

Inox Leisure

24 October 2019

Reuters: INOL.BO; Bloomberg: INOL IN

Content and F&B drive growth; Ad growth disappoints

Inox Leisure (INOL) has delivered better-than-expected 2QFY20 results, driven by the revenue streams of net box office and F&B revenues which were up 51%/48% YoY, respectively. Revenue/EBITDA/PAT grew by 42%/130%/326%, respectively while our expectation was for growth of 39%/100%/278%, respectively, adjusted for IndAS116. The stellar set of numbers are a result of (1) Increased footfalls-39% up YoY, leading to 500bps higher occupancy YoY, driven by strong and evenly distributed content (2) Increased F&B revenues (3) 12% higher number of screens YoY. Top 5 movies – ‘Mission Mangal’, ‘The Lion King’, ‘Super 30’, ‘Chhichhore’ and ‘Saaho’ delivered 46% of gross box office revenue versus 47% in the base quarter YoY. We believe the exhibitors are using their oligopolistic heft to evenly distribute the content temporally, leading to a better distribution of footfalls for top-5 movies, unlike in the past when it would be concentrated on one or two movies. The only laggard seemed to be the advertisement revenue, growing by 5% YoY. Given the subdued economic environment, there was a slowdown in ad spend from the B2B clients who had also used up a fair bit of the budget during the ICC Cricket world-cup in 1QFY20. In fact, the ad revenue/screen declined by ~4% YoY. There has been an industry-wide slowdown in ad revenue. Inox’s peer - PVR - has been able to grow its ad revenue only at a slightly better rate on a standalone basis – 8%-9% in the quarter. The sharp growth in F&B revenue made up for the fall in ad revenue. The pick-up was due to momentum in both value and volume as the SPH too grew by 7% YoY. The ATP remained flat growing by 0.4%. However, footfalls will keep the business in good stead with 3QFY20 starting well with ‘War’ and ‘Joker’ in October 2019. Inox maintained that there are no issues regarding the delivery of screens and properties from the real estate partners because of slowdown in the industry and tighter liquidity conditions. The rationale put forth by INOL is that most developers that it deals with are financially strong and they should not face any problems in completing projects on time. The fewer addition of screens in 2QFY20 is a result of licenses not falling in place while most properties are ready. Post 2QFY20, we have tweaked our numbers up slightly. The higher EPS is mainly due to higher ‘other income’. We have maintained Buy rating on INOL with a September 2021 target price (TP) of Rs450 (up 28% from the CMP). The TP is based on target EV/EBITDA multiple of 10x (20% discount to 12.5x that we plan to assign rival PVR) on March 2021E EBITDA. We continue to hold the view that the large valuation gap between INOL and PVR will narrow as the former tries to address problems connected with its ad and F&B revenue weakness (see our report [here](#)). PVR’s Gross ATP/Gross SPH/Ad revenue per screen are 10%/22%/50%, respectively, higher than that of INOL on FY19 basis.

Slowdown in ad revenue: The ad revenue grew 5% YoY in 2QFY20 vs 18% in 1QFY20. The ad revenue/screen stood at Rs2.7mn in 2QFY20 vs Rs 2.8mn in 2QFY19. There has been tightening of spend from the Automobile, Real Estate, Banking & Financial Services and government customers. The slowdown has come mostly in volume as Inox has not compromised much on the pricing front, according to management. Management believes that this slowdown in growth is a blip and expects the ad revenue to pick up in 2HFY20 as there has been some recovery in 3QFY20 as well. Overall, the ad revenue growth is expected to reach double digit in FY20.

BUY

Sector: Film Exhibition

CMP: Rs353

Target price: Rs450

Upside: 28%

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Key Data

Current Shares O/S (mn)	102.9
Mkt Cap (Rsbn/US\$mn)	36.3/511.8
52 Wk H / L (Rs)	383/200
Daily Vol. (3M NSE Avg.)	251,469

Price Performance (%)

