PVR Inox shares fade to black: Down 23%

Shares hit 44-month low as HMPV scare rattles market

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PVR Inox shares hit a 44-month low of ₹1,154, declining 8 per cent on the BSE in Tuesday's intraday trade in an otherwise firm market, driven by growth concerns. The stock has slipped 23 per cent from its December high of ₹1,620, touched on December 5, 2024. It has fallen below its previous low of ₹1,203.7 from June 4, 2024, and is trading at its lowest level since May 2021.

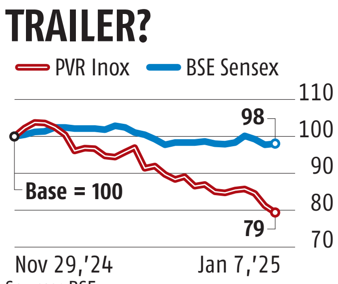
Shares of PVR Inox closed 2.2 per cent lower at ₹1,223.05 on Tuesday, its lowest level since May 20, 2021, while the BSE Sensex closed 0.3 per cent higher at 78,199.

This sharp fall coincides with India reporting five cases of human metapneumovirus (HMPV) on Monday. The virus, which causes respiratory illness, was recently identified in China and Malaysia as well. Two cases were detected in Karnataka, two in Tamil Nadu, and one in Gujarat. All five confirmed cases were in children.

PVR Inox, the market leader in India's multiplex space, operates 1,747 screens across 111 cities in India and Sri Lanka. Its revenue is primarily derived from box-office ticket sales, along with high-margin food and beverage sales, on-screen advertising, and convenience fees from online bookings. Over the past year, PVR Inox has underperformed the market, falling 24 per cent, while the Sensex rose nearly 10 per cent.

Once synonymous with premium movie experiences and innovation, PVR Inox has faced several challenges in recent years. These include the Covid-19 pandemic, a weak content pipeline, competition from streaming platforms, rising costs, and financial stress, which have disrupted its growth trajectory.

The rise of streaming services like Netflix and Disney+ Hotstar has posed a challenge by offering an alternative to cinema. While PVR's merger with Inox aimed to create scale and operational synergies, integrating the two large entities has been complex, delaying the realisation of benefits.



Source: BSE

Independent and regional single-screen cinemas, offering cheaper tickets and concessions, have also gained market share, particularly in Tier-II and -III cities. The high price of tickets and food has deterred middle-class consumers, especially for non-peak screenings, according to analysts.

In the first half/H1 (April to September) of 2024-25 (FY25), PVR Inox reported a consolidated loss of ₹114 crore, down from a profit after tax of ₹163.3 crore in the same period of 2023-24 (FY24). Total income declined by 14.76 per cent to ₹2,850.5 crore from ₹3,340 crore in H1FY24. Earnings before interest, tax, depreciation, and amortisation (Ebitda) dropped 53 per cent year-on-year to ₹206.9 crore, and margins contracted to 12.6 per cent from 22.1 per cent.

The management has expressed confidence that the third quarter will be the best quarter of FY25, driven by a strong content pipeline and room for growth in occupancy levels in calendar year 2025. They expect Ebitda margins to improve further with increased occupancy and operating leverage, and they are actively working to control fixed costs, especially rentals. The company is renegotiating rental agreements with developers of underperforming malls.

Following a restructuring, the current screen count is around 1,700. Ventura Securities expects this to grow to 1,900 by 2026-27 (FY27), with a total capital expenditure of ₹400-450 crore. The brokerage firm believes that recent successes like *Stree 2* and *Pushpa 2: The Rule* suggest a recovery in occupancy levels, and it initiated coverage with a contrarian 'buy' call on PVR.

The brokerage conservatively estimates that PVR Inox's revenue will grow at a 10.5 per cent compound annual growth rate (CAGR) to ₹4,850 crore by FY27, driven by ticket sales, food and beverage, advertising income, and convenience fees. They expect Ebitda and net earnings to grow at a CAGR of 13.2 per cent and 25.4 per cent, respectively, over the same period.

The firm's management intends to use free cash flow to retire debt by 2028-29, which should improve return ratios (return on equity/return on invested capital) to 1.8 per cent and 27.2 per cent by FY27.

Ventura Securities cautioned that their estimates are based on conservative assumptions, and any significant traction could lead to significant upside risk to their projections.

