

PVRINOX Ltd. (PVRL)

Film Exhibition | Company Update

BUY

CMP: Rs1,853 | Target Price (TP): Rs2,131 | Upside: 15%

September 09, 2023

2QFY24 peak; Consistency needed for re-rating; Hollywood strike and theatrical window key focus

Key Points

- 2QFY24 is turning out to be the best quarter ever for the Indian multiplex industry. Even better than 1QFY23 (see Exhibit 1). This has happened as Hollywood, Bollywood and Regional content have all delivered simultaneously.
- The movies that drove strong revenue were – ‘Mission Impossible - Dead Reckoning Part One’ and ‘Oppenheimer’ from Hollywood. ‘Gadar 2’ and ‘Jawan’ have been monster hits by Bollywood standards. Some medium level Hindi hits have been ‘Rocky Aur Rani Ki Prem Kahani’, ‘OMG 2’, ‘Satyaprem Ki Katha’. ‘Jailer’ featuring the South superstar Rajnikant has been a big hit as well. The slate of movies in 3QFY23 is good but not exciting enough like that of 2QFY24. We also see slight risk to the release of some Hollywood movies in 3QFY24 due to the continuing strike of actors and writers in the US. Hence, while we have upped our occupancy estimates for 3QFY24, they are still below 2QFY24 numbers (see Exhibit 1).
- The big positive that we have been highlighting in our notes is the disciplined capital allocation strategy adopted by the management six months back when PVR had curtailed the number of new screens it is planning to open and restrict future openings to that funded through internal accruals only. We believe that the stronger cash flows along with more conservative capex will help reduce net debt on its balance sheet.
- Enforcing the 2-month theatrical window for South Indian language movies will remain an overhang as long as single screens and regional chains dominate.
- We have upped our occupancy estimates for 2QFY24 as well as 3QFY24 while maintaining estimates for 4QFY24. The ~37% run-up in the stock from the May'23 low, in our view, has already captured some of these positives. We maintain our BUY rating as we have upgraded both our estimates as well as EV/EBITDA multiple to 13x from 12x earlier. Further, we have rolled forward the basis of valuation by three months to Sept'25. We have assigned a higher target price (TP) of Rs2,131. Should occupancy levels improve more than what we have estimated, there is potential for further earnings/multiple upgrades.

Hollywood strike a key risk: Hollywood is currently facing a strike by writers (started on 2nd May, 2023) and actors (started on 14th July, 2023) regarding commercial terms as well as issues around the use of Artificial Intelligence (AI). Media articles suggest that negotiations between the big studios/OTT players and the various guilds of writers/actors have not led to any agreement thus far. The last such strike apparently happened in 1960. We understand that a few Hollywood movies which were scheduled for 3QFY24 release (like ‘Dune Part 2’ from Warner Brothers) have been pushed back to 4QFY24. We are not sure whether other Hollywood movies scheduled for 3QFY24 will see postponement as well. While we believe there is a good inventory of fresh movies, the main actors may not help build buzz around the content as they seem to be refusing to appear in promotions. Some studios, including Warner Brothers and Sony Pictures, have pushed back release dates of some of their big budget movies because of this strike. If the strike turns out to be a prolonged one, then there is a chance that content in 4QFY24/FY25 may get affected with potential downside risk to our estimates.

Est Change	Upward
TP Change	Upward
Rating Change	No change

Company Data and Valuation Summary

Reuters	PVRL.BO
Bloomberg	PVRINOX IN Equity
Mkt Cap (Rsbn/US\$bn)	181.2 / 2.2
52 Wk H / L (Rs)	1,976 / 1,336
ADTV-3M (mn) (Rs/US\$)	1,393.5 / 16.9
Stock performance (%) 1M/6M/1yr	15.4 / 18.0 / (4.4)
Nifty 50 performance (%) 1M/6M/1yr	1.1 / 5.9 / 11.1

Shareholding	3QFY23	4QFY23	1QFY24
Promoters	16.9	27.5	27.6
DII's	25.1	30.2	33.2
FII's	41.9	31.2	26.8
Others	16.1	11.2	12.4
Pro pledge	6.3	2.4	4.2

Financial and Valuation Summary

Particulars (Rsmn)	FY22	FY23	FY24E	FY25E
Revenue	13,047	37,519	65,662	77,518
YoY %	455.7	187.6	75.0	18.1
EBITDA	(2,591)	3202	10714	14381
EBITDA (%)	(19.9)	8.5	16.3	18.6
Adj. PAT	(4,186)	(2,491)	3201	5426
PAT Margin	(32.1)	-6.5	4.9	7.0
YoY %	NM	NM	LP	69.5
FDEPS (Rs)	(62.7)	(37.8)	32.7	55.4
ROE (%)	(26.1)	(5.7)	4.3	6.8
Post Tax RoCE (%)	(14.1)	0.9	4.6	6.9
Post Tax ROIC (%)	(18.6)	1.0	4.8	7.1
P/E(x)	(29.6)	-49.0	56.7	33.5
EV/EBITDA	(47)	61.2	18.4	13.4

Source: Bloomberg, Company, Nirmal Bang Institutional Equities Research

Key Links-

Last results note: [1QFY24 result note](#)

Please refer to the disclaimer towards the end of the document

Better capital allocation: We believe that the decision to cut the guidance for screen addition in FY24 (at the beginning of the year) from previously announced numbers and to expand screens beyond FY24 only with internally accrued cash flows was a major positive shift in stance. This ensures PVRINOX does not walk into an existential debt trap when demand is uncertain. It will keep the management's focus on tight execution and keeping costs in check. We believe that the current uneven performance of content is a transitory phase and that film production industries across Bollywood and Hollywood are getting back on their feet post a not-so-great CY22.

