

CMP: INR 986

Rating: Buy

Target Price: 1,279

Stock Info

BSE	532875
NSE	PVR Inox
Bloomberg	PVRL:IN
Reuters	PVRL.NS
Sector	Media & Entertainment
Face Value (INR)	10
Equity Capital (INR Mn)	982
Mkt Cap (INR Mn)	96,893
52w H/L (INR)	1,250/830
Avg Yearly Vol (in 000')	417

Shareholding Pattern %

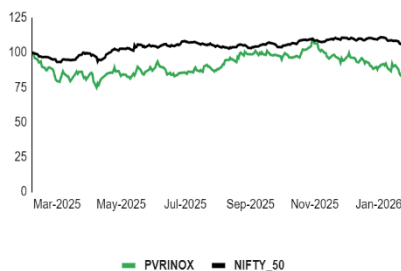
(As on Dec, 2025)

Promoters	27.53
Public & Others	72.47

Stock Performance (%)

	1m	3m	12m
PVRINOX	-5.0	-15.0	-12.8
Nifty 50	-2.3	0.18	8.2

PVR Vs Nifty



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PVR Inox reported its Q3FY26 numbers, with revenue at INR 18,798 Mn (up by 9.5% YoY and 3.1% QoQ), in-line with our estimates of INR 18,875 Mn. EBITDA grew by 60.6% YoY & 5.4% QoQ, to INR 2,776 Mn. EBITDA Margin expanded by 31.88 bps YoY and 470bps QoQ to 14.77% (in-line with our estimates 14.0%) Net Profit came at INR 954 Mn in Q3FY26 as compared of INR 1055 Mn in Q2FY26 and exceptional of INR 446 Mn. PAT margin stood at 5.08% in Q3FY26. (Well above with our estimates of 4.05%) 62 new screen openings across 12 cinemas including 18 screens in 5 cinemas under the FOCO model and 11 screens in 2 cinemas under the Asset Light model. Calendar year 2025 marked a historic milestone for the Indian theatrical industry, emerging as the highest-grossing year ever with total box office collections of INR 13,395 cr representing a 32% increase over pre-pandemic levels and an 13% year-on-year growth. The year also witnessed 37 movies crossing the 100 cr box office mark, the highest ever in a single year, reinforcing the depth, resilience and long-term relevance of the theatrical medium in India.

Investment Rationale

Yield-Led Recovery with Structural Upside: Earnings recovery is increasingly driven by yield rather than footfalls, reducing dependence on volatile content cycles. Average ticket prices are expected to compound at 4–6%, while F&B spend per head is tracking 6–8% YoY growth, pushing overall revenue per patron up by 10–12%. Premium formats now contribute over 20% of screens and deliver materially higher realizations. This mix shift allows EBITDA growth to outpace footfall growth even if occupancy stabilizes around 35–38%. Importantly, pricing power remains intact despite inflationary pressures. This structurally improves cash generation and downside protection.

Operating Leverage from a Leaner Cost Base: Post-merger synergies and cost rationalization have structurally lowered the fixed-cost base. Rental-to-revenue ratios have moderated, while corporate overheads have reduced meaningfully versus pre-merger levels. As revenues scale, EBITDA margins are expected to expand by 200–250 bps over FY25–26. Incremental revenue now flows through at higher contribution margins due to minimal fixed-cost additions. Even a 5–7% revenue uplift can drive 15–20% EBITDA growth. This operating leverage creates strong earnings convexity during upcycles.

Balance Sheet Repair Unlocking Equity Value: Net debt reduction remains a key trigger, with guidance for INR 6–8 bn deleveraging over FY26 through internal accruals. Interest costs are expected to decline by INR 1.0–1.2 bn annually, directly supporting EPS expansion. Capex discipline at INR 4–5 bn ensures free cash flow generation without compromising screen quality. As leverage declines, ROCE is expected to improve to 14–16%, versus low double digits earlier. This balance sheet normalization meaningfully lowers equity risk and valuation discount.