	1 M	6 M	1 Yr
Inox Leisure	5.8	11.8	69.5
Nifty Index	0.1	0.3	14.5

Source: Bloomberg

Y/E March (Rsmn)	2QFY19	1QFY20	2QFY20 (Adj. for IndAS)	2QFY20 (With IndAS)	YoY (%)	QoQ (%)	2QFY20E	Var (%)
Net revenue	3,653	4,930	5,200	5,200	42.3	5.5	5,078	2.4
Film Exhibition Cost	951	1,299	1,391	1,391	46.3	7.1	1,329	4.7
Cost of food & beverages consumed	253	333	345	345	36.5	3.8	362	(4.7)
Employee benefit expenses	279	351	373	373	33.9	6.4	347	7.6
Other expenses	1,722	2,061	2,060	1,412	19.6	(0.0)	2,141	(3.8)
Total expenditure	3,205	4,043	4,170	3,522	30.1	3.1	4,179	(0.2)
EBITDA	448	887	1,030	1,678	129.7	16.1	899	14.5
EBITDAM (%)	12.3	18.0	19.8	32.3	-	-	17.7	-
Depreciation & Amortisation	234	259	268	645	14.4	3.4	284	(5.9)
Interest costs	68	26	25	542	(63.4)	(5.0)	37	(32.3)
Other income	38	31	44	44	17.0	41.9	5	851.0
PBT	184	633	781	535	324.1	23.4	583	34.1
Tax	64	221	269	183	319.8	21.8	128	110.0
Net profit	120	412	512	352	326.3	24.3	454	12.7
NPM (%)	3.3	8.4	9.8	6.8	-	-	8.9	-
EPS (Rs)	1.3	4.2	5.2	3.6	296.9	24.3	4.6	12.7

Source: Company, Nirmal Bang Institutional Equities Research

Exhibit 1: Key financials

Y/E March (Rsmn)	FY18	FY19	FY20E	FY21E	FY22E
Revenues (Rsmn)	13,483	16,922	20,632	23,300	26,831
YoY (%)	10.4	25.5	21.9	12.9	15.2
EBITDA	2,106	3,091	3,773	4,023	4,795
EBITDA (%)	15.6	18.3	18.3	17.3	17.9
PAT	1,148	1,335	1,814	1,828	2,124
YoY (%)	273.2	16.3	35.9	0.8	16.2
FDEPS (Rs)	12.5	14.5	19.7	19.8	23.0
RoE (%)	18.8	16.3	21.1	21.8	21.0
RoCE (%)	12.7	20.1	26.8	26.7	26.7
RoIC (%)	13.0	20.5	28.6	29.9	28.8
P/E(x)	28.3	24.4	17.9	17.8	15.3
P/BV (x)	4.9	3.4	4.3	3.5	2.9
EV/EBTDA	16.9	10.9	8.7	8.3	7.0

Source: Company, Nirmal Bang Institutional Equities Research

Exhibit 2: Change in our earnings estimates

Y/E March (Rsmn)	New			Old			Deviation (%)		
	FY20E	FY21E	FY22E	FY20E	FY21E	FY22E	FY20E	FY21E	FY22E
Revenue	20,632	23,300	26,831	20,173	23,246	26,766	2.3	0.2	0.2
EBITDA	3,773	4,023	4,795	3,497	3,959	4,716	7.9	1.6	1.7
EBITDA Margin (%)	18.3	17.3	17.9	17.3	17.0	17.6	-	-	-
PAT	1814	1828	2124	1507	1598	1928	20.4	14.4	10.1
FDEPS (Rs)	19.7	19.8	23.0	16.4	17.3	20.9	20.4	14.4	10.1

Source: Nirmal Bang Institutional Equities Research

Exhibit 3: Change in operational assumptions

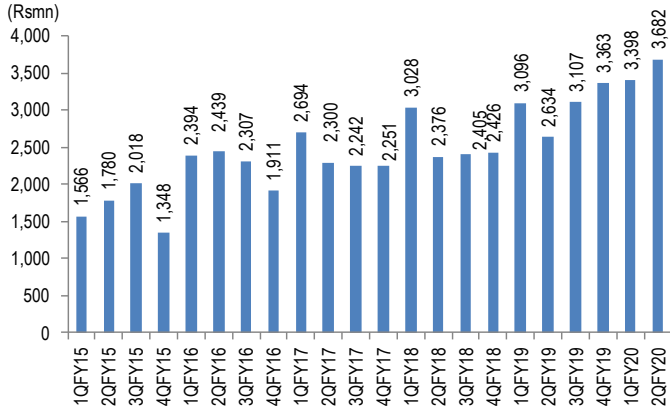
Parameter	Actuals				New			Old		
	FY16 A	FY17 A	FY18A	FY19A	FY20E	FY21E	FY22E	FY20E	FY20E	FY22E
Number of Screens (YE)	420	468	492	574	642	722	802	641	721	801
Growth (%)	12.9	11.4	5.1	16.7	11.8	12.5	11.1	11.7	12.5	11.1
Number of screens added	48	48	24	82	68	80	80	67	80	80
Footfalls (mn)	53	53.8	53.3	62.6	73.2	77.8	84.1	70.2	76.1	82.3
Growth (%)	29.9	0.8	-0.9	17.4	16.9	6.3	8.2	12.2	8.3	8.2
Occupancy Rate (%)	29.0	27.5	26.5	28.0	29.0	26.9	26.0	28.3	26.9	26.0
Gross ATP	170	176	192	195	196	204	212	203	211	219
Growth (%)	3.7	3.7	8.9	1.5	0.5	4.0	4.0	4.0	4.0	4.0
Net ATP	137	139	150	156	162	167	174	168	173	180
Growth (%)	2.4	1.5	8.2	3.6	4.2	2.9	4.0	7.4	3.2	4.0
Gross SPH	58	62	66	73	79	85	91	79	85	91
Growth (%)	5.5	6.9	6.5	10.7	7.8	7.7	7.0	7.9	7.3	7.0
Net SPH	50	53	57	70	75	81	86	75	81	86
Growth (%)	7.1	6.1	8.8	21.2	7.8	7.7	7.0	7.9	7.3	7.0
Advertisement Revenue per screen	2.46	2.2	2.9	3.3	3.2	3.5	3.9	3.0	3.4	3.8
Growth (%)	(1.6)	-11.9	33.7	14.4	-3.1	10.0	10.0	-9.3	14.8	10.0