EBITDA margin can improve further: Higher EBITDA in 1QFY24 on a similar occupancy rate compared to 4QFY23 was led by higher ATP and SPH. In our current numbers for both FY25 and FY26, we have not assumed that advertising revenue (the highest gross margin segment) per screen would go back to the pre-pandemic high of PVR. This situation could change materially in a short period of time if occupancies are in the high 20s or early 30s. Besides, we think the sales team would be able to sell ad inventory of the erstwhile Inox Leisure screens at the same rate of PVR, leading to unlocking of revenue synergies that were talked about at the time of the merger.

Ad revenue could reach pre-pandemic levels earlier than expected: Ad revenue has thus far remained at ~60-65% of the pre-covid levels since the opening up of the economy post pandemic. This has happened due to the volatile footfalls. With hopefully better occupancy levels going forward, this may be a thing of the past. The management remains optimistic and believes that the atmosphere is ripe for ad revenue recovery; it is also hinting at bringing back some big accounts with long-term contracts. In pre-covid times, it had 10-15 big accounts which advertised with them for 9-12 months consistently.

Theatrical window disregarded by certain producers: 'Jailer', the hit movie starring Rajnikant, has had an extra-ordinarily early release on OTT platforms. We understand that the OTT release happened on 7th September 2023. It was released theatrically on 10th August 2023. The multiplex industry, in our view has been reasonably successful in implementing a 60-day theatrical window for much of Bollywood. However, it has not had much success in disciplining producers in South India. Much of this has had to do with the fact that South India is still dominated by single screens and regional chains and because theatrical windows are not yet legally enforceable. However, PVRINOX has seen its most rapid expansion in South India in recent times through both organic as well as inorganic means. Hopefully, in the next 7-10 years, we believe its bargaining power will only improve with South movie producers.

Exhibit 1: Financial and Operating metrics (consolidated, Pre – IndAS 116)

(Rs mn)	1QFY23A**	1QFY24A	2QFY24E	3QFY24E	4QFY24E
Net Box Office revenue	8828	6945	10082	9198	8636
F&B Revenue	4879	4277	6012	5485	5150
Advertising Revenue	931	893	1295	1406	1251
Other revenue	999	934	1000	1000	1000
Total Revenue	16156	13049	18756	17454	16403
EBITDA	3124	808	4138	3290	2477
PAT	1429	-441	1789	1199	654
Number of Screens (Period End)	1550	1697	1727	1757	1787
Occupancy (%)	31.5	22.3	29.0	26.0	24.0
Admits (in mn)	43.4	33.9	48.6	44.3	41.6
Gross ATP (Rs)	241	246	245	245	245
Gross SPH (Rs)	118	130	130	130	130
Ad rev per screen (Rsmn) per quarter	0.60	0.53	0.75	0.80	0.70

Source: Company, Nirmal Bang Institutional Equities Research. **Proforma assuming merged PVR and Inox Leisure

Exhibit 2: Quarterly Performance (consolidated, Pre – IndAS 116)

Particulars (Rsmn)	1Q23	2Q23	3Q23	4Q23	1Q24	2Q24E	3Q24E	4Q24E
Net Sales	9814	6867	9407	11431	13049	18756	17454	16403
YoY Change (%)	1821.3	522.1	49.4	122.6	33.0	173.1	85.5	43.5
EBITDA	1889	-23	1283	53	808	4138	3290	2477
YoY Change (%)	-245.7	-98.2	139.2	-109.1	-57.2	NM	156.4	4600
Margin (%)	19.2	-0.3	13.6	0.5	6.2	22.1	18.9	15.1
Depreciation	605	610	619	1196	1111	1134	1134	1134
Interest	390	393	389	419	464	509	509	509
Other Income	190	150	128	216	195	195	156	149
PBT	1084	-876	403	-1454	-572	2691	1803	983
Tax	401	-307	152	1402	-131	901	604	329
ETR (%)	37.0	35.1	37.7	-96.4	22.9	33.5	33.5	33.5
Reported PAT	683	-569	251	-2857	-441	1789	1199	654
Adj. PAT	683	-569	251	-2857	-441	1789	1199	654
YoY Change (%)	-148.2	-64.3	-214.9	198.9	-	-	-	-
Adj. EPS	11.1	-9.1	4.1	-43.9	-4.5	18.3	12.2	6.7

Source: Company, Nirmal Bang Institutional Equities Research. PVR and INOX Leisure got merged in 4QFY23

Exhibit 3: Change in estimates- PVR (consolidated, Pre – IndAS 116)

