

February 1, 2024

Q3FY24 Result Update

Change in Estimates | Target | Reco

Change in Estimates

	Current		Previous	
	FY25E	FY26E	FY25E	FY26E
Rating	ACCUMULATE		ACCUMULATE	
Target Price	1,719		1,923	
Sales (Rs. m)	73,307	83,195	74,560	84,557
% Chng.	(1.7)	(1.6)		
EBITDA (Rs. m)	24,007	27,499	24,650	27,775
% Chng.	(2.6)	(1.0)		
EPS (Rs.)	39.8	65.0	47.8	68.6
% Chng.	(16.7)	(5.3)		

Key Financials - Consolidated

Y/e Mar	FY23	FY24E	FY25E	FY26E
Sales (Rs. m)	37,507	63,464	73,307	83,195
EBITDA (Rs. m)	10,477	19,907	24,007	27,499
Margin (%)	27.9	31.4	32.7	33.1
PAT (Rs. m)	(3,243)	959	3,905	6,374
EPS (Rs.)	(33.1)	9.8	39.8	65.0
Gr. (%)	NA	NA	307.2	63.2
DPS (Rs.)	-	-	1.0	2.5
Yield (%)	-	-	0.1	0.2
RoE (%)	NA	1.3	5.0	7.6
RoCE (%)	2.0	5.1	7.4	9.1
EV/Sales (x)	5.8	3.5	3.0	2.6
EV/EBITDA (x)	20.9	11.2	9.2	7.9
PE (x)	NA	148.8	36.5	22.4
P/BV (x)	1.9	1.9	1.8	1.7

Key Data

PVRL.BO | PVRINOX IN

52-W High / Low	Rs.1,880 / Rs.1,336
Sensex / Nifty	71,752 / 21,726
Market Cap	Rs.143bn / \$ 1,719m
Shares Outstanding	98m
3M Avg. Daily Value	Rs.998.89m

Shareholding Pattern (%)

Promoter's	27.84
Foreign	21.83
Domestic Institution	39.22
Public & Others	11.10
Promoter Pledge (Rs bn)	-

Stock Performance (%)

	1M	6M	12M
Absolute	(12.3)	(6.6)	(14.3)
Relative	(11.7)	(13.4)	(28.9)

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A modest performance

Quick Pointers:

- Ad-revenue shows signs of recovery as long term deals make a comeback.
- 41% drop in number of releases in 3QFY24 due to Cricket World Cup.

In a quarter marred by paucity of content due to cricket world cup, PVR-Inox reported modest performance with footfalls of 36.5mn (PLe 36.3mn) and pre-IND AS EBITDA margin of 13.1% (PLe 11.1%). Though ad-revenue has shown signs of recovery volatility may persist unless occupancy stabilizes as 60-65% of the business is on spot deals. In order to address concerns surrounding occupancy, PVR-Inox is likely to launch a pan-India subscription plan soon. Nonetheless, we expect footfalls to remain a bit soft in near term as content pipeline for 4QFY24 does not inspire much confidence. We cut our EBITDA estimates by 1-4% over next 2 years and expect footfalls of 168mn/181mn with pre-IND AS EBITDA margin of 16.8%/17.8% for FY25E/FY26E respectively. Retain 'ACCUMULATE' on the stock with a TP of Rs1,719 (earlier Rs1,923) as we cut our target EV/EBITDA to 13x (earlier 14x) amid rising volatility in flow, acceptance and predictability of content.

Proforma revenue up 6.2% YoY: Top-line increased 64.3% YoY to Rs15,459mn (PLe Rs15,529mn) due to consolidation impact with Inox Leisure. However, proforma revenue (assuming consolidation in base quarter) was up 6.2% YoY. Proforma footfalls were down 2% YoY to 36.5mn (PLe of 36.3mn). Proforma ATP/SPH was up 14%/8% YoY to Rs271/Rs132 respectively, while occupancy stood at 25.2%.

