

Film Exhibition Sector

9 April 2019

Strongest Quarter In Industry's History

The Indian film exhibition industry likely witnessed its strongest quarter ever in 4QFY19. March quarter typically tends to be the weakest in any financial year because of the release of weak content. However, 4QFY19 has been an exceptionally strong one because of content surprises. The sector's performance, which had been dragged down by the F&B controversy in 1HFY19, witnessed a material revival in 2HFY19 because of the strong performance of content. Inox Leisure was up by ~35% and PVR by ~3% in 4QFY19. In 3QFY19, PVR had rallied ~35% and Inox Leisure ~14%. PVR benefited from the margin accretive SPI Cinemas acquisition in 3QFY19, and Inox Leisure in 4QFY19 benefited from the lower occupancy in the base quarter (as it was affected more than PVR following the ban on 'Padmaavat' at certain locations) and a strong ~40% YoY increase in advertisement revenues in 3QFY19, indicating market share gain. Overall, the industry-wide stock uptick can be attributed to: (1) Expectation of a strong 4QFY19 performance driven by higher occupancy rate because of multiple content successes. (2) Expectation of better margins on lower film hire charges because of longer running movies. (3) F&B controversy receding into the background after having taken centre stage in 1HFY19. F&B is a critical component of revenues and profit of the industry as it constituted ~27%/~30% and ~23%/26% of PVR's and Inox Leisure's revenues/gross margin, respectively, in FY18. The controversy had taken a back seat as many of the public interest litigations (PILs) have been referred to the Supreme Court and several state governments had taken a sympathetic stance vis-à-vis the multiplex industry. While we have liked both stocks, we have held the view that the large valuation gap between Inox Leisure and PVR will narrow as Inox Leisure tries to address the problems connected with its advertisement and F&B revenue weakness (see our report on this [here](#)). The screen addition pace picked up in FY19. PVR acquired SPI Cinemas – a South India-based player – which contributed to more than half of ~135 screens added by PVR during the year. Inox witnessed strong organic addition of 85 screens. Both players are indicating higher numbers in FY20 in terms of organic screen addition. Entering FY20, the content pipeline looks good and multiplexes are on their way towards strong expansion. While we like both PVR and Inox Leisure on an absolute basis, we like Inox Leisure more because of its larger potential upside and convergence of operating metrics with PVR.

Phenomenal 4QFY19: 4QFY19 had content successes like: 'Simmba' (continuing from 3QFY19), 'Uri', 'Manikarnika', 'Luka Chuppi', 'Badla' and 'Gully Boy'. 'Uri' emerged as one of the 10 highest grossing Hindi movies of all times. 'The Lego Movie Part 2' and 'Alita: Battle Angel' were notable movies from Hollywood. South-based movies like: 'Viswasam', 'Petta' and 'F2' have done well too. Though the base quarter – 4QFY18 – was also strong with movies like 'Padmaavat', 'Sonu Ke Titu Ki Sweety', 'Raid', 'Padman' and 'Tiger Zinda Hai', 4QFY19 was exceptionally strong. The margins are also slated to improve not only because of higher occupancy, but also because of lower-than-average film exhibition costs because of films running for a much longer period in 4QFY19.

Favourable structural changes: The sector is riding on industry tailwinds such as: (1) Lower Goods and Services Tax or GST rates leading to higher ticket volumes. (2) The F&B controversy subsiding. (3) Improving nature of content – wherein instead of depending on a few large-budget-star-based movies multiple small budget movies with stronger scripts are being well received by viewers. This lowers content risks (4) Strong mall openings as the retail sentiment picks up after ebbing of the online onslaught. These industry tailwinds have empowered multiplex players to go for expansion and invest in new technologies e.g. 4DX, IMAX, ScreenX, etc.

