

PVR INOX | BUY



Karnataka price-cap: a non-issue

Karnataka state government has proposed an INR 200 price-cap for movie tickets. This is not the first time. Previous attempt (2017) offers two precedents. One, special format screens – where PVR-Inox's tickets are dearer – were exempt. Two, it could face legal hurdles. Prior court rulings - High Courts as well as Supreme Court – have struck down price regulation orders. Even if enforced, the impact will be miniscule. We estimate an impact of c.INR 190mn or c.0.3% of FY26E revenues (Exhibit 2). Box office collection in Q4 (INR 20bn in Jan/Feb), on the other hand, is looking up. That, along with a healthy pipeline, far outweighs price-cap fears. As we noted in [Wrong Causality](#), recent correction was likely technical, which is behind. In fact, tailwinds are now emerging. Return of big banner movies, better pipeline of Hollywood/Bollywood movies (where PVR-Inox has higher share) along with higher disposable income (due to income tax relief) should support occupancies. Reasonable valuations – c.9x EV/EBITDA (pre IND AS) – limit downside. These are strong arguments to BUY.

- **Karnataka's price-cap proposal:** Karnataka state government, in its 2025-26 budget, has proposed a state-wide cap of INR 200 on movie ticket prices across cinemas. A similar cap was proposed in 2017. Previous attempt by the government to cap prices offers two precedents: a) price-cap was applicable only to mainstream screens. Gold class seats (up to 10% of mainstream screens' seats) and special format screens – IMAX and 4Dx – were exempted. Note, PVR-INOX's dearer tickets are for these special formats. And b) the ruling faced legal hurdles and never got officially implemented. Besides Karnataka, there are precedences - Andhra Pradesh High Court (Aug 2022) and Supreme Court (Chandrachud and Narsimha bench, Jan 2023) – where courts struck down attempt to regulate movie ticket prices. It is therefore not a given that such caps will see light of the day. Unsurprisingly, multiplex operators have indicated that they would wait for an official govt. order detailing the cap, before making any price adjustments.
- **Negligible impact on PVR INOX:** In a scenario where the proposed price-cap does get enforced, the impact on PVR-Inox will be miniscule, per our estimate. PVR-Inox has 215 or 12% of its screens in Karnataka. However, c.20% of these screens, we believe, are special format ones. These, going by 2017 precedence, will be likely exempted. Assuming ATP (INR 252 gross ATP) and occupancy levels (c.24%) for the balance screens to be same as company average, the full year revenue impact of price-cap would be INR 192mn or 0.28% of revenues (Exhibit 2). The impact on EBITDA will be even lower. Clearly, there are bigger headwinds for PVR-Inox to stress about.
- **Encouraging GBOC, promising pipeline far outweighs price-cap's impact:** Content, pipeline and occupancies (or lack of these) have weighed on the stock more. These are however on the mend now. India's GBOC for Jan and Feb 2025 was INR 20.4bn. In addition, strong line-up for March (e.g Sikandar) and ~INR 1.8bn BOC for Chhaava and Dragon in March, we believe Q4FY25 BOC could get closer to Q3FY25's record GBOC of INR 39.8bn. Moreover, content line-up for rest of CY25 is promising too (Exhibit 12). At 9x FY26E EV/EBITDA (pre-Ind AS), we find current levels attractive. BUY.

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Recommendation and Price Target

Current Reco.	BUY
Previous Reco.	BUY
Current Price Target (12M)	1,610
Upside/(Downside)	71.3%
Previous Price Target	1,600
Change	0.6%

Key Data – PVRINOX IN

Current Market Price	INR940
Market cap (bn)	INR92.3/US\$1.1
Free Float	0%
Shares in issue (mn)	98.0
Diluted share (mn)	97.4
3-mon avg daily val (mn)	INR829.9/US\$9.5
52-week range	1,748/866
Sensex/Nifty	74,102/22,498
INR/US\$	87.2