Y/E March (Rsmn)	New			Old			Deviation (%)		
	FY24E	FY25E	FY26E	FY24E	FY25E	FY26E	FY24E	FY25E	FY26E
Revenue	65,662	77,518	89,480	61,603	77,518	89,480	6.6	0.0	0.0
EBITDA	10,714	14,381	18,169	8,242	14,381	18,169	30.0	0.0	0.0
EBITDA Margin (%)	16.3	18.6	20.3	13.4	18.6	20.3	-	-	-
PAT	3,201	5,426	8,000	1,385	5,166	8,355	131.1	5.0	(4.3)
FDEPS (Rs)	32.7	55.4	81.6	14.1	52.7	85.3	131.1	5.0	(4.3)

Source: Nirmal Bang Institutional Equities Research

Exhibit 4: Operational assumptions (consolidated with SPI from FY19 and with Inox Leisure from FY23)

Parameter	Actuals								New			Old		
	FY16 A	FY17A	FY18A	FY19A	FY20A	FY21A	FY22A	FY23A	FY24E	FY25E	FY26E	FY24E	FY25E	FY26E
Number of Screens (YE)	524	579	625	771	845	842	854	1,680	1,787	1,887	1,987	1,787	1,887	1,987
Growth (%)	12.9	10.5	7.9	23.4	9.6	(0.4)	1.4	96.7	6.4	5.6	5.3	6.4	5.6	5.3
Number of screens added	60	55	46	146	74	(3)	12	826	107	100	100	107	100	100
Footfalls (mn)	70	75	76	99	102	7	45	95	168	190	212	157	190	212
Growth (%)	18	8	1	31	2	(93)	554	114	77	13	11	65	22	11
Occupancy Rate (%)	34.6	33.0	31.3	36.2	34.9	2.2	14.4	25.2	25.4	26.5	28.0	23.6	26.5	28.0
Gross ATP (Rs)	188	196	210	207	204	183	177	236	244	249	259	244	249	259
Growth (%)	5.6	4.3	7.1	(1.4)	(1.4)	(10.5)	(3.0)	33.3	3.2	2.3	4.0	3.5	2.0	4.0
Net ATP (Rs)	146	148	164	165	170	150	151	199	207	212	220	208	212	220
Growth (%)	5.2	1.8	10.5	0.3	3.5	(12.0)	0.5	32.3	4.0	2.3	4.0	4.3	2.0	4.0
Gross SPH (Rs)	72	81	89	91	98	117	98	128	130	135	140	131	135	140
Growth (%)	12.5	12.5	9.9	2.2	7.6	19.1	(16.4)	31.3	2.0	3.4	3.7	2.0	3.4	3.7
Net SPH (Rs)	67	73	80	85	93	111	93	122	124	129	133	124	129	133
Growth (%)	13.6	9.0	9.2	6.7	9.5	19.1	(16.4)	30.9	2.2	3.4	3.7	2.2	3.4	3.7
Advertisement Revenue per screen (Rsmn)	4.2	4.4	4.9	5.1	4.7	0.2	0.8	2.3	2.8	3.9	4.6	2.6	3.9	4.6
Growth (%)	9.8	6.2	10.2	3.4	(8.2)	(95.5)	302.7	169.1	22.2	40.6	17.9	15.7	48.5	17.9

Source: Company, Nirmal Bang Institutional Equities Research. PVR and INOX Leisure got merged in 4QFY23

Reiterate our bullish thesis on the sector: We reiterate our long term thesis that we enunciated in our initiating coverage report (Oligopolistic Business In Its Infancy). We believe that: (1) Indian multiplex industry is an oligopoly (top 3 players control ~70% of functional screens) and will remain so as entry barriers are quite formidable and there are no substitutes. This industry structure will deliver steady revenue growth and improved margins as well as RoIC over a long period of time. In the last few years, pre-merger of PVR and Inox Leisure, it had functioned almost like a duopoly. (2) We believe that the merged entity of PVRINOX can deliver in the next 10 years at least 5-10% volume/footfall growth (new screen-driven, attracting both single-screen and new generation customers) per year, respectively, with rise in the realisation of 4-5%. This will result in a revenue CAGR of 10-15% with EBITDA/PAT growing a tad faster as the revenue mix turns margin rich. Structurally, the rise in relevant customer households, which can afford this type of entertainment (currently at ~15% of total, in our view), is going to drive demand. Same-store/screen sales growth (SSG), in our view, will be realisation-led at 4-6%. We believe that: (1) Players deserve premium valuation considering the longevity of earnings compounding and good RoICs. (2) Expensive M&A activity in the past and consequent weak return ratios are a small price to pay for achieving consolidation in a nascent industry. Over the long run, as organic growth predominates, the benefits of a better industry structure will far outweigh the price paid. We believe the stranglehold over retail real estate (and slow pace of its expansion) to be the key driver of positive industry dynamics. This will lead to a steady increase in capacity, steady pricing power and high occupancy rate. Lately, there has been a move to lower the capital intensity in the sector by experiments in the 'management contract' and 'franchisee owned company operated' – FOCO models.