Pre Ind-AS EBITDA margin of 14.4%: Proforma pre Ind-AS EBITDA (including other income) increased to Rs2,259mn (PLe Rs1,978mn includes other income) with a margin of 14.4%. Pre-IND AS PAT stood at Rs412mn (PLe Rs303mn) versus proforma pre-IND AS PAT of Rs36mn in 3QFY23.

Con-call highlights: **1)** A new Pan-India subscription plan (similar to passport program launched recently) is likely to be unveiled soon. **2)** The one-off exercise to rationalize unprofitable screens (77 screens to be wound up in FY24) is over and from here on the gross and net addition run-rate will be similar. **3)** On track to open 160-170 screens in FY24E. 72 screens are under fit out and ready to open upon getting the license. **4)** Long term deals form ~30-35% of ad-revenue. **5)** Occupancy in Dec was 37%. **6)** ~40% new screen addition is expected in South India. **7)** Film hire cost was at 46.9% as additional incentive was paid to distributors on some movies that did exceptionally well. **8)** Other income figure includes a write back of Rs353mn pursuant to termination of lease agreements on screens that have been exited. **9)** 50% of new screen additions is expected to be in metros. **10)** Higher capital has been ear-marked for PVR pictures and growth is expected to pick in FY25E.

Exhibit 1: 3QFY24 Result Overview – Consolidated (Rs mn)

Y/e March	3QFY24	3QFY23	YoY gr.	2QFY24	QoQ gr.	9MFY24	9MFY23	YoY gr.
Net sales	15,459	9,407	64.3%	19,999	-22.7%	48,507	26,074	86.0%
Movie exhibition cost	3,710	1,677	121.3%	4,954	-25.1%	11,644	5,587	108.4%
<i>As a % of sales</i>	<i>24.0%</i>	<i>17.8%</i>		<i>24.8%</i>		<i>24.0%</i>	<i>21.4%</i>	
Consumption of F&B	1,248	778	60.5%	1,544	-19.2%	3,863	2,172	77.9%
<i>As a % of sales</i>	<i>8.1%</i>	<i>8.3%</i>		<i>7.7%</i>		<i>8.0%</i>	<i>8.3%</i>	
Employee expenses	1,629	943	72.8%	1,679	-3.0%	4,867	2,875	69.3%
<i>As a % of sales</i>	<i>10.5%</i>	<i>10.0%</i>		<i>8.4%</i>		<i>10.0%</i>	<i>11.0%</i>	
Other expenses	4,148	3,122	32.9%	4,754	-12.7%	12,816	7,603	68.6%
<i>As a % of sales</i>	<i>26.8%</i>	<i>33.2%</i>		<i>23.8%</i>		<i>26.4%</i>	<i>29.2%</i>	
EBITDA	4,724	2,888	63.6%	7,068	-33.2%	15,317	7,837	95.4%
<i>EBITDA margin</i>	<i>30.6%</i>	<i>30.7%</i>		<i>35.3%</i>		<i>31.6%</i>	<i>30.1%</i>	
Depreciation	3,171	1,552	104.3%	3,086	2.8%	9,165	4,571	100.5%
EBIT	1,553	1,335	16.3%	3,982	-61.0%	6,152	3,266	88.4%
<i>EBIT margin</i>	<i>10.0%</i>	<i>14.2%</i>		<i>19.9%</i>		<i>12.7%</i>	<i>12.5%</i>	
Interest cost	1,966	1,275	54.3%	2,003	-1.8%	5,914	3,830	54.4%
Other income	588	201	193.1%	238	147.1%	1,075	574	87.3%
PBT	175	261	-33.1%	2,217	-92.1%	1,313	10	NM
Exceptional items/Share of JVs	-	-	NM	-	NM	-	-	NM
Tax expenses	47	102	-54.1%	555	-91.5%	343	34	908.8%
Tax rate	26.9%	39.1%		25.0%		26.1%	340.0%	
PAT	128	159	-19.6%	1,662	-92.3%	970	(24)	NM
<i>PAT margin</i>	<i>0.8%</i>	<i>1.7%</i>		<i>8.3%</i>		<i>2.0%</i>	<i>NM</i>	
Non-controlling interest	-	2	NM	1	NM	5	7	-28.6%
Other comprehensive income (OCI)	(7)	(4)	NM	(2)	NM	2	(5)	NM
PAT inclusive of OCI	135	165	-18.4%	1,665	-91.9%	973	(12)	NM
EPS (Rs)	1.3	2.7	-50.9%	17.0	-92.3%	9.9	(0.3)	NM