Price Performance

%	1M	6M	12M
Absolute	-10.7	-40.7	-31.9
Relative*	-8.2	-33.6	-32.3

* To the BSE Sensex

Financial Summary	(INR mn)				
Y/E March	FY23A	FY24A	FY25E	FY26E	FY27E
Net Sales	36,092	60,540	60,735	68,056	75,173
Sales Growth (%)	173.3	67.7	0.3	12.1	10.5
EBITDA*	5,422	7,121	6,401	10,988	13,055
EBITDA Margin* (%)	10.2	11.7	10.2	15.8	17.0
Adjusted Net Profit	-3,177	-320	-568	4,768	5,750
Diluted EPS (INR)	-32.6	-3.3	-5.8	48.9	59.0
Diluted EPS Growth (%)	0.0	0.0	0.0	0.0	20.6
ROIC (%)	8.7	5.1	3.2	9.0	11.5
ROE (%)	-7.3	-0.4	-0.8	6.4	7.2
P/E (x)	-28.8	-286.2	-161.3	19.2	15.9
P/B (x)	1.2	1.3	1.3	1.2	1.1
EV/EBITDA (x)	19.6	14.8	15.5	8.6	6.8
Dividend Yield (%)	0.0	0.0	-0.1	0.8	1.1

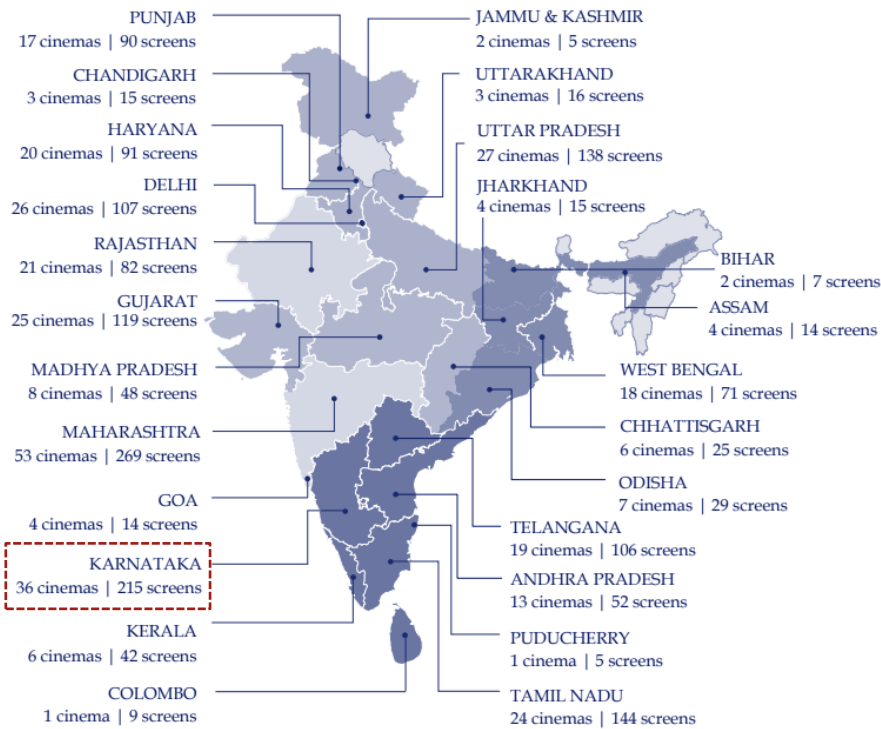
Note: *EBITDA Adjusted for Ind AS 116 Impact; Source: Company data, JM Financial. Note: Valuations as of 10/Mar/2025

JM Financial Research is also available on:
Bloomberg - JMFR <GO>,
Thomson Publisher & Reuters,
S&P Capital IQ, FactSet and Visible Alpha

Please see Appendix I at the end of this report for Important Disclosures and Disclaimers and Research Analyst Certification.

