



**DALAL & BROACHA**  
STOCK BROKING PVT. LTD.

**Analyst:** Mayank Babla (022) 67141412  
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## Q2 FY21 Result Update @ Dalal&Broacha

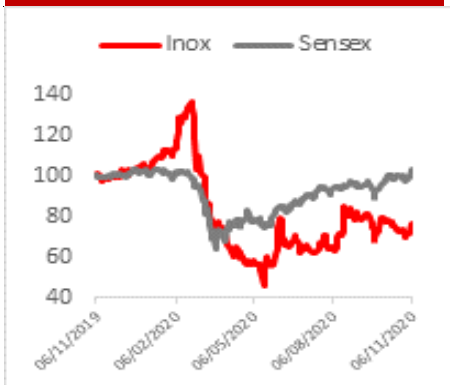
### BUY

Current Price	267
Target Price	362
Upside	36%
52 Week Range	158/511

### Key Share Data

Market Cap (Rs.Bn)	27
Market Cap (US\$ Bn)	371
No of o/s shares (Mn)	103
Face Value	10
Monthly Avg. Vol (BSE+NSE) ('000)	428
BSE Code	532706
NSE Code	INOXLEISUR
Bloomberg	INOL:IN

### Price performance



### % Shareholding

	Sep-20	Jun-20
Promoters	51.89	51.89
Public	47.93	47.90
Others	0.18	0.20
<b>Total</b>	<b>100</b>	<b>100</b>

### Consolidated Financials (In INR Mn)

Year	Revenue	Growth	EBITDA	OPM	PAT	Growth	EV/EBITDA	ROE	ROCE
FY20	18,974.4	12%	5,968.4	31.5%	150.1	-89%	9.2	2%	47%
FY21e	4,735.3	-75%	996.4	21.0%	(1,504.3)	-1102%	56.9	-30%	-12%
FY22e	20,072.3	324%	6,191.3	30.8%	669.5	-145%	9.4	12%	53%
FY23e	25,543.1	27%	8,000.8	31.3%	1,598.7	139%	7.8	22%	63%

### Results in Line with estimates

Post Ind-AS 116, and are comparable

**Revenue:** de-grew by 99.9% YoY to Rs. 3.6mn

**EBITDA:** de-grew by 75.8% YoY to Rs. 405.6mn

**PBT:** loss of Rs. 906mn v/s profit of Rs. 534mn YoY

**PAT:** loss of Rs. 678mn v/s profit of Rs. 351mn (**Deferred tax benefit** of Rs. 228mn v/s tax rate of 34% YoY)

**EPS:** (-) Rs. 6.6 v/s Rs. 3.4 in Q2FY20

### Expenses

**Rental Concession:** of Rs. 723mn received during the quarter, and Rs. 1416mn for H1FY21 (Rs. 692.7mn in Q1FY21). Rent is reported as (-)723mn on account of IND-AS change

**Other Expenses:** down 84%YoY to Rs. 169mn and up 43% QoQ.

**Employee Costs:** down 30% YoY to Rs. 261mn and up 7.5% QoQ

### Conference Call Key Takeaways

1)**Screens Re-opening:** currently have permission to reopen 528 out of 626 screens but have not opened all at the moment, Maharashtra re-opening announcement came only yesterday and some are under repair and maintenance

2)**performance of screens that were open:** overall ATP ranged between Rs. 140-150 with regular seats ATP at Rs. 110-120 and recline seats at higher levels. F&B sales were encouraging with hit rates compared to pre-Covid levels.

3)**Occupancy:** during Durga Puja was high but on average it is in mid-single digits currently. This is for shows of library movies (8-12 month old releases) and rates might climb up with new releases

4)**Rs. 2.5bn capital raise:** decision on what sort of instrument, mode or channel has not been taken currently and only received approval from the board for the raise. Currently company is satisfied with current level of liquidity.

5)**Rent Negotiations:** have been completed with 60-70% of landlords for complete waiver during lockdown period and for discounts post re-opening. Most re-opening, company will shift to revenue share model.

6)**Employee costs and count post re-opening:** will be lower as company has taken several initiatives such as training employees for different departments, multi-tasking etc.

7)**Screen guidance** of 41 new screens (85% work completed) is maintained for FY21. Capex required for the same is Rs. 28-30 crores.

8)**Cash Burn post re-opening:** will be higher v/s lockdown period, but the increase may not be directly proportionate with revenue recovery.



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**Outlook:** We believe the worst is over for exhibitors and path of recovery has only just begun. Initial periods will be tough with key metrics being significantly lower (ATP, Footfalls & SPH) on account of high promotional offers and lower content releases but the situation is much better when compared to last six months. It is to be seen, how things shape up from here. Discussions with producers over release dates going on, Maharashtra re-opening was key for the discussion to move forward and release dates for big movies might be announced soon.

**Valuation:** at CMP, the stock is trading at 7.8x FY23e EV/EBITDA, with an EBITDA of Rs. 8000.8mn. We have value the company the company at 9x FY23e EBITDA to arrive at a target price of Rs. 362, i.e. upside of 36%. We maintain **BUY**.