VPF controversy: Towards the end of 4QFY19, there was a mini controversy surrounding a revenue stream called 'Virtual Print Fee', or VPF, which constituted less than 1%-2% of total revenue and ~5%-10% of EBITDA of PVR and Inox Leisure in FY18. This issue was raised by the owner of RSVP (production company of the hit movie 'Uri'), Mr. Ronnie Screwvala, in a complaint that he filed with the Competition Commission of India (CCI). VPF relates to a fee paid by film producers to film exhibitors for having invested in digital projection systems and was to be in existence for five years beginning 2010. The sunset clause had been pushed back (based on our understanding), first from 2015 to 2017 and then beyond. Mr. Screwvala's contention is the fee should not be charged by film exhibitors. His other contention is that only Bollywood producers are being charged such a fee whereas Hollywood ones are not. The VPF income according to him (based on media interviews) is Rs4bn on a yearly basis. Our discussion with film exhibitors indicate that the discrepancy in value of the VPF money involved arises from the way it is being calculated by both parties. Secondly, we believe commercial agreements entered into between Hollywood and Bollywood studios vis-à-vis film exhibitors are different and hence, the situations are not comparable. While the issue is sub-judice, we do not foresee a problem with content release in the coming months because of this issue.

Company	CMP (Rs)	TP (Rs)	Upside (%)	4QFY19E		4QFY19E		EBITDA margin (%)		4QFY19E	
				Revenues (Rsmn)	YoY growth (%)	EBITDA (Rsmn)	YoY growth (%)	4QFY19E	4QFY18	PAT (Rsmn)	YoY growth (%)
PVR*	1,681	2,005	19	8,505	45.4	1,777	88.3	20.9	16.1	688	159.2
Inox Leisure**	320	413	29	4,673	44.0	923	110.0	19.7	13.6	411	(31.0)

* PVR numbers for 4QFY19E are consolidated and include those of SPI Cinemas. ** Inox had a tax reversal of Rs537mn in 4QFY18. Source: Companies, Nirmal Bang Institutional Equities Research

Girish Pai

Head of Research

girish.pai@nirmalbang.com

+91-22-6273 8017

We are positive on the film exhibition sector (see our sector report: [Indian Film Exhibition Sector- Oligopolistic Business In Its Infancy](#)). We believe that: (1) Indian multiplex industry is an oligopoly (top four players control ~70% of screens) and will remain so as entry barriers are quite formidable and there are no substitutes. This industry's structure will deliver steady revenue growth, and improve margins as well as RoIC over a long period of time. (2) PVR and Inox Leisure (the two large players) can deliver in the next 10 years at least 5%-10% volume/footfall growth (new screen-driven, attracting both single-screen and new generation customers) per year, respectively, with the rise in realisation of 4%-5%. This will result in revenue CAGR of 10%-15% with PAT growing a tad faster. Structurally, expectations of a rise in relevant customer households which can afford this type of entertainment (currently at 8%-11% of total, in our view) is going to drive demand. Same store/screen sales growth (SSG), in our view, will be realisation-led at 4%-6%. We believe that: (1) These players deserve premium valuations, considering the longevity of earnings compounding and good RoICs. (2) Expensive M&A activity in the past five years and consequent weak return ratios are a small price to pay for achieving consolidation in a nascent industry. Over the long run, as organic growth predominates, the benefits of a better industry structure will far outweigh the price paid. We believe the stranglehold over retail real estate (and slow pace of its expansion) will be the key driver of positive industry dynamics. This will lead to a steady increase in capacity, solid pricing power and a high occupancy rate. The key risk to sector earnings tends to be the volatility induced by success of content. This is a very difficult thing to predict. Some movies may look great on paper, but may turn out to be duds at the box office. But increasingly the content risk is being lowered as Hollywood and regional movies (both in their original and dubbed versions) are able to command a greater share of GBOC. Also, of late the content has been less star-driven and more based on good story lines which may be a structural shift happening in the industry for the better.

Changes to our estimates

We have revised our estimates for both PVR and Inox Leisure. We have adjusted the occupancy numbers of PVR and Inox Leisure for both FY20 and FY21. EBITDA numbers in FY21 for both these companies change by ~2% because of these adjustments. We have rolled forward our basis of valuation by six months to FY21E EBITDA and that led to a change in our target price for both PVR and Inox Leisure. The new target price for PVR is Rs2,005 (earlier it was Rs1,796) and for Inox Leisure it is Rs413 (earlier it was Rs382).