PVR-INOX: Potential impact of Karnataka's price-cap

Exhibit 1. 12% of PVR's screens are present in Karnataka, making it a significant market
State-wise distribution of PVR's 1,728 screens



Source: PVR Investor Presentation, JM Financial; Notes: 1) Includes 12 Management properties with 42 screens, 2) As of Dec 31, 2024

Exhibit 2. We believe Karnataka's INR 200 price-cap will not significantly impact PVR's sales
Potential impact of the price-cap on FY26E sales

Particular	Value
Gross average ticket price (INR)	252
Ticket price with the cap (including GST) (INR)	236
Average price differential (INR) – A	16
Number of screens in Karnataka – B	215
% of special format screens – C	20%
Number of regular screens – D = B x (1-C)	172
Average number of seats in a screen – E	180
Number of days in a year – F	365
Average number of shows in a day – G	4.5
Total Inventory '000 - H = D x E x F x G	50,852
Average yearly occupancy rate – I	24%
Tickets sold, '000 – J = H x I	12,001
Impact on Net Sales in a year (INR mn) – K = J x A	192
PVR-Inox's Net Sales (FY26E) (INR mn)	68,056
% impact on Net Sales	0.28%

Source: Company, JM Financial estimates, Notes: 1) Gross ATP and average yearly occupancy rate have been calculated using an average of Q4FY24 – Q3FY25 figures, 2) Ticket price with the cap assumes that all the seats will be priced at INR 200, 3) Net Sales (FY26E) are JMFL estimates

BO collections in Q4FY25

Exhibit 3. Gross BO collections (India) in Jan and Feb – INR Mn

Language	Jan	Feb	Total
Hindi	2,940	6,362	9,302
Telugu	4,348	1,307	5,655
Tamil	1,159	1,731	2,890
Malayalam	732	620	1,352
Kannada	285	56	341
English	261	184	445
Gujarati	103	120	223
Marathi	65	24	89
Bengali	19	25	44
Punjabi	13	64	77
Assamese	5	2	7
Total	9,930	10,495	20,425

Source: Sacnilk data, JM Financial

Gross BO collection was INR 20 Bn for the first 2 months of 2025. Sankranthi Vasthunam, Sky force and Game changer led collections in Jan. In Feb, Chaava led collections with c.5 bn collected in the first 15 days post release

Exhibit 4. Gross BO collections of Top 20 movies running in theatres – INR Mn

Movie	India Gross BO collections	Language	Release date
Chhaava	6,203	Hindi	14-Feb-25
Sky Force	1,354	Hindi	24-Jan-25
Dragon	1,016	Tamil	21-Feb-25
Vidaamuyarchi	957	Tamil	06-Feb-25
Thandel	773	Tamil	07-Feb-25
Deva	408	Hindi	31-Jan-25
Officer on Duty	299	Malayalam	20-Feb-25
Kudumbasthan	273	Tamil	24-Jan-25
Captain America: Brave New World	261	English	14-Feb-25
Emergency	217	Hindi	17-Jan-25
Crazy	119	Hindi	28-Feb-25
Dominic and the Ladies Purse	109	Malayalam	23-Jan-25
Mere Husband Ki Biwi	107	Hindi	21-Feb-25
Mazaka	104	Telugu	26-Feb-25
Badass Ravikumar	101	Hindi	07-Feb-25
Bromance	95	Malayalam	14-Feb-25
Loveyapa	88	Hindi	07-Feb-25
Umbarro	82	Gujarati	24-Jan-25
Azaad	82	Hindi	17-Jan-25
Daveed	60	Malayalam	14-Feb-25
Total	12,709		

Source: Sacnilk data , JM Financial

In March, Chaava did 1,268 Mn and Dragon did 502 Mn in collections

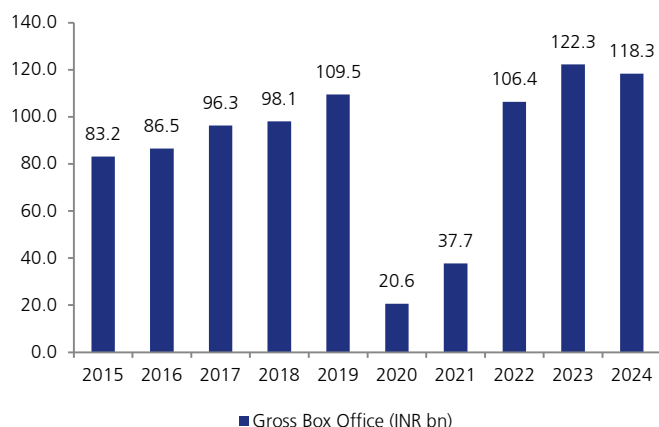
Exhibit 5. Strong line-up for March FY25