Outlook and Valuation: The outlook is underpinned by a numbers-led recovery, with revenue growth increasingly driven by yield rather than footfalls. Average ticket prices are expected to compound at 4–6%, while F&B spend per head is growing at 6–8% YoY, driving overall revenue per patron up by ~10–12% even if occupancy stabilizes around 35–38%. Premium formats now account for 20%+ of screens, delivering materially higher realizations and supporting margin resilience. EBITDA margins are guided to expand by 200–250 bps over FY25–26, aided by operating leverage on a leaner fixed-cost base, lower rentals-to-revenue, and controlled overheads. Net debt reduction of INR 6–8 bn is expected to lower annual interest costs by INR 1.0–1.2 bn, directly supporting earnings growth. Capex is expected to remain disciplined at INR 4–5 bn, focused on refurbishment and premiumization, with net screen additions limited to 2–3% CAGR. EBITDA-to-cash conversion is projected at 65–70%, supporting sustained free cash flow and improving ROCE toward the mid-teens, marking a clear shift toward a more predictable, cash-generative earnings profile. **We maintain our BUY rating on the stock with the target price of INR 1,279, valuing the company at 13x FY28E EV/EBITDA.**

Exhibit 2: Quarterly Performance

INR Mn (Consolidated)	Q3FY26	Q2FY26	Q3FY25	Q-o-Q	Y-o-Y
Net Sales	18798	18230	17173	3.1%	9.5%
Movie exhibition cost	4044	4247	3549	-4.8%	13.9%
Consumption of food and beverages	2408	1738	2639	38.6%	-8.8%
Gross Profit	12346	12245	10985	0.8%	12.4%
Gross Margin %	66%	67%	64%	-2.2%	2.7%
Employees benefits expense	1922	1926	1740	-0.2%	10.5%
Rent	3447	3483	3548	-1.0%	-2.8%
Other Expenses	4201	4202	3968	0.0%	5.9%
EBITDA	2776	2634	1729	5.4%	60.6%
EBITDA margin %	14.77%	14.45%	10.07%	31.88	469.94
Depreciation	1162	1157	1194	0.4%	-2.7%
EBIT	1614	1477	535	NA	NA
EBIT Margin %	8.59%	8.10%	3.12%	NA	NA
Other Income	398	359	418	10.9%	-4.8%
Finance Cost	372	410	490	-9.3%	-24.1%
PBT	1194	1426	463	NA	NA
Tax-Total	239	369	107	NA	NA
Tax Rate (%)	20%	26%	23%	-22.6%	-13.4%
Reported Net Profit	954.00	1055.00	355.00	NA	NA
PAT Margin %	5.08%	5.79%	2.07%	NA	NA
Reported EPS (INR)	9.71	10.74	3.66	NA	NA
	Q3FY26	Q2FY26	Q3FY25	Q-o-Q	Y-o-Y
Movie Production Cost/Sales (%)	35.13	32.83	36.03	230.28	-90.00
Employee exp/Sales (%)	10.22	10.57	10.13	-34.05	9.23
Other exp/Sales (%)	22.35	23.05	23.11	-70.18	-75.79

PVR INOX– Q3FY26 Concall KTAs

Outlook: Target occupancy levels to improve to 35–38% over the next 12–18 months versus 32% currently, supported by a stronger film slate. Average ticket price is expected to rise by 4–6% YoY, while F&B spend per head is guided to grow 6–8% YoY, driving overall yield growth of ~10–12%. EBITDA margin is expected to expand by 200–250 bps as fixed costs normalize and synergy benefits flow through. Net debt is likely to decline by INR 6–8 bn over FY26, with capex contained at INR 4–5 bn and ROCE improving to 14–16% over the medium term.

18% EBITDA margin, marking the second consecutive quarter at this margin level despite sub-30% occupancy. PAT stood at INR 115 cr, sharply higher than INR 68 cr YoY, aided by operating leverage and absence of last year's one-off labor code provision.

40.5 mn patrons, up 9% YoY, with occupancy improving to ~28.5% from 25.7% last year.

ATP increased ~4% YoY to INR 293, while F&B spend per head rose ~4% YoY to INR 146, indicating no material consumer down-trading.

18% EBITDA margins are now achievable at ~28% occupancy, versus pre-COVID when similar margins required materially higher occupancies structurally positive for earnings volatility.