Exhibit 1: Key financials: PVR (including SPI Cinemas)

Y/E March (Rsmn)	FY17	FY18	FY19E	FY20E	FY21E
Revenues	21,598	23,341	30,984	36,468	42,874
YoY (%)	15.6	8.1	32.7	17.7	17.6
EBITDA	3605	3973	6033	6900	8235
EBITDA (%)	16.7	17.0	19.5	18.9	19.2
Adj. PAT	958	1247	2094	2503	2858
YoY %	(19.3)	30.2	67.9	19.5	14.2
FDEPS (Rs)	20.5	26.7	44.8	53.6	61.2
RoE (%)	10.4	12.2	17.9	16.6	15.2
RoCE (%)	14.2	15.2	18.5	15.8	16.4
RoIC (%)	15.9	15.8	20.6	17.6	17.2
P/E(x)	82.0	63.0	37.5	31.4	27.5
P/BV (x)	8.1	7.3	6.2	4.5	3.9
EV/EBTDA	23.3	21.0	14.5	13.0	11.0

Source: Company, Nirmal Bang Institutional Equities Research

Exhibit 2: Change in our earnings estimates: PVR (new estimates include SPI Cinemas)

Y/E March (Rsmn)	New			Old			Deviation (%)		
	FY19E	FY20E	FY21E	FY19E	FY20E	FY21E	FY19E	FY20E	FY21E
Revenues	30,984	36,468	42,874	30,115	36,381	41,907	2.9	0.2	2.3
EBITDA	6,033	6,900	8,235	5,495	6,852	8,071	9.8	0.7	2.0
EBITDA margin (%)	19.5	18.9	19.2	18.2	18.8	19.3	-	-	-
PAT	2,094	2,503	2,858	1,720	2,249	2,875	21.7	11.3	(0.6)
FDEPS (Rs)	44.8	53.6	61.2	36.8	48.2	61.6	21.7	11.3	(0.6)

Source: Nirmal Bang Institutional Equities Research

Exhibit 3: Change in operational assumptions-PVR (ex-SPI Cinemas)

Parameter	Actuals			New estimate			Old estimate		
	FY16	FY17	FY18	FY19E	FY20E	FY21E	FY19E	FY20E	FY21E
Number of screens (YE)	524	579	625	682	802	902	711	802	902
Growth (%)	12.9	10.5	7.9	9.1	17.6	12.5	13.8	12.8	12.5
Number of screens added	60	55	46	57	120	100	86	91	100
Footfalls (mn)	70	75	76	88	92	104	85	91	101
Growth (%)	17.6	8.2	1.1	15.6	4.0	13.7	11.8	7.0	10.7
Occupancy rate (%)	34.6	33.0	31.3	34.1	31.5	31.2	32.8	30.7	30.2
Gross ATP	188	196	210	218	228	237	218	228	237
Growth (%)	5.6	4.3	7.3	3.5	4.8	4.0	3.5	4.8	4.0
Net ATP	146	148	164	170	178	185	170	178	185
Growth (%)	5.2	1.8	10.5	3.5	4.8	4.0	3.5	4.8	4.0
Gross SPH	72	81	89	89	91	95	89	91	95
Growth (%)	12.5	12.5	10.4	(1.0)	3.2	4.2	(0.8)	3.2	4.0
Net SPH	67	73	80	84	87	91	84	87	91
Growth (%)	13.6	9.0	9.2	5.6	3.2	4.2	5.8	3.2	4.0
Advertisement revenue per screen	4.2	4.4	4.9	5.1	5.4	5.6	5.0	5.4	5.6
Growth (%)	9.8	6.2	10.2	3.4	6.3	4.4	2.2	7.1	4.8

Source: Company, Nirmal Bang Institutional Equities Research

Exhibit 4: Key financials: Inox Leisure

Y/E March (Rsmn)	FY17	FY18	FY19E	FY20E	FY21E
Revenues (Rsmn)	12,208	13,483	16,807	19,926	23,897
YoY (%)	5.3	10.4	24.7	18.6	19.9
EBITDA	1,461	2,106	3,041	3,430	4,271
EBITDA (%)	12.0	15.6	18.1	17.2	17.9
PAT	308	1,148	1,266	1,277	1,578
YoY (%)	(60.3)	273.2	10.2	0.9	23.6
FDEPS (Rs)	3.3	12.5	13.7	13.9	17.1
RoE (%)	5.4	18.8	15.5	12.4	13.5
RoCE (%)	6.9	12.7	18.5	15.5	16.9
RoIC (%)	7.1	13.0	19.3	16.4	17.8
P/E (x)	96.0	25.7	23.3	23.1	18.7
P/BV (x)	5.3	4.4	3.1	2.7	2.4
EV/EBITDA	22.7	15.5	10.3	9.4	7.6