In March 2022, a merger was proposed between the two largest players, PVR and INOX (PVR-INOX merger), which created an industry behemoth that would operate as of the day of the merger announcement, ~50% of the multiplex screens in India. The merger would lead to significant bargaining power vis-à-vis ecosystem partners like mall operators, film producers/distributors, advertisers and consumers. The Competition Commission of India (CCI) has not objected to the merger in its current form thus far despite some objections raised by a consumer policy group.

The key risk to sector earnings tends to be the volatility induced by the success of content. This is a very difficult thing to predict. Some movies look great on paper but may turn out to be duds at the box office. But increasingly the content risk is being lowered as Hollywood and Regional movies (both in their original and dubbed versions) command a greater share of GBOC unlike in the past, when it was dominated by Bollywood content. Besides, there is greater focus on the quality of screenplays. Also, lately, the content has been less star-driven and more based on good story lines, which may be a structural shift happening in the industry for the better. There has been considerable investor angst about the challenge being posed by OTT on the Indian film exhibition sector. While we are cognizant of the threat, we think it is exaggerated as the economics of taking a movie directly to OTT, for a reasonable budget movie which will find a theatrical release, is not compelling. In case a movie goes directly to OTT, it is likely to get a modest 15-20% return on the cost of production. On the other hand, if it goes first through a theatrical release, OTT revenue gets enhanced if the movie is a reasonable theatrical success.

Exhibit 5: Film slate for the rest of 2QFY24 and for 3QFY24 (Note: The release dates of movies could undergo change)

Date	Movies in 2QFY24 and 3QFY24	Language	Actor	Director
15-Sep	A Haunting in Venice	English	Kenneth Branagh	Kenneth Branagh
	Buhe Bariyan	Punjabi	Neeru Bajwa	Uday Pratap Singh
	Kasargold	Malayalam	Asif Ali	Mridul Nair
22-Sep	The Great Indian family	Hindi	Vicky Kaushal	Vijay Krishna Acharya
	My Big Fat Greek Wedding - 3	English	Nia Vardolos	
	Blackia 2	Punjabi	Dev Kharoud	Navaniat Singh
28-Sep	The vaccine War	Hindi	Nana Patekar	Vivek Agnihotri
	Gaddi Jaandi Ae Chalaangaan Maardi	Punjabi	Ammy Virk	Smeep Kang
	Fukrey 3	Hindi	Pulkit Samrat	Mrigdeep Singh Lamba
	Tiger Nageswara Rao	Telugu	Ravi Teja	Vamsee
29-Sep	Saw X	English	Micheal Beach	Kevin Greutert
	Dono	Hindi	Rajveer Deol	Avnish S Barjatya
	The Creator	English	John David Washington	Gareth Edwards
5-Oct	The great Indian Rescue	Hindi	Akshay Kumar	Tinu Suresh Desai
6-Oct	Tillu Square	Telugu	Anupama Parameswaran	Mallik Ram
	800 The movie	Tamil	MS Sripathy	Madhur Mittal
	Dumb Money	English	Seth Rogen	Craig Gillespie
	Parinda Paar Geya	Punjabi	Roopi Gill	Ksshitij Chaudhary
	Thank you for coming	Hindi	Bhumi Pednekar	Karan Boolani
	Pind America	Punjabi	Bhavkhandan Singh Rakhra	Simran Singh
13-Oct	Paw Petrol- The Mighty Movie	English	Dax Shepard	Cal Bruner
	Jatt nu Chudail Takri	Punjabi	Sargun Mehta	Vikas Vashisht
	The Exorcist- Believer	English	Leslie Odom Jr	David Gordon Green
19-Oct	Leo	Tamil	Vijay	Lokesh Kanagaraj
	Ghost	Kannada	Shiva Rajkumar	MG Srinivas
	Bagha Jatin	Bengali	Dev Adhikari	Arun Roy
	Dashom Abotar	Bengali	Prasenjit Chatterjee	Srijit Mukherji
	Raktbeej	Bengali	Mimi Chakroborty	Nandita Roy
	Jongole Mitin Mashi	Bengali	Subhrajit Dutta	Arindam Sil
20-Oct	Bhagavath Kesari	Telugu	Kajal Aggarwal	Anil Ravipudi
	Ganapath- Part 1	Hindi	Tiger Shroff	Vikas Bahl
	Tejas	Hindi	Kangana Ranaut	Sarvesh Mewara
	Sapta Sagaradaache Ello Side B	Kannada	Rakshit Shetty	Hemanth M Rao
	Yaariyan 2	Hindi	Pearl V Puri	Radhika Rao
	Galwakdi 2	Punjabi	Tarsem Jassar	Sharan Art
	Killers of the Flower Moon	English	Leonardo DiCaprio	Martin Scorsese
	Maujaan hi Maujaan	Punjabi	Gippy Grewal	Ramanan Sridharan
	Jwangle Mitin	Bengali	Subhrajit Dutta	Arindam Sil
24-Oct	Jhimma 2	Marathi	Anant Jog	Hemant Dhome
27-Oct	Five nights at Freddy's	English	Josh Hutcherson	Emma Tammi
	Zindagi Zindabaad	Punjabi	Sukhdeep Sukh	Prem Singh Sidhu
	The buckingham Murder	Hindi	Kareena Kapoor Khan	Hansal Mehta
	12th Fail	Hindi	Vikrant Massey	Vidhu Vinod Chopra