YOUR MONEY

HEALTH INSURANCE CLAIM DENIAL

Compare cited reasons with policy terms before challenging decision

HIMALI PATEL

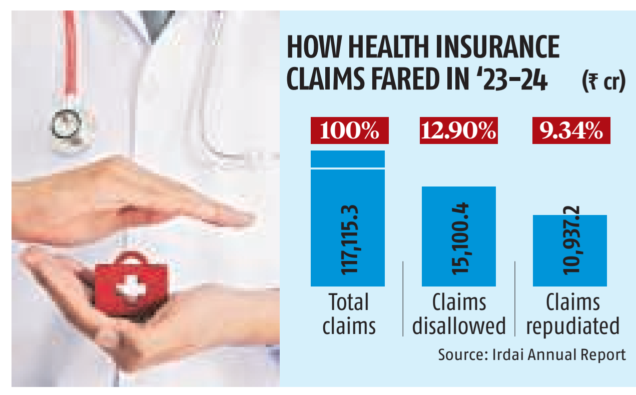
Health and general insurers paid 82 per cent of claims by volume and 71.3 per cent by value (₹1.17 crore), according to the Insurance Regulatory and Development Authority of India's (Irdai's) annual report for 2023-24. Of the remaining 28.7 per cent by value, nearly 13 per cent were rejected and over 9 per cent repudiated.

Understanding the distinction between rejection and repudiation is crucial. "Rejection occurs before a review or assessment, often due to incomplete information or errors. It is not permanent and can be reversed. Repudiation, on the other hand, happens when an insurer reviews a claim, and decides it is not covered under a policy's clauses. It is permanent," says Shilpa Arora, co-founder and chief operating officer, Insurance Samadhan.

Why do claims get denied?

Health insurance claims are often denied due to exclusions in policy terms. Buyers frequently overlook the fine print or misinterpret clauses.

"Permanent exclusions, hospitalisation during waiting periods, non-disclosure of pre-existing conditions, treatment at excluded hospitals, and premium payment lapses are the main reasons for rejections," says Abhijeet Ghosh, joint executive president, Star Health and Allied Insurance.



Source: Irdai Annual Report

Initial steps

Policyholders should first understand the reason for claim denial. "Review the reasons cited by the insurer and verify if they align with policy terms. If denial is due to missing or inadequate documents, submit them promptly. Insurers typically provide an escalation matrix in their rejection letters to guide policyholders," says Ghosh.

Start by contacting the insurer's customer support cell through email or helpline numbers. Share basic details like the claim reference number, explain the issue, seek clarification, and then register a complaint. If unsatisfied, escalate the issue to the insurer's grievance cell. "Justify why the claim should be paid. According to Irdai guidelines, the cell must respond within 14 days. If still unsatisfied, escalate the matter to the Grievance Redressal Officer (GRO)," says Arora.

If the GRO does not resolve the issue, approach Bima Bharosa, Irdai's grievance cell. If a resolution is still not reached, the next step is the Office of Insurance Ombudsman or Bima Lokpal.

Ombudsman for mediation

India has 17 ombudsman offices. A complainant can locate the relevant office on Irdai's website. Complaints can be submitted online, via email with supporting documents, through the Council for Insurance Ombudsmen's portal, or by post.

"An ombudsman acts as a mediator between insurer and insured for disputes involving amounts up to ₹50 lakh. Complaints must be filed within a year of the insurer's final response," says Arora.

Escalate to consumer court

If the ombudsman's decision is unsatisfactory, policyholders can file a complaint in a consumer court. While individuals can represent themselves, Arora advises hiring a lawyer for complex cases or disputes involving large amounts.

Choose the appropriate forum based on claim amounts. "The District Consumer Disputes Redressal Forum handles claims up to ₹50 lakh. State Redressal Commissions address claims between ₹50 lakh and ₹2 crore, while the National Commission handles claims exceeding ₹2 crore," says Nishant Datta, advocate, Delhi HC.

Case papers should include supporting evidence such as receipts, medical reports, and invoices, along with detailed explanations of why the rejection was unjustified.

"File complaints within two years of the dispute. Specify the relief sought, such as settlement or compensation. Present a professional, evidence-based case to enhance the chances of success," says Datta.

Amfi's 13-point proposal to push MF investment

The Association of Mutual Funds in India (Amfi) has presented a 13-point proposal to enhance the mutual fund (MF) industry and promote investor participation. The recommendations include restoration of long-term indexation benefit for debt schemes. Here's a look:

- Reintroduction of long-term capital gains Indexation
- Restoration of the earlier tax rates on capital gains
- Amending the definition of equity-oriented funds to include fund of funds investing in equity-oriented funds
- All MFs be allowed to launch pension-oriented schemes with uniform tax treatment as NPS
- MF units be notified as 'specified long-term assets' qualifying for exemption on LTCG
- Increasing the threshold limit for withholding tax on income distribution by MF schemes
- Relaxation to MFs in case of deduction of TDS for inoperative PAN cases
- Amending ELSS Rule 3A, allowing flexible investment amounts
- Exemption from capital gains tax for switches between ELSS schemes
- Simplification of taxation for MFs
- Inclusion of AIFs in the tax exemption framework
- Encouragement to ESG investments
- Debt-linked savings scheme to expand India's corporate bond market.

Read full report here: mybs.in/2ejqkx7

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