Source: Company, Nirmal Bang Institutional Equities Research

Exhibit 5: Change in our earnings estimates: Inox Leisure

Y/E March (Rsmn)	New			Old			Deviation (%)		
	FY19E	FY20E	FY21E	FY19E	FY20E	FY21E	FY19E	FY20E	FY21E
Revenues	16,807	19,926	23,897	16,602	20,018	24,028	1.2	(0.5)	(0.5)
EBITDA	3,041	3,430	4,271	2,871	3,511	4,374	5.9	(2.3)	(2.3)
EBITDA margin (%)	18.1	17.2	17.9	17.3	17.5	18.2	-	-	-
PAT	1266	1277	1578	1156	1344	1668	9.5	(5.0)	(5.0)
FDEPS (Rs)	13.7	13.9	17.1	12.5	14.6	18.1	9.5	(5.0)	(5.0)

Source: Nirmal Bang Institutional Equities Research

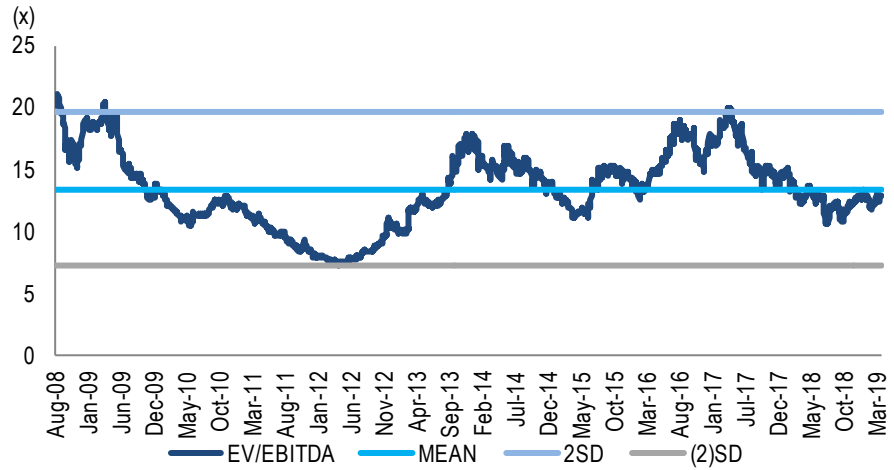
Exhibit 6: Change in operational assumptions: Inox Leisure

Parameter	Actuals			New estimate			Old estimate		
	FY16	FY17	FY18	FY19E	FY20E	FY21E	FY19E	FY20E	FY21E
Number of screens (YE)	420	468	492	577	657	737	572	652	732
Growth (%)	12.9	11.4	5.1	17.3	13.9	12.2	16.3	14.0	12.3
Number of screens added	48	48	24	85	80	80	80	80	80
Footfalls (mn)	53	53.8	53.3	61.8	68.6	77.5	61.2	69.3	78.4
Growth (%)	29.9	0.8	(0.9)	16.0	10.9	13.0	14.8	13.3	13.1
Occupancy rate (%)	29.0	27.5	26.5	27.5	26.5	26.5	27.3	27.0	27.0
Gross ATP	170	176	192	199	209	219	198	208	218
Growth (%)	3.7	3.7	8.9	3.7	4.9	5.0	3.2	4.9	5.0
Net ATP	137	139	150	156	163	171	155	162	171
Growth (%)	2.4	1.5	8.2	3.5	4.8	5.0	2.9	4.8	5.0
Gross SPH	58	62	66	74	79	84	74	79	84
Growth (%)	5.5	6.9	6.5	11.6	7.8	6.0	11.6	7.8	6.0
Net SPH	50	53	57	70	76	80	70	76	80
Growth (%)	7.1	6.1	8.8	22.2	7.8	6.0	22.2	7.8	6.0
Advertisement revenue per screen	2.46	2.2	2.9	3.4	3.6	4.0	3.4	3.6	4.0
Growth (%)	(1.6)	(11.9)	33.7	15.9	8.6	10.0	16.3	8.2	10.0

Source: Nirmal Bang Institutional Equities Research

Valuation charts

Exhibit 7: EV/EBITDA chart - PVR



Source: Company, Nirmal Bang Institutional Equities Research

Exhibit 8: EV/EBITDA chart – Inox Leisure



Source: Company, Nirmal Bang Institutional Equities Research

Financials of PVR (consolidated – including SPI Cinemas)