Date	Movies in 2QFY24 and 3QFY24	Language	Actor	Director
10-Nov	Ayalaan	Tamil	Sivakarthikeyan	Ravi Kumar
	The Marvels	English	Brie Larson	Nia DaCosta
	Tiger 3	Hindi	Salman Khan	Maneesh Sharma
	Aadikeshava	Telugu	Panja Vaishnav Tej	Srikanth N Reddy
	Journey to Bethlehem	English	Antonio Banderas	Adam Anders
17-Nov	The Hunger Games	English	Rachel Zegler	Francis Lawrence
	Trolls Band together	English	Anna Kendrick	Walt Dohrn
	Bina Band chal England	Punjabi	Roshan Prince	Satinder Singh Dev
	Next goal wins	English	Michael Fassbender	Taika Waititi
	Thanksgiving	English	Patrick Dempsey	Eli Roth
22-Nov	KD	Kannada	Dhruva Sarja	Prem
24-Nov	Devil- The British Secret Agent	Telugu	Nandamuri Kalyan Ram	Naveen Medaram
	Warning 2	Punjabi	Prince Kanwaljit Singh	Amar Hundal
	Wish	English	Chris Pine	Chris Buck
	Napoleon	English	Joaquin Phoenix	Albert Pyun
	Drame Aale	Punjabi	Sukhwinder Chahal	Chander Kamboj
1-Dec	Animal	Hindi	Ranbir Kapoor	Sandeep Reddy Vanga
	Sam Bahadur	Hindi	Vicky Kaushal	Meghna Gulzar
	Mansooroba	Punjabi	Rana Ranbir	Rana Ranbir
8-Dec	Danny Jigar	Gujarati	Yash Soni	Krishnadev Yagnik
	Gangs of Godavari	Telugu	Vishwak Sen	Krishna Chaitanya
	Operation Valentine	Telugu	Varun Tej	Shakti Pratap Singh Hada
15-Dec	Merry Christmas	Hindi	Katrina Kaif	Sriram Raghavan
	Yodha	Hindi	Sidharth Malhotra	Pushkar Ojha
	Captain Miller	Tamil	Dhanush	Arun Matheswaran
	Anyone But you	English	Alexandra Shipp	Will Gluck
21-Dec	Aquaman and the lost kingdom	English	Jason Momoa	James Wan
	Nani 30	Telugu	Mrunal Thakur	Shouryuv
22-Dec	Dunki	Hindi	Shah Rukh Khan	Rajkumar Hirani
	Saindhav	Telugu	Shraddha Srinath	Sailesh Kolanu
	Yuva	Kannada	Yuva Rajkumar	Santhosh Ananddram
29-Dec	Raju James Bond	Kannada	Gurunandan	Deepak Madhuvanahalli
	New York	Malayalam	Mammooty	Vysakh
	Sarvam Siddam	Telugu	Govindh Raj Neerudi	Athimalla Rabin Naidu
	Je Jatt Vigad Gaya	Punjabi	Amberdeep Singh	Amberdeep Singh
	J Baby	Tamil	Lollu Sabha Maaran	Suresh Mari
	Swatantra Veer Savarkar	Hindi	Randeep Hooda	Mahesh Manjrekar
	Wonka	English	Timothee Chalamet	Paul King
	Migration	English	Elizabeth Banks	Benjamin Renner

Source: Company, Nirmal Bang Institutional Equities Research. Note: We have highlighted movies which we believe could be the big box office revenue generators. Actuals could be different from our estimates. Also we think some of the release dates could change.

Financials of PVRINOX (consolidated P&L is pre-IndAS116)

Exhibit 6: Income statement

(YE March)	FY22	FY23	FY24E	FY25E	FY26E
Net Sales	13,047	37,519	65,662	77,518	89,480
Growth (%)	455.7	187.6	75.0	18.1	15.4
Exhibition Cost (Distributor Share)	2,860	8,125	15,822	18,561	21,507
Food & Beverages Cost	1,115	3,102	6,897	8,570	9,902
Employee Benefits Expense	2,693	4,444	6,262	7,348	7,748
Rent	3,390	7,945	11,163	12,124	13,946
Repairs & Maintenance,	-	-	-	-	-
Electricity & common area maintena	2,366	4,448	7,602	8,450	9,298
Other Expenses	3,214	6,253	7,203	8,083	8,910
Total Expenses	15,638	34,317	54,949	63,137	71,311
EBITDA	(2,591)	3,202	10,714	14,381	18,169
Growth (%)	NM	LP	234.6	34.2	26.3
% of sales	-19.9	8.5	16.3	18.6	20.3
Depreciation & Amortization	2,642	3,030	4,513	5,018	5,836
EBIT	(5,233)	172	6,201	9,364	12,333
% of sales	(40.1)	0.5	9.4	12.1	13.8
Other income (net)	1,041	684	694	651	892
Interest	1,546	1,591	1,991	1,856	1,196
Exceptional Item	-	108	-	-	-
PBT	(5,737)	(843)	4,904	8,159	12,029
PBT margin (%)	(44.0)	2.2	7.5	10.5	13.4
Tax	(1,548)	1,586	1,704	2,733	4,030
Effective tax rate (%)	27.0 (188.2)		34.7	33.5	33.5
Net profit	(4,189)	(2,429)	3,201	5,426	8,000
Minority Interest	3	-	-	-	-
Adjusted Net Profit	(4,186)	(2,429)	3,201	5,426	8,000
Growth (%)	NM	NM	LP	70	47
Net profit margin (%)	(32.1)	(6.5)	4.9	7.0	8.9