Source: Nirmal Bang Institutional Equities Research

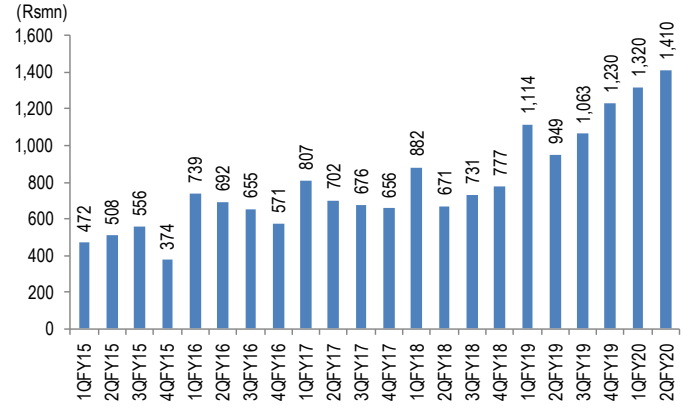
We are positive on the film exhibition sector (see sector report: [Indian Film Exhibition Sector- Oligopolistic Business In Its Infancy](#)). We believe that: (1) Indian multiplex industry is an oligopoly (top four players control ~70% of screens) and will remain so as entry barriers are quite formidable 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 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) to 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 lately the content has been less star-driven and more based on good story lines which we may be a structural shift happening in the industry for the better.

Takeaways from 2QFY20 results and analyst call

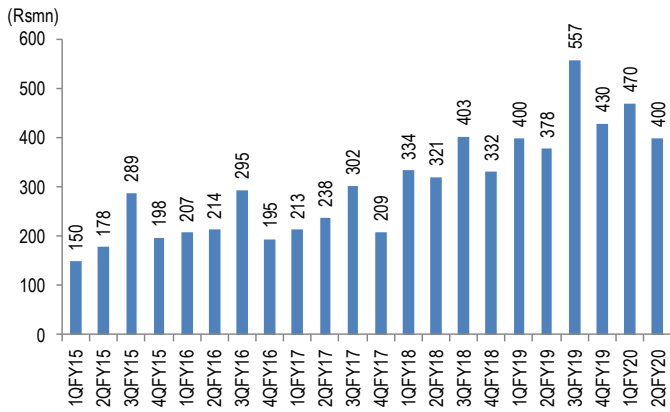
- **Strong screen opening post FY20:** INOL is planning to open 914 screens across 136 properties post FY20 based on agreements already signed. As per INOL, these agreements are signed with reputed players and there won't be much delay in delivery of properties due to any kind of slowdown. After opening of the megaplex in Mumbai, the next upcoming megaplex will be located in Lucknow. For FY20 however Inox is planning to open 44 screens in 2HFY20 after opening 27 screens in 1HFY20. This is in line with what we gathered in our recent meeting with the management (see our note [Inox Leisure - Management Meet Update- Content to drive a second record year despite weak advertising](#))
- **Capex guidance:** INOL is planning to spend Rs2500mn in FY20, out of which ~Rs100mn has been spent in 1HFY20 and the remaining Rs1500mn will be spent in 2HFY20.
- Top 5 movies in terms of GBOC viz. – 'Mission Mangal', 'The Lion King', 'Super 30', 'Chhichhore' and 'Saaho' accounted for ~46% of total GBOC against ~47% in 2QFY19. 'Mission Mangal' was the highest grosser. The film distributors' share decreased to 43.5% of NBOC in 2QFY20 from 44.7% in 2QFY19 as the movies were in the theaters a little longer leading to the distributors share going down.
- SPH growth was driven by having more POS (point of sales), innovative marketing, sales mix and having more food SKUs on the menu and rotating the food menu to prevent fatigue.
- INOL has ~52 premium screens out of the total 598 screens. Going forward, it is planning to keep the premium screens ratio same.
- Currently, the company is having a tax rate of ~35%. The new taxation regime would be evaluated for adoption after 2 quarters. The company is currently carrying some MAT credit.
- Inox is working on building a loyalty programme, details of which were not disclosed.
- The refurbishment cycle for the properties remains the same i.e. ~4-5 years and the amount spent on refurbishment changes from property to property and is dependent on the plans of the company for that property.
- Because it sees itself to be a FCF generating company from here on, INOL has given out its maiden dividend in its history by instituting an interim dividend of Rs1 per share. We think this practice could continue in the medium term.