Movie	Language	Release date
Mickey 17	English	07-Mar-25
The Diplomat	English	14-Mar-25
Snow White - Disney	English	21-Mar-25
Empuraan	Malayalam	27-Mar-25
Veera Dheera Sooran	Tamil	27-Mar-25
A Working Man	English	28-Mar-25
Sikandar	Hindi	28-Mar-25
Hari Hara Veera Mallu Part 1 - Sword and Spirit	Telugu	28-Mar-25

Source: JM Financial

2024 BOC an aberration

Exhibit 6. Gross box office collections in 2024, second only to 2023
Gross box office collections – INR Bn



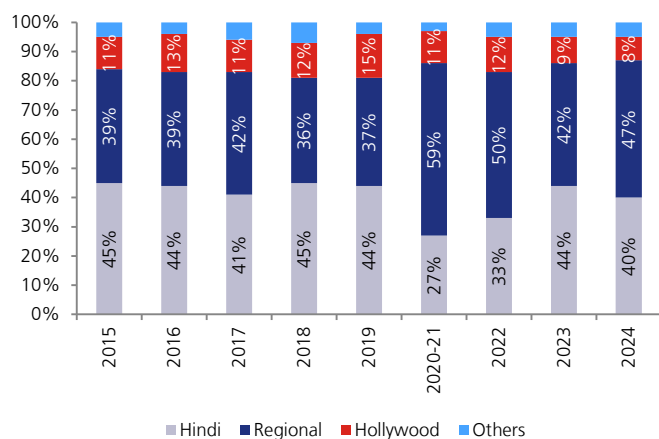
Source: Ormax Media, JM Financial

Exhibit 7. Footfall decline of 6% YoY in 2024 not concerning given multiple headwinds
Domestic footfalls – Mn



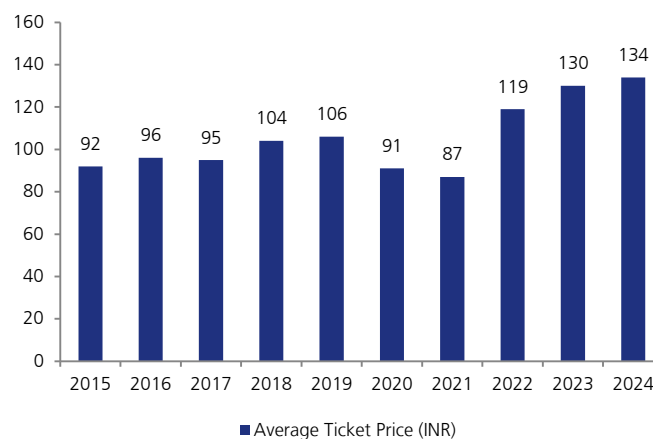
Source: Ormax Media, JM Financial

Exhibit 8. Hollywood's 2023 strike and absence of big star Hindi movies impacted their share
Box office market share by language- %



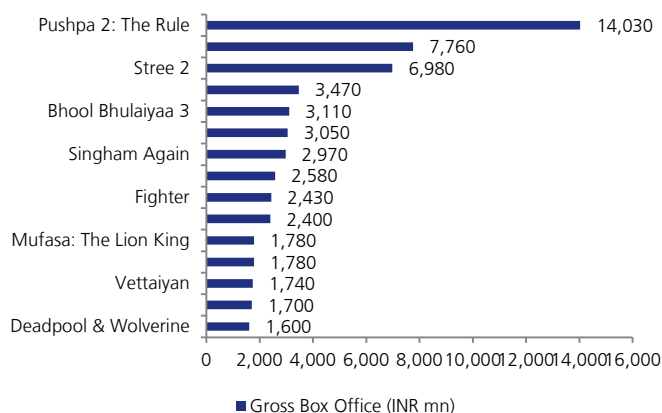
Source: Ormax Media, JM Financial

Exhibit 9. Average ticket price trending higher post COVID. Movie goes not price sensitive
Average ticket price – INR



