



Results below estimates on revenue front, rental concessions help limit operating and bottom-line losses

- **Revenue:** de-grew by 97% to Rs. 148.8mn
- **EBITDA:** loss of Rs. 104.5mn v/s profit of Rs. 1689.6mn YoY
- **PAT:** loss of Rs. 1025mn v/s profit of Rs. 350mn YoY (*Tax credit* of Rs. 342.7mn received in current quarter)

Expenses

- **Film's distributor shares as % of sales** stood at 19.6% v/s 26.1% YoY
- **F&B cost as a % of sales** stood at 7.3% v/s 6.2%
- **Other expenses** de-grew by 50.6% to Rs. 542mn

Other Key Takeaways

- **100% occupancy allowed in:** 56 properties, 239 screens currently (states include Chhattisgarh, Delhi, Gujarat, Madhya Pradesh, Punjab, Tamil Nadu, West Bengal)/ further, 398 screens or 94 properties currently operate at 50% awaiting state government approval for 100% capacity.
- **Rentals:** concessions worth Rs. 540mn received during the quarter and Rs. 1957mn received in 9MFY20. Rent expense in FY20 stood at Rs. 3684mn.
- **Important metrics, YoY:** (i) **Occupancy:** 3% v/s 27%, (ii) **ATP (Rs.):** Rs. 153 v/s Rs. 204, (iii) **SPH (Rs.):** Rs. 73 v/s Rs. 81

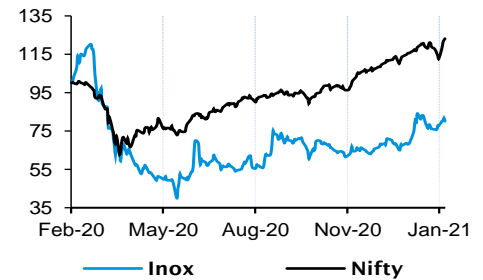
Rating	TP (Rs)	Up/Dn (%)
BUY	383	16

Market data

Current price	Rs	330
Market Cap (Rs.Bn)	(Rs Bn)	37
Market Cap (US\$ Mn)	(US\$ Mn)	510
Face Value	Rs	10
52 Weeks High/Low	Rs	511/158
Average Daily Volume	('000)	1273
BSE Code		532706
Bloomberg		INOL:IN

Source: Bloomberg

One Year Performance



Source: Bloomberg

% Shareholding	Dec-20	Nov-20
Promoters	47.38	47.38
Public	52.46	52.46
Others	0.16	0.16
Total	100	100

Source: BSE

Financial Summary

Y/E Mar (Rs mn)	FY19	FY20	FY21E	FY22E	FY23E
Net sales	16,922	18,974	1,869	18,066	24,869
Adjusted net profit	1,335	150	(1,999)	138	1,701
Free cash flow	10	1,849	(864)	3,147	4,704
EPS (Rs)	13.0	1.5	(19.5)	1.3	16.6
P/E (x)	25.3	225.0	(16.9)	244.6	19.9
P/B (x)	3.5	5.4	7.4	7.2	5.3
EV/EBITDA (x)	11.1	10.2	432.2	11.7	8.3
D/E	0.1	0.2	0.3	0.1	0.0
RoCE (%)	21.9	47.0	(27)	50.1	74.3
RoE (%)	13.9	2.4	(44)	2.9	26.6

Source: Company

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Conference Call Key Takeaways

- **100% Occupancy:** allowed as per MHA guidelines dated 31st January, 2021. Currently 239 screens out of 641 screens are allowed to operate at 100% capacity. Company got notification from Karnataka government (49 screens) to operate at full capacity.
- **Master:** garnered Rs. 2.5bn in collections worldwide. During its time of release, company witnessed 100% occupancy (to the limit allowed), ATP and SPH at pre-Covid levels with a higher strike rate.
- **Content Pipeline:** currently there are 20 Bollywood films, 20 Hollywood films and other regional films awaiting release with many more in various stages of production. **Management expects a few releases to take place in End of March 2021 or early April.**
- **Cash Burn and Liquidity:** Currently company has a monthly cash burn of Rs. 200-250mn and Rs. 2.30bn in available liquidity including Rs. 930mn in undrawn limits.
- **QIP:** worth Rs. 2.5bn recently launched was successful, over-subscribing 3x. Company has used part of funds to fund capex for opening new screens
- **Screen additions:** opened 15 new screens this quarter and plans to open 14 more by Q4FY21 or early Q1FY22. They are on an average 85% complete. Further company has visibility and signed contracts for another 989 screens which will be opened in the next 6-7 years.
- **Rental Negotiations:** with most developers is over, few left, which company believes to be successfully completed in next 2 weeks. Current negotiations are only valid till March, 31st, 2021.

Quarterly Performance Analysis

Exhibit 1

Particulars (Rs. Mn)	Q3FY20	Q3FY21	growth (%)	9MFY20	9MFY21	growth (%)
Revenue	5,129	149	(97)	15,259	155	(99)
Other Income	49	66	36	124	136	10
Total Income	5,178	215	(96)	15,382	291	(98)
Expenses						
Movie Exhibition Cost	1,337	29	(98)	4,027	29	(99)
F&B Cost	320	11	(97)	998	11	(99)
Employee Cost	369	212	(43)	1,093	607	(44)
Rent	317	(541)	(271)	941	-1957	(308)
Other expenses	1,097	542	(51)	3,331	829	(75)
Total	3,440	253	(93)	10,390	(480)	(105)
Operating Profit	1,690	(105)		4,868	635	(87)
Depreciation	648	709	9	1,902	2131	12
EBIT	1,090	(748)	(169)	3,090	(1,360)	(144)
Finance Cost	547	620	13	1,598	1894	18
PBT	542	(1,368)	(352)	1,492	(3,253)	(318)
Taxes	192	(343)		520	-814	
PAT	350	(1,025)	(393)	971	(2,440)	(351)
EPS	3	(10)	(393)	9	-24	(351)

Source: Dalal & Broacha Research, Company

Valuation & Outlook

Outlook: company has done well to sustain itself with only ~Rs.300mn in 9 months of operations. We believe re-starting of capex cycle and opening more screens is coming at the right time and sooner than later, content releases will take place which only further aid in recovery. Management currently expects occupancy and other such matrices going back to pre-Covid levels by H2FY22. We remain positive on the long-term story and scope of the Indian Exhibition Industry.