Sustained margin delivery reflects merger synergies and structural cost optimisation, particularly in rentals, manpower and energy costs. Electricity expenses declined ~4% YoY, aided by rooftop solar deployment and renegotiated commercial terms. Further low-hanging cost levers, suggesting margins hereon will be volume-led rather than cost-led.

Screen

Added 20 screens and exited 3 loss-making screens. YTD, 62 screens have been added and 11 exited, with management guiding for ~100 gross screen additions in FY26. The pipeline includes 149 screens under capital-light models (54 FOCO, 95 asset-light), reinforcing a lower capex intensity growth strategy. FY27 capex guidance stands at INR 350–400 cr, including new screens, renovations and maintenance.

Net debt reduced to INR 365 cr as of Dec-25, reflecting >INR 1,000 cr reduction since the merger, driven by strong operating cash flows and disciplined capex. Post quarter-end, PVR INOX completed the INR 226.8 cr all-cash divestment of 4700BC to Marico, further strengthening liquidity and accelerating the path toward near-zero net debt by FY26 end.

Intent to prepay gross debt using surplus cash over coming months.

Adjusted ROCE is currently in high single digits, improving sequentially, with management guiding toward double-digit ROCE as balance-sheet deleveraging continues and asset-light expansion scales up

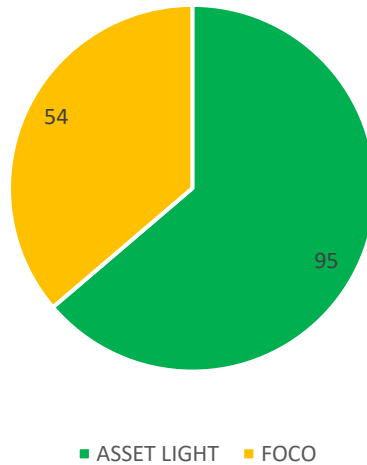
EBITDA-to-cash conversion has improved meaningfully, validating the quality of accruals and sustainability of earnings recovery.

FY27 capex is guided at INR 350–400 cr, inclusive of maintenance and renovations. With quarterly EBITDA now running at INR 300+ cr, internal accruals are sufficient to fund growth, reduce debt and maintain balance-sheet flexibility without external funding.

Advertising revenues were softer during the quarter due to fewer marketable blockbuster releases, not pricing pressure. Ad yields remain intact, with volume expected to recover alongside a stronger content pipeline. On average, the company sells ~14–15 minutes of ads per show per auditorium, implying meaningful operating leverage once ad demand normalises.

Premium formats (IMAX, 4DX, recliners) continued to outperform the broader circuit, supporting ATP resilience despite selective discounting in mass formats. Incremental screen additions remain skewed toward premium and large-format properties, reinforcing margin accretion.

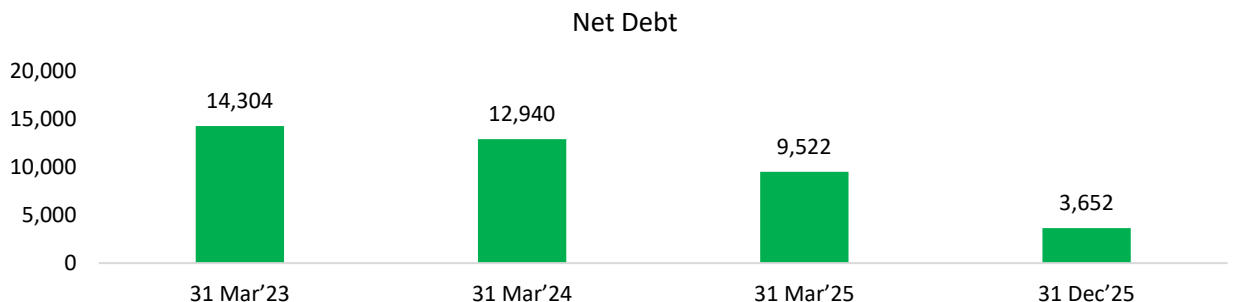
Exhibit 3: Screens Are Currently Signed Under the Capital Light Model