Source: Company, Nirmal Bang Institutional Equities Research

Exhibit 8: Balance sheet

(YE March)	FY22	FY23	FY24E	FY25E	FY26E
Equity capital	610	980	980	980	980
Reserves & surplus	13,094	72,319	75,520	80,945	88,945
Networth	13,704	73,299	76,500	81,925	89,925
Minority Interest	(3)	(7)	(7)	(7)	(7)
Other liabilities	741	396	396	396	396
Long Term Debt	10,333	12,723	12,723	9,723	3,723
Lease Liabilities	34,138	57,841	62,893	63,293	63,693
Total liabilities	58,914	144,251	152,505	155,330	157,730
Net Fixed Assets	15,825	31,905	36,817	39,317	41,817
Right-of-use assets	26,783	53,746	54,046	54,446	54,846
Goodwill on consolidation	10,520	57,428	57,428	57,428	57,428
Intangible assets	1,590	1,480	1,480	1,480	1,480
Long term loans and advances	2,586	4,628	5,818	6,953	7,973
Deferred tax asset	5,951	4,767	4,767	4,767	4,767
Other non-current assets	1,342	2,312	2,312	2,312	2,312
Cash & bank balances	5,781	3,616	2,194	3,545	4,324
Current Investment	5	2	2	2	2
Current assets	2,875	4,880	7,323	8,604	9,753
Current liabilities	14,345	20,513	19,684	23,526	26,973
Net current assets	(11,470)	(15,633)	(12,361)	(14,922)	(17,220)
Total assets	58,914	144,251	152,505	155,330	157,730

Source: Company, Nirmal Bang Institutional Equities Research

Exhibit 7: Cash flow

(YE March)	FY22	FY23	FY24E	FY25E	FY26E
EBIT	(5,233)	172	6,201	9,364	12,333
(Inc.)/dec. in working capital	2,864	4,164	(3,273)	2,561	2,298
Cash flow from operations	(2,368)	4,336	2,928	11,925	14,631
Other income	1,041	684	694	651	892
Depreciation & amortisation	2,642	3,030	4,513	5,018	5,836
Financial expenses	1,546	1,591	1,991	1,856	1,196
Tax paid	(1,548)	1,648	1,704	2,733	4,030
Dividends paid	0	0	0	0	0
Net cash from operations	1,317	4,810	4,441	13,005	16,134
Capital expenditure	973	26,405	6,195	6,103	6,246
Increase in other non current assets	1,800	1,828	1,190	1,135	1,019
Net cash after capex	(1,455)	(23,423)	(2,944)	5,766	8,869
Inc./(dec.) in debt	530	2,390	0	(3,000)	(6,000)
(Inc.)/dec. in investments	(4)	(3)	0	0	0
Equity Issuance	(441)	0	0	(0)	0
Cash from financial activities	424	(1,521)	(1,745)	(1,563)	(1,563)
Others	(2,487)	(3,356)	(842)	3,340	7,125
Opening cash	7,314	6,103	4,996	4,996	4,996
Closing cash	5,781	3,616	2,409	3,773	4,558
Change in cash	(1,533)	(2,487)	(2,587)	(1,223)	(438)

Source: Company, Nirmal Bang Institutional Equities Research

Exhibit 9: Key ratios

(YE March)	FY22	FY23	FY24E	FY25E	FY26E
Per Share (Rs)					
FDEPS	(62.7)	-37.8	32.7	55.4	81.6
Dividend Per Share	0.0	0.0	0.0	0.0	0.0
Dividend Yield (%)	0.0	0.0	0.0	0.0	0.0
Book Value	225	748	781	836	918
Dividend Payout Ratio (incl DT)	0.0	0.0	0.0	0.0	0.0
Return ratios (%)					
RoE	(26.1)	-5.7	4.3	6.8	9.3
Post Tax RoCE	(14.1)	0.9	4.6	6.9	8.8
Post Tax ROIC	(18.6)	1.0	4.8	7.1	9.2
Turnover Ratios					
Asset Turnover Ratio	0.5	0.7	0.7	0.9	1.0
Debtor days	20	18	18	18	18
Working Capital Cycle Days	(321)	(152)	(69)	(70)	(70)
Solvency Ratios					
Net Debt/Equity	0.7	0.2	0.2	0.1	0.1
Net Debt/EBITDA	-3.8	4.5	1.5	0.8	0.3
Valuation ratios (x)					
PER	(29.6)	-49.0	56.7	33.5	22.7
P/BV	8.2	2.5	2.4	2.2	2.0
EV/EBITDA	(47.4)	61.2	18.4	13.4	10.3
EV/Sales	9.4	5.2	3.0	2.5	2.1
M-cap/Sales	8.7	4.8	2.8	2.3	2.0