Source: Company, PL Note: Performance is not comparable on YoY basis due to merger with Inox Leisure

Exhibit 2: Revenue mix (Rs mn)

Y/e March	3QFY24	3QFY23	YoY gr.	2QFY24	QoQ gr.	Proforma 3QFY23	Proforma YoY
NBOC	8,308	4,355	90.8%	11,193	-25.8%	7,309.0	13.7%
<i>As a % of total</i>	<i>53.7%</i>	<i>46.3%</i>		<i>56.0%</i>		<i>50.2%</i>	
Net F&B	4,763	2,884	65.2%	6,412	-25.7%	4,391.0	8.5%
<i>As a % of total</i>	<i>30.8%</i>	<i>30.7%</i>		<i>32.1%</i>		<i>30.2%</i>	
Advertisement revenue	1,405	792	77.4%	1,176	19.5%	1,143.0	22.9%
<i>As a % of total</i>	<i>9.1%</i>	<i>8.4%</i>		<i>5.9%</i>		<i>7.9%</i>	
Other revenue from operations	983	1,375	-28.5%	1,218	-19.3%	1,713.0	-42.6%
<i>As a % of total</i>	<i>6.4%</i>	<i>14.6%</i>		<i>6.1%</i>		<i>11.8%</i>	
Total sales	15,459.0	9,406.0	64.4%	19,999.0	-22.7%	14,556.0	6.2%

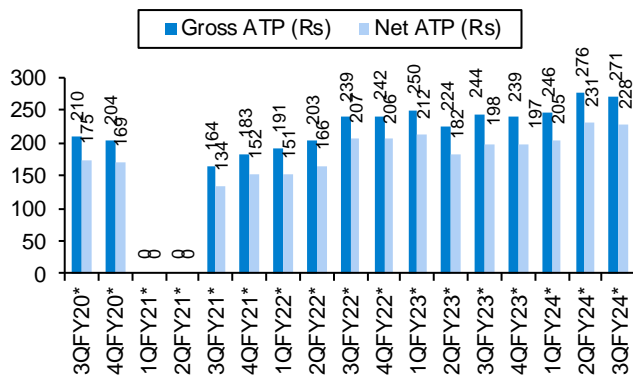
Source: Company, PL Note: Performance is not comparable on YoY basis due to consolidation of Inox Leisure. Proforma figures are given to enable better comparison.

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

Y/e March	3QFY24	3QFY23	YoY gr.	2QFY24	QoQ gr.	FY21	FY22	FY23	FY24E	FY25E	FY26E
Sales	15,459	9,407	64.3%	19,999	-22.7%	2,800	13,310	37,507	63,464	73,307	83,195
Ind-AS Adjusted EBITDA	2,022	1,281	57.8%	4,273	-52.7%	(4,545)	(2,331)	3,194	8,997	12,296	14,846
Ind-AS Adjusted EBITDA margin	13.1%	13.6%		21.4%		NM	NM	8.5%	14.2%	16.8%	17.8%
Ind-AS Adjusted PAT	412	252	63.4%	2,073	-80.1%	(6,656)	(4,189)	(2,429)	2,850	5,397	7,310
Ind-AS Adjusted PAT margin	2.7%	2.7%		10.4%		NM	NM	NM	4.5%	7.4%	8.8%