CINEMAS OPENED IN Q1FY26	MODEL	OPENING DATE	SCREENS
PVR ELAN MIRACLE 84, GURGAON	Lease	25-Apr-25	6
PVR ZORA MALL, RAIPUR	FOCO	25-Apr-25	5
PVR KA MALL, JABALPUR	FOCO	30-Apr-25	4
PVR DIRECTOR'S CUT, MALL OF INDIA, NOIDA	Asset Light	2-May-25	5
Total			20
CINEMAS OPENED IN Q2FY26	MODEL	OPENING DATE	SCREENS
INOX SMR VINAY METRO MALL, HYDERABAD	Lease	4-Jul-25	4
INOX OBEROI SKY CITY, BORIVALI, MUMBAI	Lease	14-Aug-25	10
INOX M5 E-CITY, BENGALURU	Lease	15-Aug-25	8
Total			22
CINEMAS OPENED IN Q3FY26	MODEL	OPENING DATE	SCREENS
INOX ML ACROPOLIS MALL, SILIGURI	FOCO	15-Oct-25	4
PVR WEST POINT, GANGTOK SIKKIM	FOCO	24-Oct-25	3
PVR ELEGANTE MALL, NSP PITAMPURA, NEW DELHI	Asset Light	20-Nov-25	6
PVR INORBIT CYBERABAD, HYDERABAD	Lease	12-Dec-25	5
PVR LEH, J & K	FOCO	12-Dec-25	2

Exhibit 4: Net debt post merger has reduced by more than half

(INR Mn)	31 Mar'23	31 Mar'24	31 Mar'25	31 Dec'25
Gross Debt	17,927	17,177	14,908	10,929
Cash	3623	4237	5386	7277
Net Debt	14,304	12,940	9,522	3,652