Exhibit 9: Income statement

Y/E March (Rsmn)	FY17	FY18	FY19E	FY20E	FY21E
Net sales	21,598	23,341	30,984	36,468	42,874
Growth (%)	15.6	8.1	32.7	17.7	17.6
Exhibition costs (distributor share)	4,641	5,377	7,097	8,140	9,697
Food & beverage costs	1,401	1,591	2,354	2,808	3,356
Employee benefit expenses	2,205	2,541	3,410	4,251	4,922
Rent	3,847	4,111	5,126	6,295	7,344
Repairs & maintenance,	907	922	1,098	1,450	1,672
Electricity & common area maintenance	2,493	2,563	3,028	3,872	4,474
Other exp. (includes production, distribution & print chgs.)	2,361	2,264	2,837	2,752	3,174
Total expenses	17,855	19,368	24,951	29,568	34,639
EBITDA	3,743	3,973	6,033	6,900	8,235
Growth (%)	9.3	10.2	51.9	14.4	19.3
% of sales	17.3	17.0	19.5	18.9	19.2
Depreciation & amortisation	1,384	1,491	1,834	1,941	2,495
EBIT	2,360	2,481	4,199	4,959	5,739
% of sales	10.9	10.6	13.6	13.6	13.4
Other income (net)	153	313	376	569	334
Interest	805	837	1,264	1,677	1,677
Exceptional item	41	6	-	-	-
PBT	1,667	1,952	3,311	3,850	4,396
PBT margin (%)	7.7	8.4	10.7	10.6	10.3
Tax	570	704	1,202	1,348	1,539
Effective tax rate (%)	34.2	36.1	36.3	35.0	35.0
Net profit	1,097	1,247	2,109	2,503	2,858
Minority interest	(1)	7	(11)	-	-
Adjusted net profit	1,096	1,254	2,098	2,503	2,858
Growth (%)	(8)	14	67	19	14
Net profit margin (%)	5.1	5.4	6.8	6.9	6.7

Source: Company, Nirmal Bang Institutional Equities Research

Exhibit 11: Balance sheet

Y/E March (Rsmn)	FY17	FY18	FY19E	FY20E	FY21E
Equity capital	467	467	467	627	627
Reserves & surplus	9,183	10,286	12,211	16,828	19,405
Net worth	9,650	10,754	12,678	17,455	20,032
Minority interest	405	8	2,521	2,521	2,521
Other liabilities	80	106	3,449	3,449	3,449
Total debt	7,301	6,614	10,333	10,333	10,333
Total liabilities	17,436	17,482	28,981	33,759	36,335
Net fixed assets	11,503	12,309	16,065	19,065	21,565
Intangible assets	4,569	4,550	12,782	12,782	12,782
Goodwill on consolidation	71	79	92	92	92
Long-term loans and advances	1,784	2,144	2,806	3,229	3,459
Deferred tax asset	433	156	116	116	116
Other non-current assets	6,914	6,821	14,502	14,746	14,878
Cash & bank balances	669	656	4,128	2,217	1,022
Current investment	10	11	11	2,511	2,511
Current assets	2,125	2,311	3,181	3,617	3,854
Current liabilities	6,071	7,005	11,921	11,834	11,163
Net current assets	(3,946)	(4,694)	(8,739)	(8,217)	(7,309)
Total assets	17,437	17,482	28,981	33,759	36,335

Source: Company, Nirmal Bang Institutional Equities Research

Exhibit 10: Cash flow

Y/E March (Rsmn)	FY17	FY18	FY19E	FY20E	FY21E
EBIT	2,221	2,481	4,199	4,959	5,739
(Inc./dec. in working capital)	1,700	748	4,045	(522)	(908)
Cash flow from operations	3,921	3,229	8,244	4,436	4,832
Other income	153	313	376	569	334
Depreciation & amortisation	1,384	1,491	1,834	1,941	2,495
Financial expenses	805	837	1,264	1,677	1,677
Tax paid	570	704	1,202	1,348	1,539
Dividends paid	113	93	169	225	281
Net cash from operations	3,971	3,399	7,819	3,696	4,164
Capital expenditure	3,108	2,060	4,143	6,776	6,436
Increase in other non-current assets	4,134	(9)	8,303	666	363
Net cash after capex	(3,272)	1,348	(4,627)	(3,746)	(2,635)
Inc./(dec.) in debt	1,560	(687)	3,719	-	-
(Inc./dec. in investments)	(2,420)	1	-	2,500	-
Equity Issuance	(29)	(50)	(16)	2,500	-
Cash from financial activities	3,952	(739)	(1,497)	(1,458)	(1,457)
Others	(7,066)	1,413	1,272	2,420	1,282
Opening cash balance	2,223	669	634	1,255	1,197
Closing cash balance	669	656	4,128	2,217	1,022
Change in cash balance	(1,554)	(13)	3,494	962	(175)