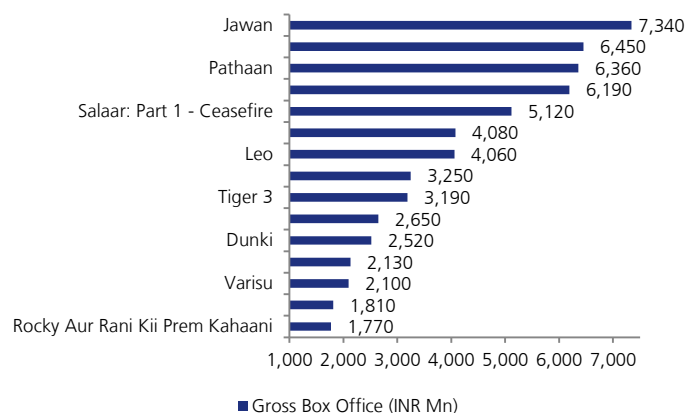
Source: Ormax Media, JM Financial

Exhibit 10. Few regional movies accounted for a major share of BO collections. Hollywood and Bollywood movies underperformed
Gross box office collections 2024 – INR Mn



Source: Ormax Media, JM Financial

Exhibit 11. 2023 had better collections from Hindi films aiding PVR's revenue from movie tickets
Gross box office collections 2023 – INR Mn



Source: Ormax Media, JM Financial

Exhibit 12. Strong content line-up in 2025. Good mix of Hollywood and Bollywood movies.