Valuation: at CMP, on EV/EBITDA basis, the stock trades at 11.7x and 8.3x FY22e and FY23e EBITDA of Rs. 5481mn and Rs. 8136mn respectively. We value the company at 9x FY23e EBITDA to arrive at a target price of Rs. 383 i.e., upside of 16%. We Maintain **BUY**.

Financial

Inox Leisure											
P&L (Rs mn)	FY19	FY20	FY21E	FY22E	FY23E	Cash Flow St. (Rs. mn)	FY19	FY20	FY21E	FY22E	FY23E
Net Sales	16,922	18,974	1,869	18,066	24,869	Net Profit	1,335	150	(1,999)	138	1,701
Expenses	13,838	13,006	1,725	12,586	16,733	Add: Dep. & Amort.	955	2,642	1,906	3,026	3,376
Operating Profit	3,083	5,968	144	5,481	8,136	Minority Interest	-	-	-	-	-
Depreciation	955	2,642	1,906	3,026	3,376	Cash profits	2,290	2,792	(93)	3,164	5,077
PBIT	2,129	3,327	(1,762)	2,455	4,760	(Inc)/Dec in					
Other income	149	172	158	154	152	-Sundry debtors	(123)	255	499	(466)	(224)
Interest	237	2,212	1,208	2,424	2,638	-Inventories	(28)	(15)	119	(109)	(56)
Profit before tax	2,041	1,286	(2,813)	185	2,274	-Loans/advances	(143)	(161)	(51)	(111)	(122)
Exceptional and Extra Ordinary Items share of profit/loss in JV	50	-	-	-	-	¹ Current Liab and Provisions	718	(263)	(1,272)	1,121	499
PBT (Post Extra Ordinary)	1,991	1,286	(2,813)	185	2,274	¹ Other Assets	(417)	472	173	(152)	(167)
Provision for tax	656	1,136	(814)	47	573	Change in working capital	6	289	(531)	283	(70)
Reported PAT	1,335	150	(1,999)	138	1,701	CF from Oper. activities	2,296	3,081	(624)	3,447	5,007
						CF from Inv. activities	(2,435)	1,554	903	(2,754)	(4,139)
						CF from Fin. activities	126	(4,325)	524	(900)	(300)
						Cash generated/(utilised)	(13)	310	803	(207)	568
						Cash at start of the year	150	137	447	1,250	1,042
						Cash at end of the year	137	447	1,250	1,042	1,611

Balance Sheet	FY19	FY20	FY21E	FY22E	FY23E	Ratios	FY19	FY20	FY21E	FY22E	FY23E
Equity capital	1,026	1,027	1,027	1,027	1,027	OPM	18	31	8	30	33
Reserves	8,612	5,192	3,520	3,658	5,359	NPM	8	1	(107)	1	7
Net worth	9,638	6,219	4,547	4,685	6,386	Tax rate	32	88	29	25	25
Minority Interest	0	0	0	0	0	Growth Ratios (%)					
Non Current Liabilities	1,457	27,041	29,096	31,717	35,853	Net Sales	26	12	(90)	867	38
Current Liabilities	3,694	4,895	3,512	3,795	4,097	Operating Profit	49	94	NA	3,701	48
CAPITAL EMPLOYED	14,789	38,154	37,155	40,197	46,335	PBIT	76	56	NA	(107)	1,132
Non Current Assets	13,275	36,411	35,185	37,808	43,042	PAT	16	(89)	NA	(107)	1,132
Fixed Assets	9,686	32,110	31,049	33,461	38,462	Per Share (Rs.)					
Non Current Investments	6	2	2	2	2	Net Earnings (EPS)	13	1	(19)	1	17
Non Current tax assets (DTA+ITA)	616	1,847	1,847	1,847	1,847	Cash Earnings (CPS)	22	27	(1)	31	49
Long Term Loans and Advances	892	1,016	1,067	1,174	1,291	Dividend	1	-	-	-	-
Other NON Current Assets	1,899	1,262	1,046	1,150	1,265	Book Value	94	61	44	46	62
Goodwill	175	175	175	175	175	Free Cash Flow	(1)	45	3	7	8
Current Assets	1,514	1,743	1,970	2,389	3,293	Valuation Ratios					
Current investments	6	10	10	10	10	P/E(x)	25	225	(17)	245	20
Inventories	122	137	17	126	182	P/B(x)	4	5	7	7	5
Trade Receivables	882	628	128	594	818	EV/EBIDTA(x)	11	10	432	12	8
Cash and Bank Balances	137	447	1,250	1,042	1,611	Div. Yield(%)	0	-	-	-	-
Short Term Loans and Advances	52	88	88	93	97	FCF Yield(%)	(0)	14	1	2	3
Other Current Assets	314	433	476	524	576	Return Ratios (%)					
Capital Deployed	14,789	38,154	37,155	40,197	46,335	ROE	14	2	(44)	3	27
						ROCE	22	47	(27)	50	74

Source: Dalal & Broacha Research, Company

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