



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

- **Revenue:** de-grew by 75% to Rs. 904.4 Mn
- **EBITDA:** loss of Rs. 137.3 Mn v/s profit of Rs. 1100.4 Mn YoY
- **PAT:** loss of Rs. 937 Mn v/s loss of Rs. 821.5 Mn YoY (Tax credit of Rs. 256.2 Mn received in current quarter)

Expenses

- **Film's distributor share** as % of sales stood at 26% v/s 25.2% YoY
- **F&B cost** as a % of sales stood at 7.5% v/s 7.1% YoY
- **Employee costs** de-grew by 21% to Rs. 259 Mn
- **Other expenses** de-grew by 27% to Rs. 743 Mn
- **Footfalls at 34 Lakh in Q4FY21 vs 128 Lakh in Q4FY20**

FY21 Metrics

- **Footfalls at 38 Lakh in FY21 vs 660 Lakh in FY20**
- **Occupancy at 8% in FY21 vs 28% in FY20**
- **ATP at Rs. 170 in FY21 vs Rs. 200 in FY20**
- **SPH at Rs. 77 in FY21 vs Rs. 80 in FY20**

Other Key Takeaways

- **Operational Screens:** Currently Inox is operating 108 screens and 23 properties. 424 screens and 97 properties have been shut down due to State Orders whereas 116 screens and 33 properties have been shut down voluntarily due to inadequate content.
- **Screen Additions:** 7 screens this quarter, total screens at 648, in 153 properties. Total of 17 screens were added in H2FY21. Expected to open 692 Screens and 163 properties in FY22.
- **Important metrics, YoY: (i) Occupancy:** 10% v/s 24%, **(ii) ATP (Rs.):** Rs. 172 v/s Rs. 202, **(iii) SPH (Rs.):** Rs. 78, unchanged YoY basis **(iv) Film Distributors Share to NBOC:** 47% v/s 42%

Financial Summary

Y/E Mar (Rs mn)	FY19	FY20	FY21E	FY22E	FY23E
Net sales	16,922	18,974	1,059	8,118	19,704
Adjusted net profit	1,335	150	(3,336)	(2,773)	1,387
Free cash flow	10	1,849	407	433	4,363
EPS (Rs)	13	1	(30)	(25)	12
P/E (x)	21.0	186.7	(9.2)	(11.1)	22.1
P/B (x)	2.9	4.5	4.9	8.6	6.2
EV/EBITDA (x)	9.3	9.3	116.4	43.7	8.7
D/E	0	0	0	0	0
RoCE (%)	22	47	(27)	(27)	83
RoE (%)	14	2	(53)	(78)	28

Source: Dalal & Broacha Research

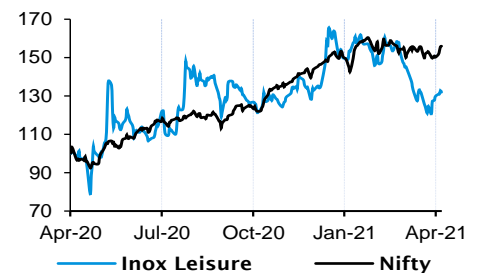
Rating	TP (Rs)	Up/Dn (%)
BUY	320	16

Market data

Current price	Rs	276
Market Cap (Rs.Bn)	(Rs Bn)	31
Market Cap (US\$ Mn)	(US\$ Mn)	418
Face Value	Rs	10
52 Weeks High/Low	Rs	359/158
Average Daily Volume	('000)	344
BSE Code		532706
Bloomberg		INOL:IN

Source: Bloomberg

One Year Performance



Source: Bloomberg

% Shareholding	Mar-21	Dec-20
Promoters	47.38	47.38
Public	52.47	52.46
Others	0.16	0.16
Total	100	100

Source: BSE

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Conference Call Key Highlights

