects to add 30–40 new screens. The company has signed 100 screens under its new capital-light growth model. In this, 31 screens are under the management contract model and 69 under the asset-light model, wherein 42% to up to 80% of the capex shall be borne by the developer. These newly planned screens are expected to be rolled out over two–three years.

Jan and Feb see a huge rise despite current overall urban slowdown: *Chhaava* has been a major catalyst for the 39% YoY jump in gross domestic box office collection in Jan-Feb to INR22.64bn. Feb-25 marks the highest-grossing month for the industry post-pandemic. (Total gross collection in Feb-25 stood at INR12.45bn with Chhaava contribution at 53%.) The struggling Hindi movie industry has experienced a revival driven by the success of *Chhaava*. The industry remains lopsided, with audience preferences being highly selective, rewarding only high-quality content in the current slowdown in overall urban consumption. Chhaava's success is even more impressive considering it has come through during the lower-performing exam season, further highlighting the pull of strong content in attracting moviegoers.

Q4FY25 stronger than our initial expectation: Overall Q4FY25E is expected to be better than our initial expectation. *Sikandar*, set for a release in the end of Q4FY25, is also anticipated to deliver strong opening numbers. The pipeline includes Hollywood movies such as *Thunderbolts* and *First Steps*.

Q3FY25 conference call highlights: The overall content pipeline for Hindi was subdued in 9MFY25, but the one for Q4FY25 is very strong. Q4FY25 is expected to see increased footfall and occupancy vis-a-vis Q3FY25. Occupancy is ~25% with an EBITDA margin at ~15%. The company is on track to reach pre-covid margins of ~18% as footfalls increase.

Abneesh Roy
Abneesh.Roy@nuvama.com

Jainam Gosar
Jainam.Gosar@nuvama.com

Shlok Mehta
Shlok.Mehta@nuvama.com

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Abneesh Roy
Head of Research Committee
Abneesh.Roy@nuvama.com

ABNEESH KUMAR ROY

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