Exhibit 4: Gross box office revenues


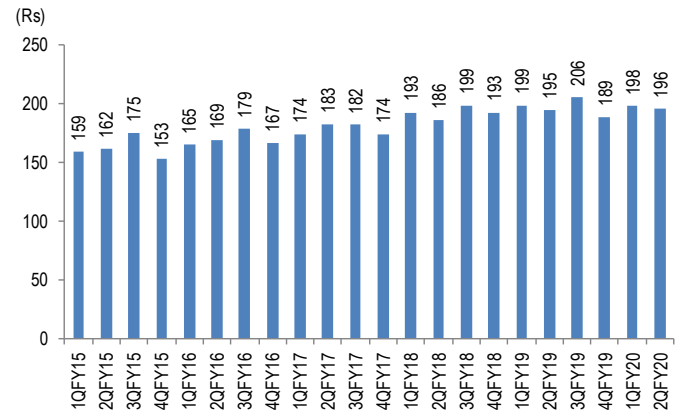
Source: Company, Nirmal Bang Institutional Equities Research

Exhibit 5: Food & beverage revenues


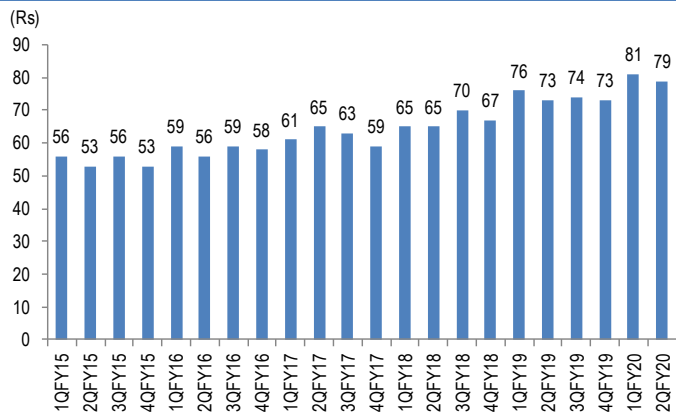
Source: Company, Nirmal Bang Institutional Equities Research

Exhibit 6: Advertisement revenues


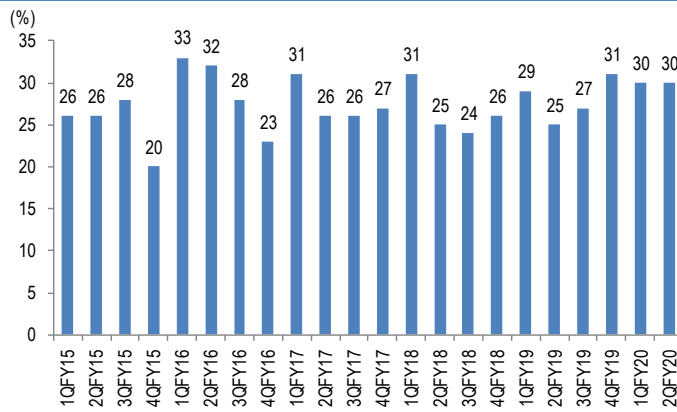
Source: Company, Nirmal Bang Institutional Equities Research