- **Occupancy:** Inox is currently operating screens in 4-5 States such as West Bengal, Andhra Pradesh, Telangana etc. One of the States has 100% capacity barring which others have only 50% capacity. In Goa, there has been a shutdown from today 6pm due to lockdown restrictions.
- **Collaboration for Food Delivery:** Tie-up with online food aggregators like Zomato & Swiggy whereby Inox sells cinema food (prior to cinemas shutting down). This will be a separate stream of revenues soon with a new menu, packaging and rapid delivery speed of 20-25 mins.
- **Operating Cost Structure:** Operating cost stood at Rs. 150 Crores in Q4, 95 Crores in Q3, 35-40 Crores in Q2. Due to uncertainty led by lockdowns there is no surety on Rent and CAM cost however the cost structure will be similar to Q4FY21 for upcoming quarters.
- **Capex:** 19 screens are 90% completed; hence would require an additional capex of Rs. 8 to Rs. 10 Crores. In FY21, the firm incurred Rs. 50-60 Crores of Capex, which consisted of Rs. 2-2.5 Crores per screen (higher for high-end properties).
- **Rentals:** Rental concessions worth Rs. 260 Mn received during the quarter and Rs. 2220 Mn received in FY21.
- **Distributor Share:** Higher Distributor Share in Q4FY21 at 47% v/s earlier average of 45% to incentivise movie releases. Inox has encouraged this as a one-time gesture for Producers & Distributors.
- **Rental Negotiations:** Re-started rental negotiations as several parts of country are under lockdown. Initial response has been positive and supportive.
- **Negotiation with producers:** Most of the content to be released in April has been delayed, though producers and exhibitors have agreed to first release on big screens.
- **Post-Covid Outlook:** 1) Movies will be released 4-5 weeks after lockdown is lifted by various State Governments. 2) Opening of another 25 screens (Capex: ~65 Crores) has been deferred and will be carried out once situation normalizes. 3) Post-covid operating cost structure will be leaner with 10-15% reduction.

Cash Burn & Other Operational Highlight: Operational Cash Burn is Rs. 220 Crores (excluding Capex) in FY21. Other Revenues also consist of a Claim of 24 Crs. Which is pertaining to Insurance in FY20 which has been settled now (dispute for almost a year).

Fund Raising: Inox has passed a resolution to raise Rs. 300 Crores. Currently, Inox owns 6 cinema properties and a head office and can raise Rs. 350 Crores (as per current market valuation) by doing a sale-lease back of these properties.

Quarterly Performance Analysis

Exhibit 1

Particulars (Rs. Mn)	Q4FY20	Q4FY21	growth (%)	FY20	FY21	growth (%)
Revenue	3,716	904	(76)	18,974	1,059	(94)
Other Income	48	286	497	172	423	146
Total Income	3,764	1,191	(68)	19,146	1,482	(92)
Expenses						
Movie Exhibition Cost	937	235	(75)	4,965	264	(95)
F&B Cost	264	68	(74)	1,262	79	(94)
Employee Cost	327	259	(21)	1,421	867	(39)
Rent	76	(263)	(448)	1,016	(2,220)	(318)
Other expenses	1,011	743	(27)	4,342	1,572	(64)
Total	2,615	1,042	(60)	13,006	562	(96)
Operating Profit	1,100	(137)		5,968	498	(92)
Depreciation	740	701	(5)	2,642	2,832	7
EBIT	408	(552)	(235)	3,498	(1,912)	(155)
Finance Cost	614	617	1	2,212	2,511	13
PBT	(206)	(1,170)	467	1,286	(4,423)	(444)
Taxes	615	(274)		1,136	(1,087)	
PAT	(822)	(896)	9	150	(3,336)	(2,322)
EPS	(8)	(9)	14	1	(30)	(2,153)

Revenue continued to decline on YoY basis however cost cutting and Rental concessions narrowed the losses on Operating & Bottom-line level.

Source: Dalal & Broacha Research, Company

Valuation & Outlook

Inox Leisure is currently trading at an EV/EBITDA multiple of 44x / 9x FY22e / FY23e estimates. We had earlier estimated that some sort of normalcy will start seeping in from Q1FY22, However, on the back of a vicious 2nd wave of the COVID-19 virus, our estimates have been pushed forward as many states are going into a severe curfew / lockdown and inability to monetize the content, despite having a good pipeline, as producers / distributors shy away from releases. **While we remain positive on the long-term prospects of the company, there are severe headwinds in the near term and thus bake in a delayed recovery in business. We maintain a BUY rating on the stock with a revised target price of INR 320.**

