



## 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

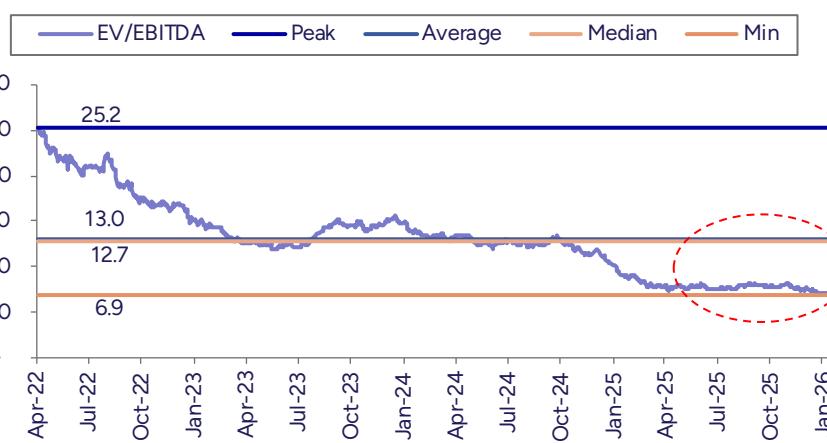
Source: PL

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 (2<sup>nd</sup> 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**

<b>Buy</b>	: > 15%
<b>Accumulate</b>	: 5% to 15%
<b>Hold</b>	: +5% to -5%
<b>Reduce</b>	: -5% to -15%
<b>Sell</b>	: < -15%
<b>Not Rated (NR)</b>	: No specific call on the stock
<b>Under Review (UR)</b>	: Rating likely to change shortly

## **ANALYST CERTIFICATION**

### **(Indian Clients)**

We/I Mr. Jinesh Joshi- MS(Finance) and CFA, Ms. Stuti Beria- MBA Finance, Mr. Dhvanit Shah- CA Research Analysts, authors and the names subscribed to this report, hereby certify that all of the views expressed in this research report accurately reflect our views about the subject issuer(s) or securities. We also certify that no part of our compensation was, is, or will be directly or indirectly related to the specific recommendation(s) or view(s) in this report.

### **(US Clients)**

The research analysts, with respect to each issuer and its securities covered by them in this research report, certify that: All of the views expressed in this research report accurately reflect his or her or their personal views about all of the issuers and their securities; and No part of his or her or their compensation was, is or will be directly related to the specific recommendation or views expressed in this research report.

## **DISCLAIMER**

### **Indian Clients**

Prabhudas Lilladher Pvt. Ltd, Mumbai, India (hereinafter referred to as "PL") is engaged in the business of Stock Broking, Portfolio Manager, Depository Participant and distribution for third party financial products. PL is a subsidiary of Prabhudas Lilladher Advisory Services Pvt Ltd. which has its various subsidiaries engaged in business of commodity broking, investment banking, financial services (margin funding) and distribution of third party financial/other products, details in respect of which are available at [www.plindia.com](http://www.plindia.com).

This document has been prepared by the Research Division of PL and is meant for use by the recipient only as information and is not for circulation. This document is not to be reported or copied or made available to others without prior permission of PL. It should not be considered or taken as an offer to sell or a solicitation to buy or sell any security.

The information contained in this report has been obtained from sources that are considered to be reliable. However, PL has not independently verified the accuracy or completeness of the same. Neither PL nor any of its affiliates, its directors or its employees accepts any responsibility of whatsoever nature for the information, statements and opinion given, made available or expressed herein or for any omission therein.

Recipients of this report should be aware that past performance is not necessarily a guide to future performance and value of investments can go down as well. The suitability or otherwise of any investments will depend upon the recipient's particular circumstances and, in case of doubt, advice should be sought from an independent expert/advisor.

Either PL or its affiliates or its directors or its employees or its representatives or its clients or their relatives may have position(s), make market, act as principal or engage in transactions of securities of companies referred to in this report and they may have used the research material prior to publication.

PL may from time to time solicit or perform investment banking or other services for any company mentioned in this document.

PL is a registered with SEBI under the SEBI (Research Analysts) Regulation, 2014 and having registration number INH000000271.

PL submits that no material disciplinary action has been taken on us by any Regulatory Authority impacting Equity Research Analysis activities.

PL or its research analysts or its associates or his relatives do not have any financial interest in the subject company.