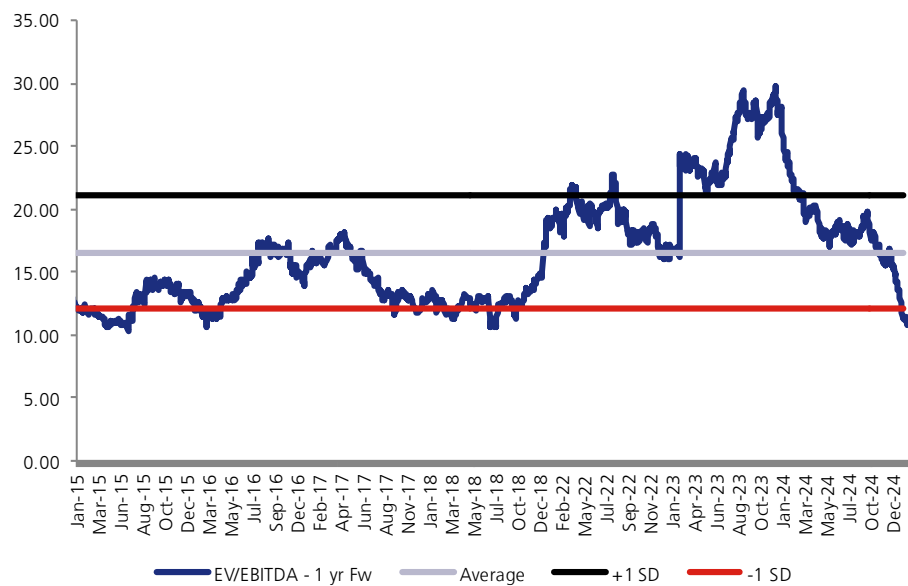
Upcoming Movie Pipeline - 2025

	Language	Movie	Key date	Release Date
Q1CY25	English	Snow White - Disney		21/Mar/25
	English	Greenland Migration		28/Mar/25
	Hindi	The Diplomat		14/Mar/25
	Hindi	Sikandar	Eid	28/Mar/25
	Regional	L2: Empuraan - Malayalam		27/Mar/25
Q2CY25	English	A Minecraft Movie - Animation		4/Apr/25
	English	Thunderbolts - Marvel		2/May/25
	English	Mission Impossible : Dead Reckoning Part 2		23/May/25
	English	Lilo & Stictch - Disney (Animation)		23/May/25
	English	Karate Kid		30/May/25
	English	Ballerina (from the world of John Wick)		6/Jun/25
	English	How to train your Dragon (Live action)		13/Jun/25
	English	Elio - Disney (Animation)		13/Jun/25
	English	F1 - Apple Studio (IMAX)		27/Jun/25
	English	Megan 2		27/Jun/25
	English	Black Phone 2		27/Jun/25
	Hindi	Kesari Chapter 2	Good Friday	18/Apr/25
	Hindi	Sunny Sanskari Ki Tulsi Kumari	Good Friday	18/Apr/25
	Hindi	Raid 2		1/May/25
	Hindi	De De Pyaar De 2		1/May/25
	Hindi	Housefull 5		6/Jun/25
	Regional	Good Bad Ugly - Tamil		10/Apr/25
	Regional	Idli Kadai - Tamil		10/Apr/25
	Regional	The Raja Saab - Telugu		10/Apr/25
	Regional	Hit the 3rd Case - Telugu		1/May/25
	Regional	Thudarum - Malayalam		15/May/25
	Regional	VD12 - Telugu		30/May/25
	Regional	Thug Life - Tamil		5/Jun/25
	Regional	Sardarji 3 - Punjabi		27/Jun/25
Q3CY25	English	Jurassic World - Rebirth		4/Jul/25
	English	Superman Legacy		11/Jul/25
	English	Fantastic 4 : The First Steps - Marvel		25/Jul/25
	English	The Bad Guys 2 - Animation		1/Aug/25
	English	Nobody 2		22/Aug/25
	English	The Conjuring : Last Rites		5/Sep/25
	English	Downtown Abbey 3		12/Sep/25
	Hindi	War 2	Independence Day	14/Aug/25
	Hindi	The Delhi Files	Independence Day	15/Aug/25
	Hindi	Baaghi 4		5/Sep/25
Q4CY25	English	Mortal Kombat 2		24/Oct/25
	English	Wicked Part 2		21/Nov/25
	English	Zootopia 2 - Disney (Animation)		26/Nov/25
	English	Avatar 3 - Disney		19/Dec/25
	Hindi	Hai Jawani Toh Ishq Hona Hai	Gandhi Jayanti	2/Oct/25
	Hindi	Thama - Maddock Studio - earlier Vampire of Vijaynagar	Diwali 2025	
	Hindi	Alpha	Christmas 2025	
	Regional	Kantara Prequel - Kannada (Hombale Films)	Gandhi Jayanti	2/Oct/25
TBD	Hindi	Sitare Zameen Par		TBD 2025
	Hindi	Lahore 1947		TBD 2025
	Hindi	Jolly LLB 3		TBD 2025
	Hindi	Welcome to Jungle		TBD 2025

Source: JM Financial

Exhibit 13. 12M Fwd. intrinsic EV/EBITDA at lower than -1SD levels

EV/EBITDA (Pre-INDAS) 12M Fwd – 10 year chart



Source: JM Financial, Bloomberg

Financial Tables (Consolidated)

Income Statement (INR mn)					
Y/E March	FY23A	FY24A	FY25E	FY26E	FY27E
Net Sales	36,092	60,540	60,735	68,056	75,173
Sales Growth	173.3%	67.7%	0.3%	12.1%	10.5%
Other Operating Income	1,414	531	2,107	1,662	1,653
Total Revenue	37,507	61,071	62,842	69,718	76,826
Cost of Goods Sold/Op. Exp	11,286	19,107	17,982	20,300	22,779
Personnel Cost	4,389	6,573	6,899	7,228	7,725
Other Expenses	11,355	17,290	19,938	19,073	20,262
EBITDA	10,477	18,101	18,023	23,118	26,059
EBITDA Margin	27.9%	29.6%	28.7%	33.2%	33.9%
EBITDA Growth	894.0%	72.8%	-0.4%	28.3%	12.7%
Depn. & Amort.	7,533	12,193	13,235	13,603	13,994
EBIT	2,944	5,908	4,789	9,515	12,065
Other Income	791	1,566	2,034	3,140	1,461
Finance Cost	5,716	7,913	7,863	6,141	5,670
PBT before Excep. & Forex	-1,982	-439	-1,040	6,514	7,856
Excep. & Forex Inc./Loss(-)	0	0	0	0	0
PBT	-1,982	-439	-1,040	6,514	7,856
Taxes	1,274	-112	-458	1,629	1,964
Extraordinary Inc./Loss(-)	-108	0	0	0	0
Assoc. Profit/Min. Int.(-)	-13	-7	-14	118	142
Reported Net Profit	-3,351	-320	-568	4,768	5,750
Adjusted Net Profit	-3,177	-320	-568	4,768	5,750
Net Margin	-8.5%	-0.5%	-0.9%	6.8%	7.5%
Diluted Share Cap. (mn)	97.4	97.4	97.4	97.4	97.4
Diluted EPS (INR)	-32.6	-3.3	-5.8	48.9	59.0
Diluted EPS Growth	0.0%	0.0%	0.0%	0.0%	20.6%
Total Dividend + Tax	0	0	-68	715	1,006
Dividend Per Share (INR)	0.0	0.0	-0.7	7.3	10.3