Source: Company, PL

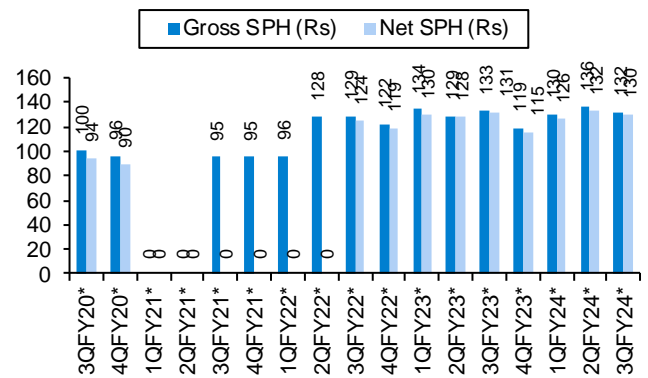
Exhibit 4: Gross ATP trend over the last few quarters



Source: Company, PL

*Including SPI Cinema's

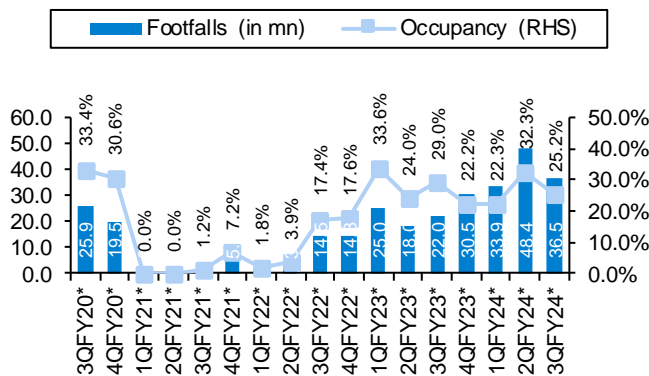
Exhibit 5: Gross SPH trend over the last few quarters



Source: Company, PL

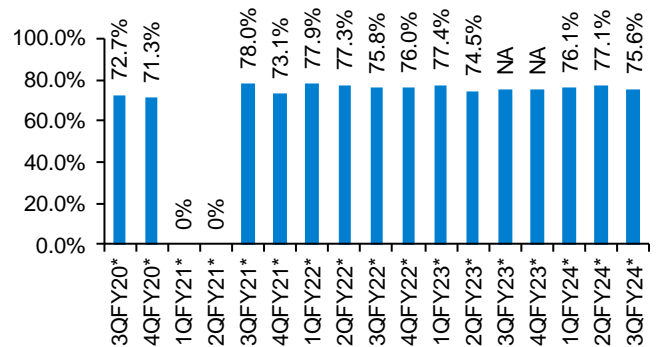
*Including SPI Cinema's Note: Net SPH is NM due to sale of other traded goods

Exhibit 6: Footfalls are volatile, driven by content



Source: Company, PL *Including SPI Cinema's Note: Occupancy calculated based on 4-5 shows per day with no caps

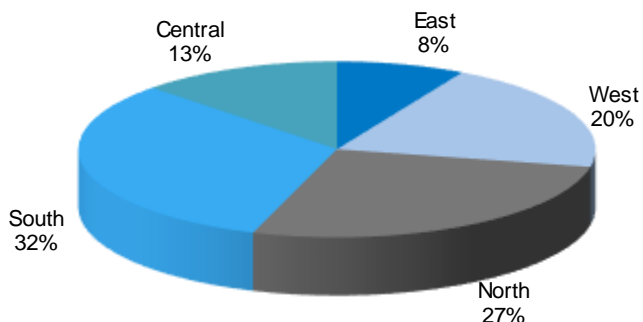
Exhibit 7: F&B GM is in the steady range of ~73-77%



