



Patriotism fervour to run high in cinemas during 4QFY26E

We have analyzed the movie slate of 4QFY26E. We believe following movies have potential to surpass Rs1bn mark in the current quarter.

Exhibit 1: Rs1 bn slate for 4QFY26E

Movie Name	Star Cast	Comments
Border - 2	Sunny Deol, Varun Dhawan, Diljit Dosanjh	Republic day release (benefit of long weekend)
O'Romeo	Shahid Kapoor	Combination of Shahid Kapoor & Vishal Bharadwaj
Mardaani - 3	Rani Mukherjee	Third instalment of the female lead franchise
Pati, Patni aur Who - Do	Ayushmann Khurrana	Franchise movie
Dhurandhar - Part 2	Ranveer Singh	Prequel was a blockbuster
Toxic	Yash	KGF star

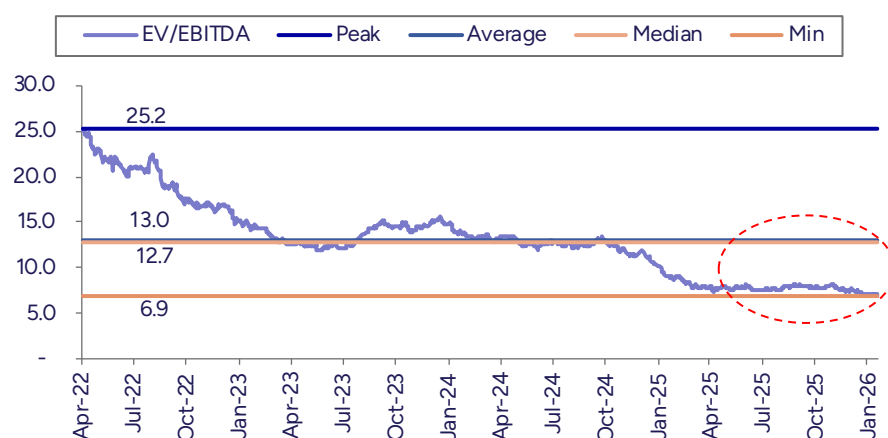
Source: PL

In addition, regional movies that were released in Jan-26, viz; The Raja Saab and Mana ShankaraVaraprasad Garu have already netted Rs1.4bn and Rs1.7bn respectively. However, being South centric releases, their contribution to PVR INOX's NBOC will be limited to the tune of ~10-20%. Nonetheless, 4QFY26E has 3 big ticket releases namely Border 2, Dhurandhar 2 and Toxic. As Border 2's release coincides with Republic day and long weekend, collections would get an additional boost. Further, given audiences are on tenterhooks to witness Hamza's revenge, Dhurandhar 2's collections could well mimic the prequel. Also, Yash has evolved as an action star after KGF and Toxic belonging to a similar genre is expected to do well.

Valuation cushion & earnings comfort in PVR INOX provides a good entry point at CMP

As can be seen in the chart below, PVR INOX is trading closer to the lower end of the one year forward EV/EBITDA valuation band. On the other hand, earnings have seen a sharp rebound in 2QFY26 (2nd best quarter post COVID). Further, we expect performance of 3QFY26E to mimic the previous quarter with revenues and pre-IND AS EBITDA margin of Rs18.6bn and 15.8%, respectively. As highlighted earlier, the pipeline of 4QFY26E looks interesting as well.

Exhibit 2: PVR-INOX is trading at rock-bottom valuations



Source: Company, PL

Rising volatility in content flow and inconsistency in profits has been the key reason for de-rating in valuation multiple of the stock. To give you some perspective, from FY14-FY19, PVR INOX never made a loss at the EBITDA level, irrespective of the content. However, after COVID, as viewing habits evolved and content flow turned erratic, volatility in profits increased (check exhibit 3 for more details). Nonetheless, given how the first 3 quarters have shaped up, FY26E might well turn out to be the first fiscal that would report profitability at pre-IND EBITDA level across all 4 quarters..

Exhibit 3: Will FY26E be able to report pre-IND AS EBITDA profit across all 4 quarters?

Pre-IND AS EBITDA	FY21	FY22	FY23	FY24	FY25	FY26E
1Q	Loss	Loss	Profit	Profit	Loss	Profit
2Q	Loss	Loss	Breakeven	Profit	Profit	Profit
3Q	Loss	Profit	Profit	Profit	Profit	Profit (expected)
4Q	Loss	Loss	Breakeven	Breakeven	Loss	?

Source: Company, PL

With FY26E setting the base for consistency in profits, we expect the momentum to continue in FY27E with a pre-IND AS EBITDA margin of 16.0%. We maintain BUY on the stock with a TP of Rs1,261 (10.5x FY27E EBITDA).

Analyst Coverage Universe

Sr. No.	Company Name	Rating	TP (Rs)	Share Price (Rs)
1	Apeejay Surrendra Park Hotels	BUY	240	131
2	Chalet Hotels	BUY	1,183	874
3	Delhivery	Accumulate	489	422
4	DOMS Industries	BUY	3,085	2,606
5	Imagicaaworld Entertainment	BUY	73	49
6	Indian Railway Catering and Tourism Corporation	BUY	840	656
7	InterGlobe Aviation	Hold	5,233	4,907
8	Lemon Tree Hotels	BUY	185	149
9	Mahindra Logistics	BUY	386	317
10	Navneet Education	Reduce	119	156
11	Nazara Technologies	Hold	253	279
12	PVR Inox	BUY	1,261	1,043
13	S Chand and Company	BUY	291	185
14	Safari Industries (India)	BUY	2,570	2,119
15	Samhi Hotels	BUY	305	201
16	TCI Express	BUY	705	569
17	V.I.P. Industries	Hold	380	387
18	Zee Entertainment Enterprises	BUY	158	92

PL's Recommendation Nomenclature

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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