Source: Company, JM Financial

Cash Flow Statement (INR mn)					
Y/E March	FY23A	FY24A	FY25E	FY26E	FY27E
Profit before Tax	-1,982	-439	-1,040	6,514	7,856
Depn. & Amort.	7,533	12,193	13,235	13,603	13,994
Net Interest Exp. / Inc. (-)	4,925	6,347	5,829	3,001	4,209
Inc (-) / Dec in WCap.	-1,969	890	710	-919	-237
Others	130	826	0	0	0
Taxes Paid	1	-27	-88	-1,629	-1,964
Operating Cash Flow	8,639	19,790	18,646	20,570	23,859
Capex	-6,360	-6,344	-1,388	-4,857	-4,714
Free Cash Flow	2,280	13,446	17,258	15,713	19,145
Inc (-) / Dec in Investments	0	-161	0	0	0
Others	601	239	2,034	3,140	1,461
Investing Cash Flow	-5,759	-6,266	646	-1,717	-3,253
Inc / Dec (-) in Capital	305	188	0	0	0
Dividend + Tax thereon	0	0	0	68	-715
Inc / Dec (-) in Loans	1,260	-732	-4,294	-966	-894
Others	-8,501	-12,381	-13,426	-13,370	-14,123
Financing Cash Flow	-6,935	-12,925	-17,720	-14,268	-15,732
Inc / Dec (-) in Cash	-4,055	599	1,572	4,585	4,875
Opening Cash Balance	7,374	3,331	3,930	5,502	10,087
Closing Cash Balance	3,319	3,930	5,502	10,087	14,962

Source: Company, JM Financial

Balance Sheet (INR mn)					
Y/E March	FY23A	FY24A	FY25E	FY26E	FY27E
Shareholders' Fund	73,299	73,235	72,667	77,504	82,538
Share Capital	980	981	981	981	981
Reserves & Surplus	72,319	72,254	71,686	76,523	81,557
Preference Share Capital	0	0	0	0	0
Minority Interest	-7	-3	-17	101	242
Total Loans	17,926	17,177	12,883	11,917	11,023
Def. Tax Liab. / Assets (-)	-4,735	-4,881	-5,427	-5,427	-5,427
Total - Equity & Liab.	86,483	85,528	80,106	84,094	88,377
Net Fixed Assets	1,44,559	1,47,245	1,40,457	1,38,616	1,36,633
Gross Fixed Assets	1,03,201	1,09,835	1,11,223	1,16,080	1,20,794
Intangible Assets	53,746	54,917	52,541	51,985	51,953
Less: Depn. & Amort.	14,862	19,971	25,771	31,913	38,577
Capital WIP	2,473	2,464	2,464	2,464	2,464
Investments	2	161	161	161	161
Current Assets	15,436	15,890	17,268	23,271	29,524
Inventories	664	725	710	795	879
Sundry Debtors	1,825	2,346	2,354	2,637	2,913
Cash & Bank Balances	3,319	3,930	5,502	10,087	14,962
Loans & Advances	5,386	5,578	5,461	6,119	6,759
Other Current Assets	4,243	3,311	3,242	3,632	4,012
Current Liab. & Prov.	73,514	77,768	77,780	77,955	77,942
Current Liabilities	72,884	77,168	77,150	77,295	77,237
Provisions & Others	631	600	630	660	705
Net Current Assets	-58,078	-61,878	-60,512	-54,684	-48,418
Total - Assets	86,483	85,528	80,106	84,094	88,377