Source: Company, PL

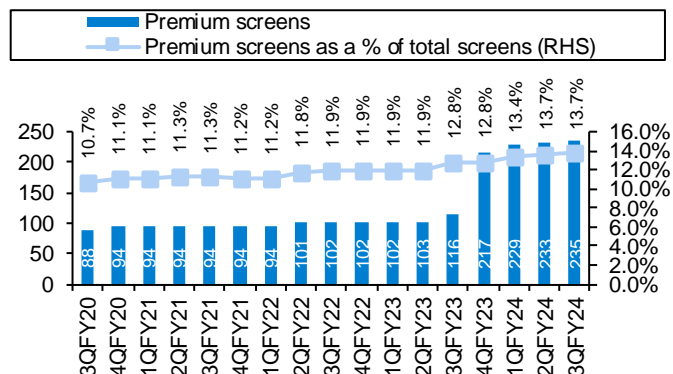
*Including SPI Cinema's

Exhibit 8: Screen mix as of 3QFY24



Source: Company, PL

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



Source: Company, PL

Exhibit 10: Relative valuation table

Particulars (Rs mn)	Sep-25E
EV/EBITDA	13.0
EBITDA*	13,571
EV	1,76,423
Less: Debt*	14,301
Add: Cash	6,152
Equity Value	1,68,274
No of shares	98
Per share value (Rs)	1,719

Source: Company, PL *Pre IND-AS figures

Financials

Income Statement (Rs m)

Y/e Mar	FY23	FY24E	FY25E	FY26E
Net Revenues	37,507	63,464	73,307	83,195
YoY gr. (%)	181.8	69.2	15.5	13.5
Cost of Goods Sold	11,286	19,770	23,068	26,316
Gross Profit	26,221	43,693	50,240	56,879
Margin (%)	69.9	68.8	68.5	68.4
Employee Cost	4,389	6,447	6,998	7,617
Other Expenses	11,355	17,339	19,234	21,764
EBITDA	10,477	19,907	24,007	27,499
YoY gr. (%)	890.9	90.0	20.6	14.5
Margin (%)	27.9	31.4	32.7	33.1
Depreciation and Amortization	7,533	12,100	12,400	12,700
EBIT	2,944	7,807	11,607	14,799
Margin (%)	7.8	12.3	15.8	17.8
Net Interest	5,716	7,850	7,700	7,700
Other Income	791	1,350	1,300	1,400
Profit Before Tax	(2,090)	1,307	5,207	8,499
Margin (%)	NA	2.1	7.1	10.2
Total Tax	1,274	353	1,302	2,125
Effective tax rate (%)	(61.0)	27.0	25.0	25.0
Profit after tax	(3,364)	954	3,905	6,374
Minority interest	(13)	(5)	-	-
Share Profit from Associate	-	-	-	-
Adjusted PAT	(3,243)	959	3,905	6,374
YoY gr. (%)	NA	NA	307.2	63.2
Margin (%)	NA	1.5	5.3	7.7
Extra Ord. Income / (Exp)	(108)	-	-	-
Reported PAT	(3,351)	959	3,905	6,374
YoY gr. (%)	NA	NA	307.2	63.2
Margin (%)	NA	1.5	5.3	7.7
Other Comprehensive Income	14	(2)	-	-
Total Comprehensive Income	(3,337)	957	3,905	6,374
Equity Shares O/s (m)	98	98	98	98
EPS (Rs)	(33.1)	9.8	39.8	65.0

Source: Company Data, PL Research

Balance Sheet Abstract (Rs m)