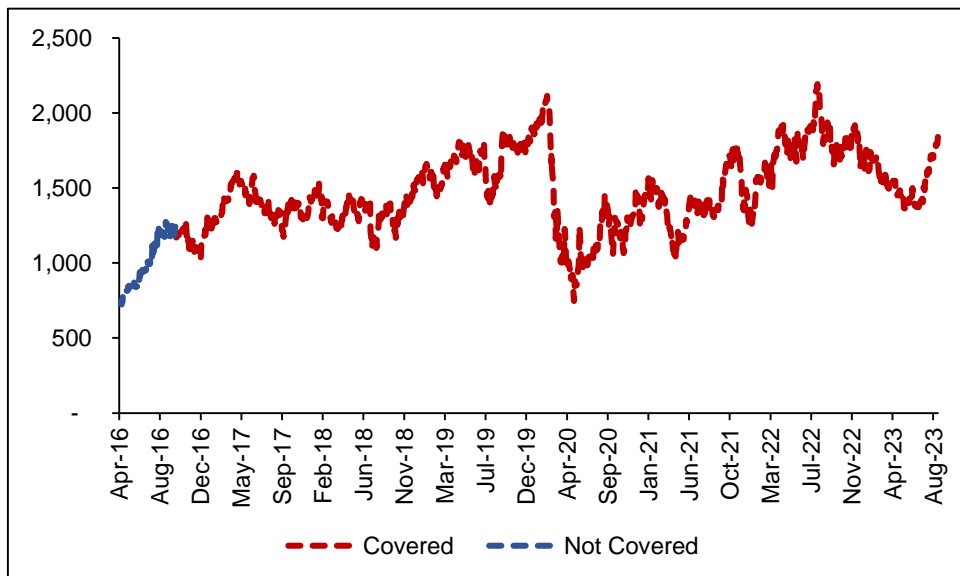
Source: Company, Nirmal Bang Institutional Equities Research

Rating track: PVRINOX

Date	Rating	Market price (Rs)	Target price (Rs)
5 October 2016	Buy	1,235	1,416
1 November 2016	Buy	1,223	1,446
6 December 2016	Buy	1,069	1,275
6 February 2017	Accumulate	1,298	1,315
14 February 2017	Accumulate	1,298	1,433
22 May 2017	Accumulate	1,514	1,469
31 May 2017	Accumulate	1,448	1,494
27 July 2017	Accumulate	1,357	1,453
30 October 2017	Accumulate	1,420	1,458
1 February 2018	Accumulate	1,460	1,590
7 May 2018	Buy	1,425	1,776
27 July 2018	Buy	1,119	1,746
29 October 2018	Buy	1,296	1,785
28 January 2019	Buy	1,562	1,796
9 April 2019	Buy	1,681	2,005
14 May 2019	Buy	1,730	2,017
26 July 2019	Accumulate	1,790	2,017
18 October 2019	Buy	1,840	2,166
24 January 2020	Buy	1,892	2,265
24 February 2020	Buy	2,071	2,386
17 March 2020	Buy	1,339	2,100
19 May 2020	Buy	746	1,063
9 June 2020	Accumulate	1,087	1,131
16 September 2020	Accumulate	1,265	1,229
05 November 2020	Accumulate	1,116	1,229
05 January 2021	Accumulate	1,399	1,559
18 January 2021	Accumulate	1,475	1,578
10 March 2021	Buy	1,409	1,661
13 April 2021	Buy	1,092	1,624
3 June 2021	Buy	1,321	1,561
1 August 2021	Buy	1,400	1,613
26 September 2021	Buy	1,511	1,934
24 October 2021	Buy	1,627	1,909
26 November 2021	Buy	1,561	1,968
23 January 2022	Buy	1,536	2,169
22 February 2022	Buy	1,562	2,383
27 March 2022	Buy	1,828	2,383
10 May 2022	Buy	1,706	2,438
22 June 2022	Buy	1,788	2,428
22 July 2022	Buy	1,915	2,454
30 August 2022	Buy	1,810	2,221
18 October 2022	Buy	1,692	2,023
20 January 2023	Buy	1,671	1,978
16 May 2023	Buy	1,433	1,778
02 August 2023	Buy	1,564	1,811
09 September 2023	Buy	1,853	2,131

Note: Merger of PVR and Inox Leisure got effected on 27 March 2023

Rating track graph



DISCLOSURES

This Report is published by Nirmal Bang Equities Private Limited (hereinafter referred to as “NBEPL”) for private circulation. NBEPL is a registered Research Analyst under SEBI (Research Analyst) Regulations, 2014 having Registration no. INH000001436. NBEPL is also a registered Stock Broker with National Stock Exchange of India Limited and BSE Limited in cash and derivatives segments.

NBEPL has other business divisions with independent research teams separated by Chinese walls, and therefore may, at times, have different or contrary views on stocks and markets.