PL or its research analysts or its associates or his relatives do not have actual/beneficial ownership of one per cent or more securities of the subject company at the end of the month immediately preceding the date of publication of the research report.

PL or its research analysts or its associates or his relatives do not have any material conflict of interest at the time of publication of the research report.

PL or its associates might have received compensation from the subject company in the past twelve months.

PL or its associates might have managed or co-managed public offering of securities for the subject company in the past twelve months or mandated by the subject company for any other assignment in the past twelve months.

PL or its associates might have received any compensation for investment banking or merchant banking or brokerage services from the subject company in the past twelve months.

PL or its associates might have received any compensation for products or services other than investment banking or merchant banking or brokerage services from the subject company in the past twelve months

PL or its associates might have received any compensation or other benefits from the subject company or third party in connection with the research report.

PL encourages independence in research report preparation and strives to minimize conflict in preparation of research report. PL or its analysts did not receive any compensation or other benefits from the subject Company or third party in connection with the preparation of the research report. PL or its Research Analysts do not have any material conflict of interest at the time of publication of this report.

It is confirmed that Mr. Jinesh Joshi- MS(Finance) and CFA, Ms. Stuti Beria- MBA Finance, Mr. Dhvanit Shah- CA Research Analysts of this report have not received any compensation from the companies mentioned in the report in the preceding twelve months

Compensation of our Research Analysts is not based on any specific merchant banking, investment banking or brokerage service transactions.

The Research analysts for this report certifies that all of the views expressed in this report accurately reflect his or her personal views about the subject company or companies and its or their securities, and no part of his or her compensation was, is or will be, directly or indirectly related to specific recommendations or views expressed in this report.

The research analysts for this report has not served as an officer, director or employee of the subject company PL or its research analysts have not engaged in market making activity for the subject company

Our sales people, traders, and other professionals or affiliates may provide oral or written market commentary or trading strategies to our clients that reflect opinions that are contrary to the opinions expressed herein, and our proprietary trading and investing businesses may make investment decisions that are inconsistent with the recommendations expressed herein. In reviewing these materials, you should be aware that any or all of the foregoing, among other things, may give rise to real or potential conflicts of interest.

PL and its associates, their directors and employees may (a) from time to time, have a long or short position in, and buy or sell the securities of the subject company or (b) be engaged in any other transaction involving such securities and earn brokerage or other compensation or act as a market maker in the financial instruments of the subject company or act as an advisor or lender/borrower to the subject company or may have any other potential conflict of interests with respect to any recommendation and other related information and opinions.

Registration granted by SEBI and certification from NISM in no way guarantee performance of the intermediary or provide any assurance of returns to investors

### **US Clients**

This research report is a product of Prabhudas Lilladher Pvt. Ltd., which is the employer of the research analyst(s) who has prepared the research report. The research analyst(s) preparing the research report is/are resident outside the United States (U.S.) and are not associated persons of any U.S. regulated broker-dealer and therefore the analyst(s) is/are not subject to supervision by a U.S. broker-dealer, and is/are not required to satisfy the regulatory licensing requirements of FINRA or required to otherwise comply with U.S. rules or regulations regarding, among other things, communications with a subject company, public appearances and trading securities held by a research analyst account.

This report is intended for distribution by Prabhudas Lilladher Pvt. Ltd. only to "Major Institutional Investors" as defined by Rule 15a-6(b)(4) of the U.S. Securities and Exchange Act, 1934 (the Exchange Act) and interpretations thereof by U.S. Securities and Exchange Commission (SEC) in reliance on Rule 15a 6(a)(2). If the recipient of this report is not a Major Institutional Investor as specified above, then it should not act upon this report and return the same to the sender. Further, this report may not be copied, duplicated and/or transmitted onward to any U.S. person, which is not the Major Institutional Investor.

In reliance on the exemption from registration provided by Rule 15a-6 of the Exchange Act and interpretations thereof by the SEC in order to conduct certain business with Major Institutional Investors, Prabhudas Lilladher Pvt. Ltd. has entered into an agreement with a U.S. registered broker-dealer, Marco Polo Securities Inc. ("Marco Polo").

Transactions in securities discussed in this research report should be effected through Marco Polo or another U.S. registered broker dealer.

## **Prabhudas Lilladher Pvt. Ltd.**

3rd Floor, Sadhana House, 570, P. B. Marg, Worli, Mumbai-400 018, India | Tel: (91 22) 6632 2222 Fax: (91 22) 6632 2209

[www.plindia.com](http://www.plindia.com)