### Quarterly Snapshot

Particulars (Rs. Mn)	Q2FY20	Q2FY21	growth
Revenue	5199.4	3.6	-99.9%
Other Income	44	43	-2.3%
<b>Total Income</b>	<b>5243.4</b>	<b>46.6</b>	
<b>Expenses</b>			
Movie Exhibition Cost	1391.4	0	-100.0%
F&B Cost	345.4	0	-100.0%
Employee Cost	373.2	152.3	-59.2%
Rent	321.7	-723.3	-324.8%
Other expenses	1090.1	169	-84.5%
<b>Total</b>	<b>3521.8</b>	<b>-402</b>	-111.4%
<b>Operating Profit</b>	<b>1677.6</b>	<b>405.6</b>	-75.8%
Depreciation	645.1	714.2	10.7%
<b>EBIT</b>	<b>1076.5</b>	<b>-265.6</b>	-124.7%
Finance Cost	542.2	640.7	18.2%
<b>PBT</b>	<b>534.3</b>	<b>-906.3</b>	-269.6%
Taxes	183	-228	
<b>PAT</b>	<b>351.3</b>	<b>-678.3</b>	-293.1%
<b>EPS</b>	<b>3.4</b>	<b>-6.6</b>	



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Inox Leisure						
P&L (Rs mn)	FY18	FY19	FY20	FY21E	FY22E	FY23E
Net Sales	13,481.2	16,921.8	18,974.4	4,735.3	20,072.3	25,543.1
Expenses	11,407.7	13,838.4	13,006.0	3,738.9	13,881.0	17,542.2
<b>Operating Profit</b>	<b>2,073.5</b>	<b>3,083.4</b>	<b>5,968.4</b>	<b>996.4</b>	<b>6,191.3</b>	<b>8,000.8</b>
Depreciation	867.0	954.9	2,641.9	1,912.5	3,026.1	3,375.5
PBIT	1,206.5	2,128.5	3,326.5	(916.0)	3,165.2	4,625.3
Other income	144.7	149.2	171.7	157.7	153.7	150.3
Interest	289.0	236.7	2,212.4	1,216.8	2,423.8	2,638.3
<b>Profit before tax</b>	<b>1,062.2</b>	<b>2,041.0</b>	<b>1,285.8</b>	<b>(1,975.1)</b>	<b>895.1</b>	<b>2,137.3</b>
Exceptional and Extra Ordinary Items	85.4	50.0	-	-	-	-
share of profit/loss in JV	-	-	-	-	-	-
<b>PBT ( Post Extra Ordinary)</b>	<b>976.8</b>	<b>1,991.0</b>	<b>1,285.8</b>	<b>(1,975.1)</b>	<b>895.1</b>	<b>2,137.3</b>
Provision for tax	(169.9)	656.1	1,135.7	(470.8)	225.6	538.6
<b>Reported PAT</b>	<b>1,146.6</b>	<b>1,334.9</b>	<b>150.1</b>	<b>(1,504.3)</b>	<b>669.5</b>	<b>1,598.7</b>
Cash Flow St. (Rs. mn)						
	FY18	FY19	FY20	FY21E	FY22E	FY23E
Net Profit	1,146.6	1,334.9	150.1	(1,504.3)	669.5	1,598.7
Add: Dep. & Amort.	867.0	954.9	2,641.9	1,912.5	3,026.1	3,375.5
Minority Interest	-	-	-	-	-	-
<b>Cash profits</b>	<b>2,013.6</b>	<b>2,289.8</b>	<b>2,792.0</b>	<b>408.1</b>	<b>3,695.6</b>	<b>4,974.3</b>
<b>(Inc)/Dec in</b>						
-Sundry debtors	(293.0)	(123.3)	254.9	303.2	(335.6)	(179.9)
-Inventories	(3.1)	(27.9)	(14.6)	94.4	(106.0)	(49.3)
-Loans/advances	(66.6)	(143.2)	(160.8)	(50.8)	(111.1)	(122.0)
+Current Liab and Provisions	612.5	718.1	(262.9)	(1,088.8)	1,113.1	458.9
+ Other Assets	(43.4)	(417.4)	472.4	173.3	(151.9)	(167.1)
<b>Change in working capital</b>	<b>206.5</b>	<b>6.3</b>	<b>289.0</b>	<b>(568.7)</b>	<b>408.4</b>	<b>(59.4)</b>
<b>CF from Oper. activities</b>	<b>2,220.1</b>	<b>2,296.1</b>	<b>3,081.0</b>	<b>(160.6)</b>	<b>4,104.0</b>	<b>4,914.8</b>
<b>CF from Inv. activities</b>	<b>(1,488.1)</b>	<b>(2,435.5)</b>	<b>1,553.7</b>	<b>(283.5)</b>	<b>(3,160.5)</b>	<b>(4,511.9)</b>
<b>CF from Fin. activities</b>	<b>(714.2)</b>	<b>126.4</b>	<b>(4,325.1)</b>	<b>523.5</b>	<b>(900.0)</b>	<b>(300.0)</b>