Source: Company reports, Arianth Capital Research

Exhibit 5: Diversified Network Of 1,791 Screens In 112 Cities

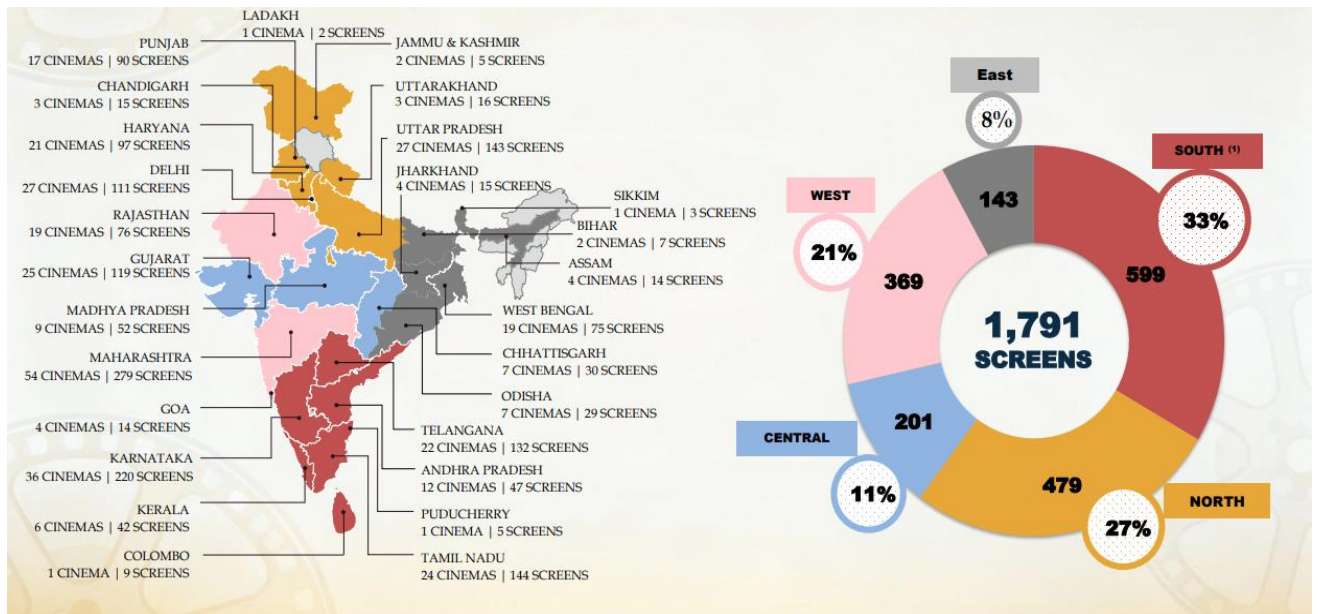


Exhibit 6: Content Lineup

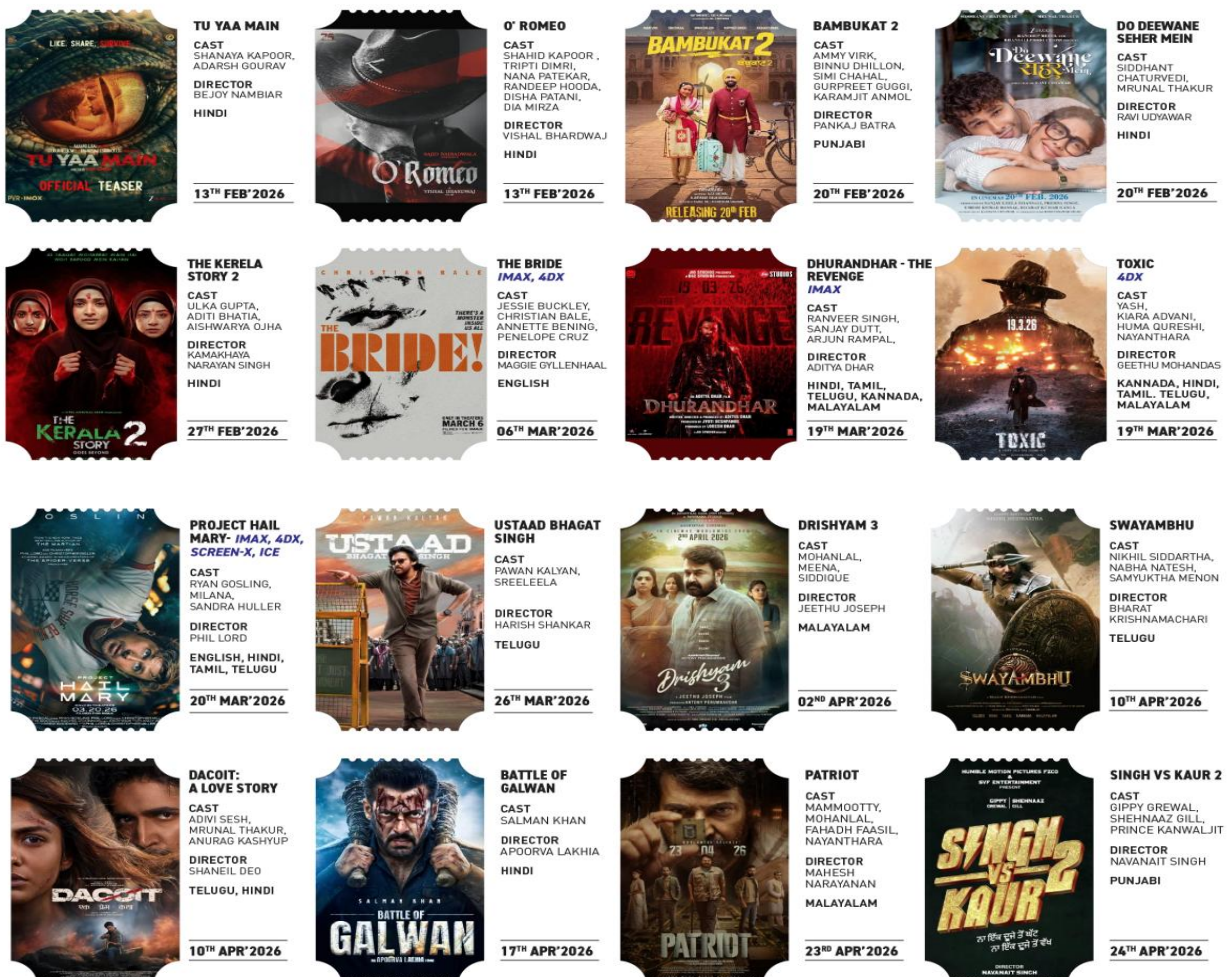


Exhibit 10:Key Financials

Year End-March	FY24	FY25	FY26E	FY27E	FY28E
Gross Sales	61,071	57,799	65,633	73,612	85,077
Net Sales	61,071	57,799	65,633	73,612	85,077
YoY (%)	62.83%	-5.36%	13.55%	12.16%	15.58%
Adjusted COGS	20,990	19,735	21,977	24,739	28,508
YoY (%)	85.98%	-5.98%	11.36%	12.57%	15.23%
Personnel/ Employee benefit expenses	6,573	6,860	7,193	8,071	9,309
YoY (%)	49.76%	4.37%	4.85%	12.21%	15.34%
Rent	13545	14174	13517	15472	17796
YoY (%)	22.18%	24.52%	20.59%	21.02%	20.92%
<i>Manufacturing & Other Expenses</i>	15,407	15,788	15,760	17,098	19,401
YoY (%)	35.68%	2.47%	-0.18%	8.49%	13.46%
Total Expenditure	56,515	56,557	58,447	65,381	75,013
YoY (%)	62.02%	-72.74%	478.61%	14.54%	22.27%
Adj. EBITDA	4,556	1,242	7,186	8,231	10,064
YoY (%)	62.02%	-72.74%	478.61%	14.54%	22.27%
EBITDA Margin (%)	7.46%	2.15%	10.95%	11.18%	11.83%
Depreciation	4,707	4,836	4,701	4,856	4,849
% of Gross Block	4.48%	4.45%	4.17%	4.14%	7.50%
EBIT	-151	-3,594	2,485	3,375	5,215
EBIT Margin (%)	-0.25%	-6.22%	3.79%	4.58%	6.13%
Interest Expenses	1,854	1,883	1,588	1,410	1,252
Non-operating/ Other income	1,566	1,737	1,765	1,982	2,291
PBT	-439	-3,743	3,104	3,948	6,254
Tax-Total	-112	-934	610	1,080	1,702
Adj. Net Profit	-327	-2,809	2,494	2,868	4,552