Source: Company, Nirmal Bang Institutional Equities Research

Exhibit 12: Key ratios

Y/E March (Rsmn)	FY17	FY18	FY19E	FY20E	FY21E
Per share (Rs)					
FDEPS	20.5	26.7	44.8	53.6	61.2
Dividend per share	2.0	2.0	3.0	4.0	5.0
Dividend yield (%)	0.1	0.1	0.2	0.2	0.3
Book value	206	230	271	374	429
Dividend payout ratio (incl. DT)	11.8	7.5	8.1	9.0	9.8
Return ratios (%)					
RoE	10.4	12.2	17.9	16.6	15.2
RoCE	14.2	15.2	18.5	15.8	16.4
RoIC	15.9	15.8	20.6	17.6	17.2
Turnover ratios					
Asset turnover	1.4	1.4	1.4	1.2	1.2
Debtor days	17	24	25	24	22
Working capital cycle days	(67)	(73)	(103)	(82)	(62)
Solvency ratios					
Net debt/equity	0.6	0.5	0.7	0.6	0.6
Net debt/EBITDA	1.5	1.2	1.5	1.6	1.5
Valuation ratios (x)					
P/E	82.0	63.0	37.5	31.4	27.5
P/BV	8.1	7.3	6.2	4.5	3.9
EV/EBITDA	23.3	21.0	14.5	13.0	11.0
EV/Sales	3.9	3.6	2.8	2.5	2.1
M-cap/Sales	3.6	3.4	2.5	2.2	1.8

Source: Company, Nirmal Bang Institutional Equities Research

Financials- Inox Leisure

Exhibit 13: Income statement

Y/E March (Rsmn)	FY17	FY18	FY19E	FY20E	FY21E
Net Sales	12,208	13,483	16,807	19,926	23,897
Growth (%)	5.3	10.4	24.7	18.6	19.9
Exhibition costs (distributor share)	3,454	3,673	4,285	4,978	5,906
Food & beverage costs	681	744	1,135	1,399	1,676
Employee benefit expenses	864	964	1,172	1,431	1,784
Property rent, conducting fees	2,123	2,039	2,491	2,962	3,485
CAM, power & fuel, R&M and other expenses	3,627	3,958	4,682	5,726	6,775
Total expenses	10,747	11,377	13,766	16,496	19,626
EBITDA	1,461	2,106	3,041	3,430	4,271
% of sales	12.0	15.6	18.1	17.2	17.9
Growth (%)	(23.1)	44.2	44.4	12.8	24.5
Depreciation & amortisation	854	867	975	1,371	1,678
EBIT	607	1,239	2,066	2,059	2,593
% of sales	5.0	9.2	12.3	10.3	10.9
Impairment loss on PPE	13	31	-	-	-
Other income (net)	91	145	125	143	112
Interest	253	289	249	238	278
Exceptional items	-	85.0	-	-	-
PBT	432	978	1,942	1,964	2,427
PBT margin (%)	3.5	7.3	11.6	9.9	10.2
Tax	141	367	677	687	850
Tax pertaining to earlier years	(16)	(537)	-	-	-
Effective tax rate (%)	32.5	37.5	34.8	35.0	35.0
Net profit	308	1,148	1,266	1,277	1,578
Growth (%)	(60.3)	273.2	10.2	0.9	23.6
Net profit margin (%)	2.5	8.5	7.5	6.4	6.6