NBEPL or its associates have not been debarred / suspended by SEBI or any other regulatory authority for accessing / dealing in securities Market. NBEPL, its associates or analyst or his relatives do not hold any financial interest in the subject company. NBEPL or its associates or Analyst do not have any conflict or material conflict of interest at the time of publication of the research report with the subject company. NBEPL or its associates or Analyst or his relatives do not hold beneficial ownership of 1% or more in the subject company at the end of the month immediately preceding the date of publication of this research report.

NBEPL or its associates / analyst has not received any compensation / managed or co-managed public offering of securities of the company covered by Analyst during the past twelve months. NBEPL or its associates have not received any compensation or other benefits from the company covered by Analyst or third party in connection with the research report. Analyst has not served as an officer, director or employee of Subject Company and NBEPL / analyst has not been engaged in market making activity of the subject company.

Analyst Certification: I, NBIE Research, research analyst, the author of this report, hereby certify that the views expressed in this research report accurately reflects my personal views about the subject securities, issuers, products, sectors or industries. It is also certified that no part of the compensation of the analyst was, is, or will be directly or indirectly related to the inclusion of specific recommendations or views in this research. The analyst is principally responsible for the preparation of this research report and has taken reasonable care to achieve and maintain independence and objectivity in making any recommendations.

Disclaimer

Stock Ratings Absolute Returns

BUY > 15%

ACCUMULATE -5% to 15%

SELL < -5%

This report is for the personal information of the authorized recipient and does not construe to be any investment, legal or taxation advice to you. NBEPL is not soliciting any action based upon it. Nothing in this research shall be construed as a solicitation to buy or sell any security or product, or to engage in or refrain from engaging in any such transaction. In preparing this research, we did not take into account the investment objectives, financial situation and particular needs of the reader.

This research has been prepared for the general use of the clients of NBEPL and must not be copied, either in whole or in part, or distributed or redistributed to any other person in any form. If you are not the intended recipient you must not use or disclose the information in this research in any way. Though disseminated to all the customers simultaneously, not all customers may receive this report at the same time. NBEPL will not treat recipients as customers by virtue of their receiving this report. This report is not directed or intended for distribution to or use by any person or entity resident in a state, country or any jurisdiction, where such distribution, publication, availability or use would be contrary to law, regulation or which would subject NBEPL & its group companies to registration or licensing requirements within such jurisdictions.

The report is based on the information obtained from sources believed to be reliable, but we do not make any representation or warranty that it is accurate, complete or up-to-date and it should not be relied upon as such. We accept no obligation to correct or update the information or opinions in it. NBEPL or any of its affiliates or employees shall not be in any way responsible for any loss or damage that may arise to any person from any inadvertent error in the information contained in this report. NBEPL or any of its affiliates or employees do not provide, at any time, any express or implied warranty of any kind, regarding any matter pertaining to this report, including without limitation the implied warranties of merchantability, fitness for a particular purpose, and non-infringement. The recipients of this report should rely on their own investigations.

This information is subject to change without any prior notice. NBEPL reserves its absolute discretion and right to make or refrain from making modifications and alterations to this statement from time to time. Nevertheless, NBEPL is committed to providing independent and transparent recommendations to its clients, and would be happy to provide information in response to specific client queries.

Before making an investment decision on the basis of this research, the reader needs to consider, with or without the assistance of an adviser, whether the advice is appropriate in light of their particular investment needs, objectives and financial circumstances. There are risks involved in securities trading. The price of securities can and does fluctuate, and an individual security may even become valueless. International investors are reminded of the additional risks inherent in international investments, such as currency fluctuations and international stock market or economic conditions, which may adversely affect the value of the investment. Opinions expressed are subject to change without any notice. Neither the company nor the director or the employees of NBEPL accept any liability whatsoever for any direct, indirect, consequential or other loss arising from any use of this research and/or further communication in relation to this research. Here it may be noted that neither NBEPL, nor its directors, employees, agents or representatives shall be liable for any damages whether direct or indirect, incidental, special or consequential including lost revenue or lost profit that may arise from or in connection with the use of the information contained in this report.

Copyright of this document vests exclusively with NBEPL.

Our reports are also available on our website www.nirmalbang.com

Access all our reports on Bloomberg, Thomson Reuters and Factset.

Team Details:			
Name		Email Id	Direct Line
Rahul Arora	CEO	rahul.arora@nirmalbang.com	-
Krishnan Sambamoorthy	Head of Research	krishnan.s@nirmalbang.com	+91 22 6273 8210
Dealing			
Ravi Jagtiani	Dealing Desk	ravi.jagtiani@nirmalbang.com	+91 22 6273 8230, +91 22 6636 8833
Michael Pillai	Dealing Desk	michael.pillai@nirmalbang.com	+91 22 6273 8102/8103, +91 22 6636 8830

Nirmal Bang Equities Pvt. Ltd.

Correspondence Address

B-2, 301/302, Marathon Innova,
 Nr. Peninsula Corporate Park,
 Lower Parel (W), Mumbai-400013.

Board No. : 91 22 6273 8000/1; Fax. : 022 6273 8010