Reported Profit	-327	-2,809	2,494	2,868	4,552
PAT Margin	-0.54%	-4.86%	3.80%	3.90%	5.35%
Shares o/s/ paid up equity sh capital	98.10	98.20	98.20	98.20	98.20
Adj EPS	-3.33	-28.60	25.39	29.20	46.35

Year-end March	FY24	FY25	FY26E	FY27E	FY28E
Sources of Funds					
Equity Share Capital	981	982	982	982	982
Reserves & Surplus/ Other Equity	72,251	69,552	72,046	74,914	79,465
Networth	73,232	70,534	73,028	75,896	80,447
Unsecured Loans/ Borrowings/ Lease Liabilities	83,035	77,746	82,485	82,347	82,457
Other Liabilities	264	247	197	235	280
Total Liabilities	1,68,204	1,62,624	1,70,300	1,73,681	1,79,714
Total Funds Employed	2,64,939	2,58,135	2,68,875	2,75,805	2,87,893
Application of Funds					
Net Fixed Assets	1,44,781	1,39,062	1,45,152	1,46,445	1,48,693
Capital WIP	2,464	957	957	957	957
Investments/ Notes/ Fair value measurement	0	0	0	0	0
Current assets	9,939	10,810	12,154	13,975	17,479
Inventory	725	802	841	934	1,065
Days	12	14	15	15	15
Debtors	2,346	2,430	2,701	3,029	3,501
Days	12	15	15	15	15
Other Current Assets	2,137	2,067	2,274	2,501	2,751
Cash and Cash equivalent	3,930	5,225	5,979	7,053	9,564
Current Liabilities/Provisions	23,503	24,977	25,547	26,227	27,731
Creditors / Trade Payables	6,511	7,523	7,622	7,813	8,689
Days	49	60	62	57	55
Liabilities	4,037	4,864	5,107	5,363	5,631
Net Current Assets	-13,564	-14,167	-13,393	-12,252	-10,252
Total Asset	1,68,204	1,62,624	1,70,300	1,73,681	1,79,714
Total Capital Employed	1,81,768	1,76,791	1,83,693	1,85,934	1,89,966