Source: Company, JM Financial

Dupont Analysis					
Y/E March	FY23A	FY24A	FY25E	FY26E	FY27E
Net Margin	-8.5%	-0.5%	-0.9%	6.8%	7.5%
Asset Turnover (x)	0.3	0.4	0.4	0.5	0.5
Leverage Factor (x)	2.5	2.1	2.1	2.0	2.0
RoE	-7.3%	-0.4%	-0.8%	6.4%	7.2%

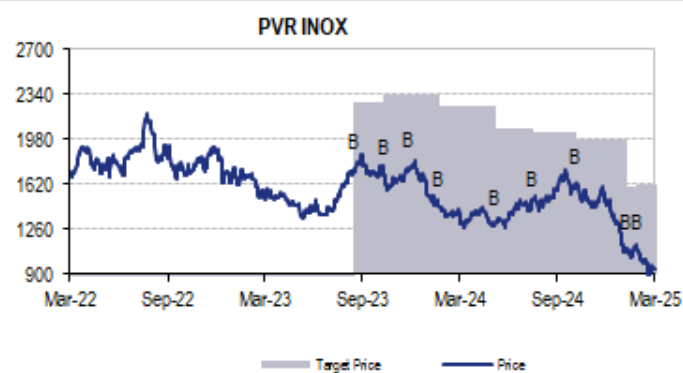
Key Ratios					
Y/E March	FY23A	FY24A	FY25E	FY26E	FY27E
BV/Share (INR)	752.4	751.8	745.9	795.6	847.3
ROIC	8.7%	5.1%	3.2%	9.0%	11.5%
ROE	-7.3%	-0.4%	-0.8%	6.4%	7.2%
Net Debt/Equity (x)	0.2	0.2	0.1	0.0	0.0
P/E (x)	-28.8	-286.2	-161.3	19.2	15.9
P/B (x)	1.2	1.3	1.3	1.2	1.1
EV/EBITDA (x)	10.2	5.8	5.5	4.1	3.4
EV/Sales (x)	2.8	1.7	1.6	1.3	1.1
Debtor days	18	14	14	14	14
Inventory days	6	4	4	4	4
Creditor days	139	96	96	96	96

Source: Company, JM Financial

History of Recommendation and Target Price

Date	Recommendation	Target Price	% Chg.
24-Aug-23	Buy	2,270	
20-Oct-23	Buy	2,340	3.1
4-Dec-23	Buy	2,340	0.0
1-Feb-24	Buy	2,250	-3.8
15-May-24	Buy	2,070	-8.0
23-Jul-24	Buy	2,040	-1.4
15-Oct-24	Buy	1,980	-2.9
15-Jan-25	Buy	1,600	-19.2
7-Feb-25	Buy	1,610	0.6

Recommendation History



APPENDIX I

JM Financial Institutional Securities Limited

Corporate Identity Number: U67100MH2017PLC296081

Member of BSE Ltd. and National Stock Exchange of India Ltd.

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Investment in securities market are subject to market risks. Read all the related documents carefully before investing.

Definition of ratings	
Rating	Meaning
Buy	Total expected returns of more than 10% for stocks with market capitalisation in excess of INR 200 billion and REITs* and more than 15% for all other stocks, over the next twelve months. Total expected return includes dividend yields.
Hold	Price expected to move in the range of 10% downside to 10% upside from the current market price for stocks with market capitalisation in excess of INR 200 billion and REITs* and in the range of 10% downside to 15% upside from the current market price for all other stocks, over the next twelve months.
Sell	Price expected to move downwards by more than 10% from the current market price over the next twelve months.

* REITs refers to Real Estate Investment Trusts.

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