Source: Company, Nirmal Bang Institutional Equities Research

Exhibit 15: Balance sheet

Y/E March (Rsmn)	FY17	FY18	FY19E	FY20E	FY21E
Equity capital	962	962	1,028	1,028	1,028
Reserves & surplus	4,890	6,061	8,927	10,203	11,781
Net worth	5,852	7,023	9,955	11,231	12,809
Interest in Inox Benefit Trust	(327)	(327)	(327)	(327)	(327)
Long-term borrowings	3,749	3,281	2,500	3,300	3,700
Deferred tax liabilities (net)	-	-	-	-	-
Other long-term liabilities	31	31	23	23	23
Long-term provisions	100	101	114	114	114
Total liabilities	9,405	10,109	12,265	14,342	16,319
Goodwill on consolidation	299	291	278	278	278
Net fixed assets	7,354	7,967	9,576	11,576	13,576
Long-term loans and advances	1,946	2,320	2,989	3,137	3,738
Long-term investments	12	12	7	7	7
Other non-current assets	776	827	929	929	929
Cash & cash equivalents	132	150	685	748	671
Total current assets	921	1,284	1,550	1,602	1,809
Total current liabilities	2,037	2,741	3,750	3,936	4,690
Net current assets	(1,116)	(1,457)	(2,199)	(2,334)	(2,880)
Total assets	9,403	10,109	12,265	14,342	16,319

Source: Company, Nirmal Bang Institutional Equities Research

Exhibit 14: Cash flow

Y/E March (Rsmn)	FY17	FY18	FY19E	FY20E	FY21E
EBIT	607	1,239	2,066	2,059	2,593
(Inc./dec. in working capital)	(92)	358	669	135	546
Cash flow from operations	515	1,596	2,735	2,194	3,139
Other income	91	145	125	143	112
Depreciation & amortisation	854	867	975	1,371	1,678
Financial expenses	253	289	249	238	278
Tax paid	141	367	677	687	850
Dividends paid	-	-	-	-	-
Net cash from operations	1,067	1,952	2,909	2,782	3,802
Capital expenditure	(2,146)	1,310	3,131	3,176	3,336
Net cash after capex	3,213	642	(222)	(394)	465
Inc./(dec.) in debt	1,580	(468)	(781)	800	400
(Inc./dec. in investments)	1	-	(5)	-	-
Equity Issuance	(691)	23	1,666	-	-
Cash from financial activities	890	(446)	881	800	400
Others	(4,243)	(178)	(123)	(343)	(942)
Opening cash balance	271	132	150	685	748
Closing cash balance	132	150	685	748	671
Change in cash balance	(139)	18	535	63	(77)

Source: Company, Nirmal Bang Institutional Equities Research

Exhibit 16: Key ratios

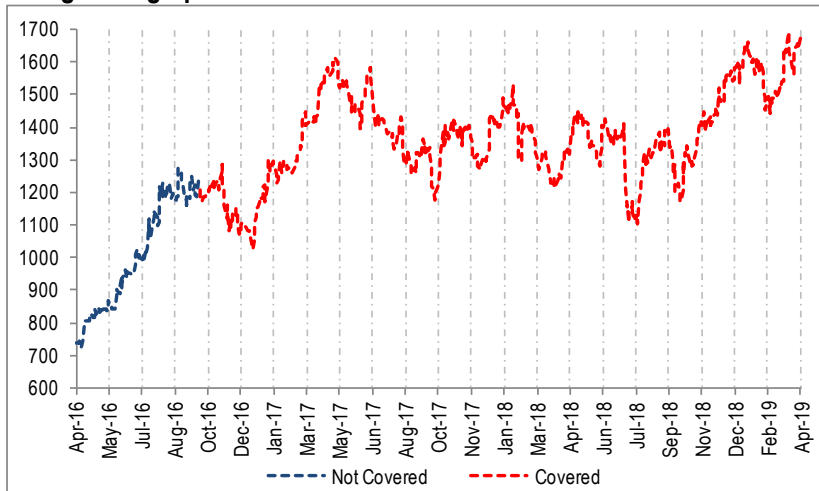
Y/E March (Rsmn)	FY17	FY18	FY19E	FY20E	FY21E
Per share (Rs)					
FDEPS	3.3	12.5	13.7	13.9	17.1
Dividend per share	-	-	-	-	-
Book value	60	73	104	118	135
Return ratios (%)					
RoE	5.4	18.8	15.5	12.4	13.5
RoCE	6.9	12.7	18.5	15.5	16.9
RoIC	7.1	13.0	19.3	16.4	17.8
Turnover ratios					
Asset turnover	1.3	1.3	1.4	1.4	1.5
Debtor days	14	21	22	20	20
Working capital cycle days	(33)	(39)	(48)	(43)	(44)
Solvency ratios					
Net debt/equity	0.6	0.4	0.2	0.2	0.2
Net debt/EBITDA	2.5	1.5	0.6	0.8	0.7
Valuation ratios (x)					
P/E	96	26	23	23	19
P/BV	5.3	4.4	3.1	2.7	2.4
EV/EBITDA	22.7	15.5	10.3	9.4	7.6
EV/Sales	2.7	2.4	1.9	1.6	1.4
M-cap/Sales	2.4	2.2	1.8	1.5	1.2