Y/e Mar	FY23	FY24E	FY25E	FY26E
Non-Current Assets				
Gross Block	99,292	1,12,103	1,24,581	1,38,570
Tangibles	96,413	1,09,224	1,21,702	1,35,690
Intangibles	2,880	2,880	2,880	2,880
Acc: Dep / Amortization	14,635	26,735	39,135	51,835
Tangibles	13,235	25,335	37,735	50,435
Intangibles	1,399	1,399	1,399	1,399
Net fixed assets	84,658	85,369	85,447	86,735
Tangibles	83,177	83,888	83,966	85,255
Intangibles	1,480	1,480	1,480	1,480
Capital Work In Progress	2,473	2,473	2,473	2,473
Goodwill	57,428	57,428	57,428	57,428
Non-Current Investments	4,628	5,394	6,231	7,072
Net Deferred tax assets	4,735	4,020	3,007	2,247
Other Non-Current Assets	2,312	2,201	2,940	3,346
Current Assets				
Investments	2	2	2	2
Inventories	664	522	603	684
Trade receivables	1,825	3,304	4,218	5,015
Cash & Bank Balance	3,616	3,279	5,170	7,133
Other Current Assets	2,293	3,681	4,545	5,325
Total Assets	1,64,764	1,67,895	1,72,389	1,77,824
Equity				
Equity Share Capital	980	980	980	980
Other Equity	72,319	73,276	77,083	83,212
Total Networkth	73,299	74,256	78,063	84,192
Non-Current Liabilities				
Long Term borrowings	75,316	78,208	78,887	78,216
Provisions	276	254	293	333
Other non current liabilities	-	-	-	-
Current Liabilities				
ST Debt / Current of LT Debt	5,204	5,204	4,704	4,204
Trade payables	5,143	5,564	6,025	6,382
Other current liabilities	5,414	4,296	4,303	4,384
Total Equity & Liabilities	1,64,764	1,67,895	1,72,389	1,77,824

Source: Company Data, PL Research

Cash Flow (Rs m)

Y/e Mar	FY23	FY24E	FY25E	FY26E
PBT	(2,090)	1,307	5,207	8,499
Add. Depreciation	3,010	12,100	12,400	12,700
Add. Interest	5,600	7,850	7,700	7,700
Less Financial Other Income	791	1,350	1,300	1,400
Add. Other	4,087	(876)	(376)	(249)
Op. profit before WC changes	10,607	20,381	24,932	28,650
Net Changes-WC	(1,969)	(916)	(534)	(521)
Direct tax	1	(353)	(1,302)	(2,125)
Net cash from Op. activities	8,639	19,112	23,096	26,004
Capital expenditures	(6,339)	(12,811)	(12,478)	(13,989)
Interest / Dividend Income	88	-	-	-
Others	493	(858)	(940)	(880)
Net Cash from Inv. activities	(5,759)	(13,669)	(13,418)	(14,869)
Issue of share cap. / premium	-	-	-	-
Debt changes	1,260	2,892	179	(1,171)
Dividend paid	-	-	(98)	(245)
Interest paid	(1,442)	(7,850)	(7,700)	(7,700)
Others	(6,754)	(822)	(169)	(56)
Net cash from Fin. activities	(6,935)	(5,780)	(7,787)	(9,172)
Net change in cash	(4,055)	(337)	1,891	1,963
Free Cash Flow	2,280	6,301	10,618	12,016

Source: Company Data, PL Research

Key Financial Metrics

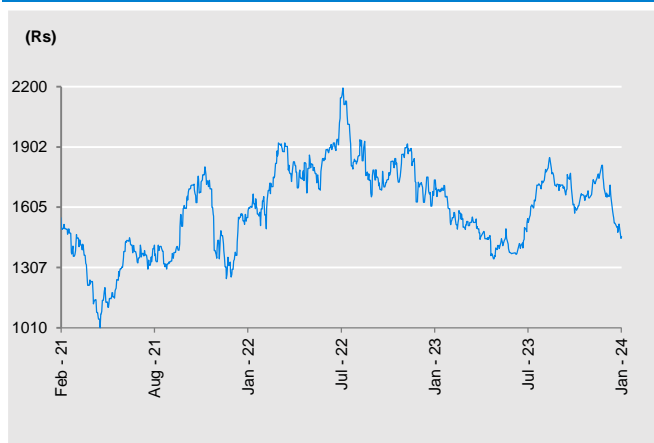
Y/e Mar	FY23	FY24E	FY25E	FY26E
Per Share(Rs)				
EPS	(33.1)	9.8	39.8	65.0
CEPS	43.8	133.4	166.6	194.8
BVPS	748.7	758.5	797.4	860.0
FCF	23.3	64.4	108.5	122.7
DPS	-	-	1.0	2.5
Return Ratio(%)				
RoCE	2.0	5.1	7.4	9.1
ROIC	6.4	11.9	13.9	15.5
RoE	NA	1.3	5.0	7.6
Balance Sheet				
Net Debt : Equity (x)	1.0	1.1	1.0	0.9
Net Working Capital (Days)	(26)	(10)	(6)	(3)
Valuation(x)				
PER	NA	148.8	36.5	22.4
P/B	1.9	1.9	1.8	1.7
P/CEPS	33.2	10.9	8.7	7.5
EV/EBITDA	20.9	11.2	9.2	7.9
EV/Sales	5.8	3.5	3.0	2.6
Dividend Yield (%)	-	-	0.1	0.2