Financial

Inox Leisure											
P&L (Rs mn)	FY 19	FY 20	FY 21	FY 22E	FY 23E	Cash Flow St. (Rs. mn)	FY 19	FY 20	FY 21E	FY 22E	FY 23E
Net Sales	16,922	18,974	1,059	8,118	19,704	Net Profit	1,335	150	(3,336)	(2,773)	1,387
Expenses	13,838	13,006	562	6,763	12,510	Add: Dep. & Amort.	955	2,642	2,832	2,889	3,033
Operating Profit	3,083	5,968	498	1,356	7,194	Minority Interest	-	-	-	-	-
Depreciation	955	2,642	2,832	2,889	3,033	Cash profits	2,290	2,792	(504)	115	4,420
PBIT	2,129	3,327	(2,334)	(1,533)	4,161	(Inc)/Dec in					
Other income	149	172	423	412	409	-Sundry debtors	(123)	255	585	(224)	(381)
Interest	237	2,212	2,511	2,586	2,716	-Inventories	(28)	(15)	33	46	(76)
Profit before tax	2,041	1,286	(4,423)	(3,708)	1,855	-Loans/advances	(143)	(161)	54	(105)	(115)
Exceptional and Extra Ordinary Items	50	-	-	-	-	'Current Liab and Provisions	718	(263)	(624)	(481)	725
share of profit/loss in JV	-	-	-	-	-	'Other Assets	(417)	472	61	141	(149)
PBT (Post Extra Ordinary)	1,991	1,286	(4,423)	(3,708)	1,855	Change in working capital	6	289	108	(623)	4
Provision for tax	656	1,136	(1,087)	(934)	467	CF from Oper. activities	2,296	3,081	(396)	(508)	4,424
Reported PAT	1,335	150	(3,336)	(2,773)	1,387	CF from Inv. activities	(2,435)	1,554	(151)	1,156	(3,395)
						CF from Fin. activities	126	(4,325)	1,857	(90)	(30)
						Cash generated/(utilised)	(13)	310	1,310	558	999
						Cash at start of the year	150	137	447	849	502
						Cash at end of the year	137	447	849	502	724

Balance Sheet	FY 19	FY 20	FY 21E	FY 22E	FY 23E	Ratios	FY 19	FY 20	FY 21E	FY 22E	FY 23E
Equity capital	1,026	1,027	1,125	1,125	1,125	OPM	18	31	47	17	37
Reserves	8,612	5,192	5,205	2,431	3,818	NPM	8	1	(315)	(34)	7
Net worth	9,638	6,219	6,329	3,556	4,943	Tax rate	32	88	25	25	25
Minority Interest	0	0	1	0	0	Growth Ratios (%)					
Non Current Liabilities	1,457	27,041	27,873	28,944	32,598	Net Sales	26	12	(94)	666	143
Current Liabilities	3,694	4,895	3,640	3,093	3,890	Operating Profit	49	94	NA	172	431
CAPITAL EMPLOYED	14,789	38,154	37,842	35,593	41,431	PBIT	76	56	NA	(16)	(150)
Non Current Assets	13,275	36,411	36,347	34,218	39,323	PAT	16	(89)	NA	(17)	(150)
Fixed Assets	9,686	32,110	31,128	29,084	33,979	Per Share (Rs.)					
Non Current Investments	6	2	1	1	1	Net Earnings (EPS)	13	1	(30)	(25)	12
Non Current tax assets (DTA+HTA)	616	1,847	2,853	2,853	2,853	Cash Earnings (CPS)	22	27	(4)	1	39
Long Term Loans and Advances	892	1,016	1,048	1,152	1,268	Dividend	1	-	-	-	-
Other NON Current Assets	1,899	1,262	1,142	952	1,047	Book Value	94	61	56	32	44
Goodwill	175	175	175	175	175	Free Cash Flow	(1)	45	(5)	6	9
Current Assets	1,514	1,743	1,495	1,376	2,108	Valuation Ratios					
Current investments	6	10	4	4	4	P/E(x)	21	187	(9)	(11)	22
Inventories	122	137	103	58	133	P/B(x)	3	5	5	9	6
Trade Receivables	882	628	43	267	648	EV/EBIDTA(x)	9	9	116	44	9
Cash and Bank Balances	137	447	849	502	724	Div. Yield(%)	0	-	-	-	-
Short Term Loans and Advances	52	88	3	3	3	FCF Yield(%)	(0)	17	(2)	2	3
Other Current Assets	314	433	493	542	595	Return Ratios (%)					
Capital Deployed	14,789	38,154	37,842	35,593	41,431	ROE	14	2	(53)	-78	28
						ROCE	22	47	(27)	-27	83

Source: Dalal & Broacha Research, Company

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