Source: Company, Nirmal Bang Institutional Equities Research

Rating track: PVR

Date	Rating	Market price (Rs)	Target price (Rs)
5 October 2016	Buy	1,235	1,416
1 November 2016	Buy	1,223	1,446
6 December 2016	Buy	1,069	1,275
6 February 2017	Accumulate	1,298	1,315
14 February 2017	Accumulate	1,298	1,433
22 May 2017	Accumulate	1,514	1,469
31 May 2017	Accumulate	1,448	1,494
27 July 2017	Accumulate	1,357	1,453
30 October 2017	Accumulate	1,420	1,458
1 February 2018	Accumulate	1,460	1,590
7 May 2018	Buy	1,425	1,776
27 July 2018	Buy	1,119	1,746
29 October 2018	Buy	1,296	1,785
28 January 2019	Buy	1,562	1,796
9 April 2019	Buy	1,681	2,005

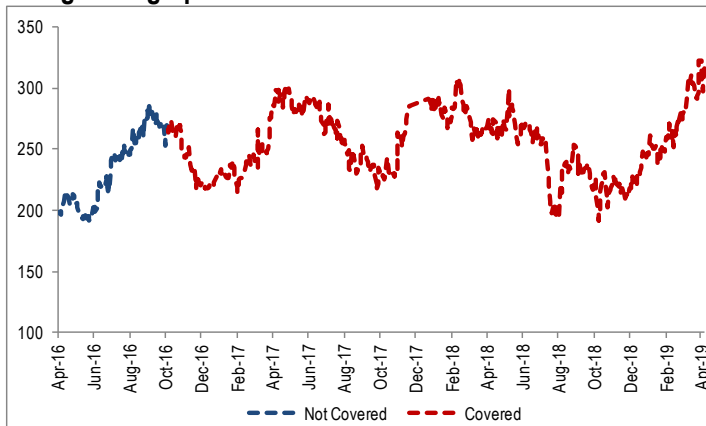
Rating track graph



Rating track: Inox Leisure

Date	Rating	Market price (Rs)	Target price (Rs)
5 October 2016	Buy	270	354
1 November 2016	Buy	250	347
6 December 2016	Buy	219	303
25 January 2017	Buy	239	320
14 February 2017	Buy	233	357
23 February 2017	Buy	238	340
29 March 2017	Buy	273	340
3 May 2017	Buy	293	348
22 May 2017	Buy	293	355
27 July 2017	Buy	261	331
1 November 2017	Buy	245	336
22 November 2017	Buy	285	336
30 January 2018	Buy	274	362
8 May 2018	Buy	282	376
25 July 2018	Buy	198	364
23 October 2018	Buy	217	358
6 February 2019	Buy	269	380
25 February 2019	Buy	282	382
9 April 2019	Buy	320	413

Rating track graph



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SELL < -5%

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Team Details:			
Name		Email Id	Direct Line
Rahul Arora	CEO	rahul.arora@nirmalbang.com	-
Girish Pai	Head of Research	girish.pai@nirmalbang.com	+91 22 6273 8017 / 18
Dealing			
Ravi Jagtiani	Dealing Desk	ravi.jagtiani@nirmalbang.com	+91 22 6273 8230, +91 22 6636 8833
Pradeep Kasat	Dealing Desk	pradeep.kasat@nirmalbang.com	+91 22 6273 8100/8101, +91 22 6636 8831
Michael Pillai	Dealing Desk	michael.pillai@nirmalbang.com	+91 22 6273 8102/8103, +91 22 6636 8830

Nirmal Bang Equities Pvt. Ltd.

Correspondence Address

B-2, 301/302, Marathon Innova,
 Nr. Peninsula Corporate Park,
 Lower Parel (W), Mumbai-400013.

Board No. : 91 22 6273 8000/1; Fax. : 022 6273 8010