<b>Cash generated/(utilised)</b>	<b>17.8</b>	<b>(13.0)</b>	<b>309.6</b>	<b>79.4</b>	<b>43.5</b>	<b>102.9</b>
Cash at start of the year	279.9	150.3	137.3	446.9	526.3	569.7
Cash at end of the year	150.3	137.3	446.9	526.3	569.7	672.7
Balance Sheet						
	FY18	FY19	FY20	FY21E	FY22E	FY23E
Equity capital	961.6	1,026.1	1,026.5	1,026.8	1,026.8	1,026.8
Reserves	5,734.5	8,612.0	5,192.3	4,014.7	4,684.2	6,282.9
<b>Net worth</b>	<b>6,696.2</b>	<b>9,638.1</b>	<b>6,218.8</b>	<b>5,041.5</b>	<b>5,711.0</b>	<b>7,309.7</b>
Minority Interest	0.1	0.1	0.1	0.1	0.1	0.1
<b>Non Current Liabilities</b>	<b>3,412.9</b>	<b>1,456.7</b>	<b>27,040.6</b>	<b>29,087.9</b>	<b>31,716.8</b>	<b>35,852.9</b>
<b>Current Liabilities</b>	<b>2,741.0</b>	<b>3,693.9</b>	<b>4,894.6</b>	<b>3,695.4</b>	<b>3,970.8</b>	<b>4,232.0</b>
<b>CAPITAL EMPLOYED</b>	<b>12,850.1</b>	<b>14,788.7</b>	<b>38,154.0</b>	<b>37,824.8</b>	<b>41,398.6</b>	<b>47,394.7</b>
<b>Non Current Assets</b>	<b>11,415.6</b>	<b>13,274.8</b>	<b>36,411.4</b>	<b>36,357.3</b>	<b>39,394.3</b>	<b>45,001.5</b>
Fixed Assets	8,082.0	9,686.4	32,109.8	32,221.3	35,046.9	40,421.7
Non Current Investments	12.1	6.1	1.6	1.6	1.6	1.6
Non Current tax assets (DTA+ITA)	902.5	616.3	1,846.5	1,846.5	1,846.5	1,846.5
Long Term Loans and Advances	741.8	892.2	1,016.4	1,067.2	1,173.9	1,291.3
Other NON Current Assets	1,502.1	1,898.7	1,262.0	1,045.7	1,150.2	1,265.2
Goodwill	175.1	175.1	175.1	175.1	175.1	175.1
<b>Current Assets</b>	<b>1,434.5</b>	<b>1,513.9</b>	<b>1,742.6</b>	<b>1,467.5</b>	<b>2,004.3</b>	<b>2,393.2</b>
Current investments	123.9	6.1	10.1	10.1	10.1	10.1
Inventories	94.0	121.9	136.5	42.1	148.1	197.5
Trade Receivables	759.1	882.4	627.5	324.3	659.9	839.8
<b>Cash and Bank Balances</b>	<b>150.3</b>	<b>137.3</b>	<b>446.9</b>	<b>526.3</b>	<b>569.7</b>	<b>672.7</b>
Short Term Loans and Advances	59.0	51.8	88.4	88.4	92.8	97.5
Other Current Assets	248.2	314.4	433.2	476.3	523.6	575.7
<b>12,850.1</b>	<b>14,788.7</b>	<b>38,154.0</b>	<b>37,824.8</b>	<b>41,398.6</b>	<b>47,394.7</b>	
Ratios						
	FY18	FY19	FY20	FY21E	FY22E	FY23E
OPM	15.4	18.2	31.5	21.0	30.8	31.3
NPM	8.5	7.9	0.8	(31.8)	3.3	6.3
Tax rate	(16.0)	32.1	88.3	23.8	25.2	25.2
<b>Growth Ratios (%)</b>						
Net Sales	4,008.9	25.5	12.1	(75.0)	323.9	27.3
Operating Profit	(147.6)	48.7	93.6	NA	NA	29.2
PBIT	(127.7)	76.4	56.3	NA	NA	138.8
PAT	275.0	16.4	(88.8)	NA	NA	138.8
<b>Per Share (Rs.)</b>						
Net Earnings (EPS)	11.92	13.01	1.46	-14.65	6.52	15.57
Cash Earnings (CPS)	20.9	22.3	27.2	4.0	36.0	48.4
Dividend	-	1.0	-	-	-	-
Book Value	69.6	93.9	60.6	49.1	55.6	71.2
Free Cash Flow	7.6	(1.4)	45.2	(4.3)	9.2	3.9
<b>Valuation Ratios</b>						
P/E(x)	22.4	20.5	182.6	(18.2)	40.9	17.1
P/B(x)	3.8	2.8	4.4	5.4	4.8	3.8
EV/EBITDA(x)	13.5	9.1	9.2	56.9	9.4	7.8
Div. Yield(%)	-	0.4	-	-	-	-
FCF Yield(%)	2.9	(0.5)	16.9	(1.6)	3.4	1.5
<b>Return Ratios (%)</b>						
ROE	17%	14%	2%	-30%	12%	22%
ROCE	15%	22%	47%	-12%	53%	63%



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