Source: Company Data, PL Research

Quarterly Financials (Rs m)

Y/e Mar	Q4FY23	Q1FY24	Q2FY24	Q3FY24
Net Revenue	11,432	13,049	19,999	15,459
YoY gr. (%)	112.8	33.0	191.2	64.3
Raw Material Expenses	3,527	4,051	6,498	4,958
Gross Profit	7,904	8,998	13,501	10,501
Margin (%)	69.1	69.0	67.5	67.9
EBITDA	2,639	3,525	7,068	4,724
YoY gr. (%)	164.2	3.2	360.0	63.6
Margin (%)	23.1	27.0	35.3	30.6
Depreciation / Depletion	2,962	2,908	3,086	3,171
EBIT	(323)	617	3,982	1,553
Margin (%)	(2.8)	4.7	19.9	10.0
Net Interest	1,886	1,945	2,003	1,966
Other Income	218	249	238	588
Profit before Tax	(2,100)	(1,079)	2,217	175
Margin (%)	NA	(8.3)	11.1	1.1
Total Tax	1,240	(259)	555	47
Effective tax rate (%)	(59.0)	24.0	25.0	26.9
Profit after Tax	(3,340)	(820)	1,662	128
Minority interest	(6)	(4)	(1)	-
Share Profit from Associates	-	-	-	-
Adjusted PAT	(3,226)	(816)	1,663	128
YoY gr. (%)	NA	NA	NA	(20.7)
Margin (%)	NA	NA	8.3	0.8
Extra Ord. Income / (Exp)	(108)	-	-	-
Reported PAT	(3,334)	(816)	1,663	128
YoY gr. (%)	NA	NA	NA	(20.7)
Margin (%)	NA	NA	8.3	0.8
Other Comprehensive Income	8	(11)	2	7
Total Comprehensive Income	(3,326)	(827)	1,665	135
Avg. Shares O/s (m)	98	98	98	98
EPS (Rs)	(51.3)	(8.3)	17.0	1.3

Source: Company Data, PL Research

Price Chart
Recommendation History


No.	Date	Rating	TP (Rs.)	Share Price (Rs.)
1	08-Jan-24	Accumulate	1,923	1,649
2	19-Oct-23	BUY	1,984	1,745
3	04-Oct-23	BUY	1,862	1,715
4	02-Aug-23	BUY	1,797	1,565
5	06-Jul-23	BUY	1,704	1,372
6	17-May-23	BUY	1,879	1,435
7	11-Apr-23	BUY	2,096	1,550
8	14-Mar-23	BUY	2,096	1,530

Analyst Coverage Universe

Sr. No.	Company Name	Rating	TP (Rs)	Share Price (Rs)
1	Chalet Hotels	Accumulate	820	762
2	Indian Railway Catering and Tourism Corporation	Hold	749	902
3	Inox Leisure	BUY	587	502
4	InterGlobe Aviation	Accumulate	3,053	2,996
5	Lemon Tree Hotels	BUY	141	130
6	Navneet Education	BUY	206	155
7	Nazara Technologies	Hold	835	849
8	PVR Inox	Accumulate	1,923	1,649
9	S Chand and Company	BUY	362	311
10	Safari Industries (India)	BUY	2,375	1,932
11	V.I.P. Industries	Hold	674	588
12	Zee Entertainment Enterprises	Reduce	151	156

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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