Source: Company reports, Arianth Capital Research

Key Financials

Year End-March	FY24	FY25	FY26E	FY27E	FY28E
Profit before tax	-327.00	-2,809.00	2,493.67	2,867.92	4,551.86
Adjustments: Add					
Depreciation and amortisation	4,707.00	4,836.00	4,701.05	4,855.99	4,848.82
Interest adjustment	288.00	146.00	-176.57	-572.42	-1,038.91
Change in assets and liabilities	4,556.00	1,239.00	7,018.14	7,151.49	8,361.77
Inventories	-61.30	-77.00	-38.54	-93.79	-130.61
Trade receivables	-521.20	-84.00	-270.94	-328.35	-471.82
Trade payables	1,367.70	1,012.00	98.77	191.18	876.13
Other Liabilities and provisions	477.10	-166.00	-327.80	-258.54	-194.38
Other Assets	-432.60	-611.00	-268.80	-308.10	-355.06
Taxes	-85.40	-74.00	1.20	1.32	1.45
Net cash from operating activities	3,800.90	2,232.00	6,783.02	6,869.11	8,549.99
Net Sale/(Purchase) of tangible and intangible assets, Capital work in progress	-7,393.10	2,390.00	-10,790.94	-6,148.75	-7,096.94
Net Sale/(Purchase) of investments	1,407.10	1,886.00	1,776.56	1,982.18	2,290.60
Others	908.80	282.00	-254.50	-267.23	-280.59
Net cash (used) in investing activities	-5,077.20	4,558.00	-9,268.87	-4,433.79	-5,086.93
Interest expense	-850.30	-6,218.00	3,768.68	-980.33	-619.09
Dividend paid	0.00	0.00	0.00	0.00	1.00
Other financing activities	375.50	1,023.00	0.00	0.00	0.00
Net cash (used) in financing activities	1,698.30	-5,539.00	3,248.58	-1,348.04	-920.80
Closing Balance	4,038.00	5,289.00	6,051.73	7,139.01	9,681.28
FCF	-2,530.70	-1,855.00	1,892.57	2,247.94	3,644.77
Capex (% of sales)	6,331.60	4,087.00	4,266.14	4,784.77	5,104.63

Year-end March	FY24	FY25	FY26E	FY27E	FY28E
Solvency Ratios					
Debt / Equity	0.23	0.21	0.18	0.15	0.13
Net Debt / Equity	0.18	0.14	0.10	0.06	0.01
Debt / EBITDA	3.77	12.00	1.84	1.43	1.04
Current Ratio	2.88	7.74	1.00	0.56	0.07
DuPont Analysis					
Sales/Assets	0.36	0.36	0.39	0.42	0.47
Assets/Equity	2.30	2.31	2.33	2.29	2.23
RoE	-0.45%	-3.98%	3.41%	3.78%	5.66%
Per share ratios					
Reported EPS	-3.33	-28.60	25.39	29.20	46.35
Dividend per share	0.00	0.00	0.00	0.00	0.00
BV per share	746.50	718.27	743.66	772.87	819.22
Cash per Share	40.06	53.21	60.88	71.82	97.39
Revenue per Share	622.54	588.58	668.36	749.61	866.37
Profitability ratios					
Net Profit Margin (PAT/Net sales)	-8.97%	-0.54%	-4.86%	3.80%	3.90%
Gross Profit / Net Sales	65.63%	65.86%	66.52%	66.39%	66.49%
EBITDA / Net Sales	7.46%	2.15%	10.95%	11.18%	11.83%
EBIT / Net Sales	-0.25%	-6.22%	3.79%	4.58%	6.13%
ROCE (%)	-0.10%	-2.61%	1.72%	2.29%	3.43%
Activity ratios					
Inventory Days	12.07	14.12	14.60	14.60	14.60
Debtor Days	12.46	15.08	15.02	15.02	15.02
Creditor Days	49.43	60.32	61.86	57.03	55.30
Leverage ratios					
Interest coverage	-0.08	-1.91	1.57	2.39	4.17
Debt / Asset	0.10	0.09	0.08	0.07	0.06
Valuation ratios					
EV / EBITDA	24.09	85.52	14.44	12.30	9.67
PE (x)	-295.80	-34.47	38.83	33.76	21.27

Source: Company reports, Arihant Capital Research

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Stock Rating Scale	Absolute Return
BUY	>20%
ACCUMULATE	12% to 20%
HOLD	5% to 12%
NEUTRAL	-5% to 5%
REDUCE	-5% to -12%
SELL	<-12%

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