Exhibit 7: Gross average ticket price


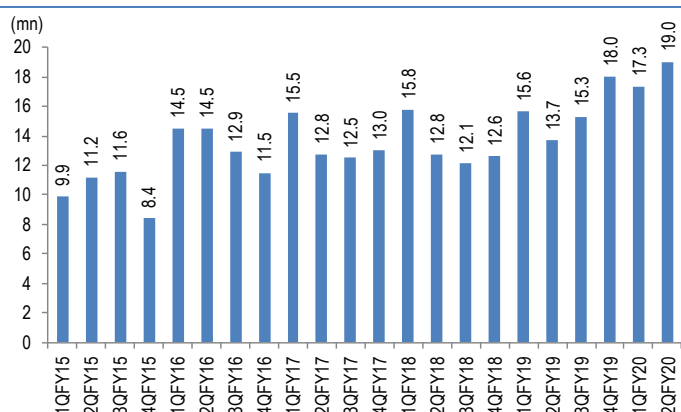
Source: Company, Nirmal Bang Institutional Equities Research

Exhibit 8: Gross spending per head


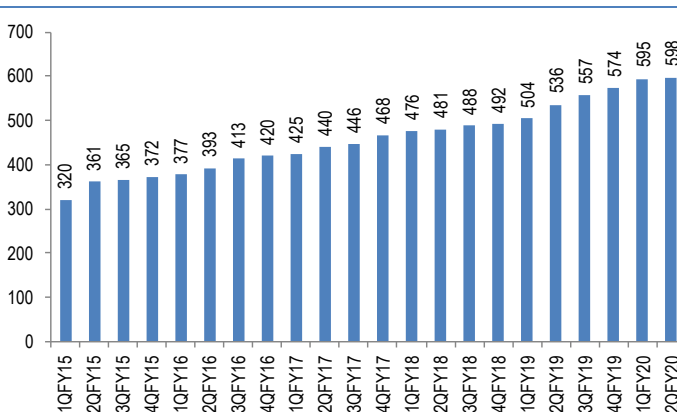
Source: Company, Nirmal Bang Institutional Equities Research

Exhibit 9: Occupancy rate


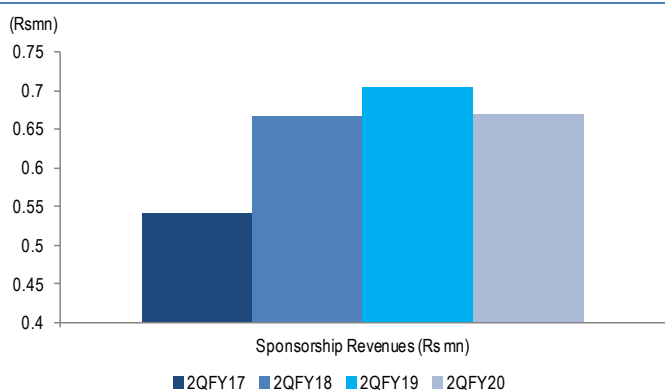
Source: Company, Nirmal Bang Institutional Equities Research

Exhibit 10: Footfall


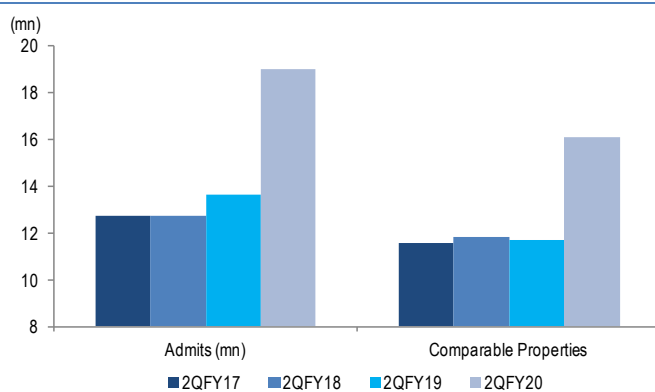
Source: Company, Nirmal Bang Institutional Equities Research

Exhibit 11: Number of screens


Source: Company, Nirmal Bang Institutional Equities Research

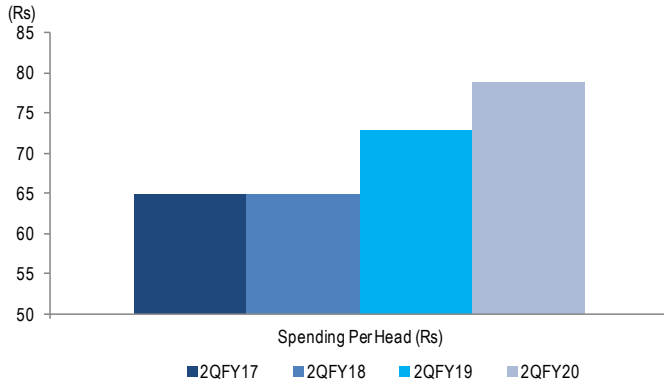
Exhibit 12: Sponsorship revenues


Source: Company, Nirmal Bang Institutional Equities Research

Exhibit 13: Admits (mn)


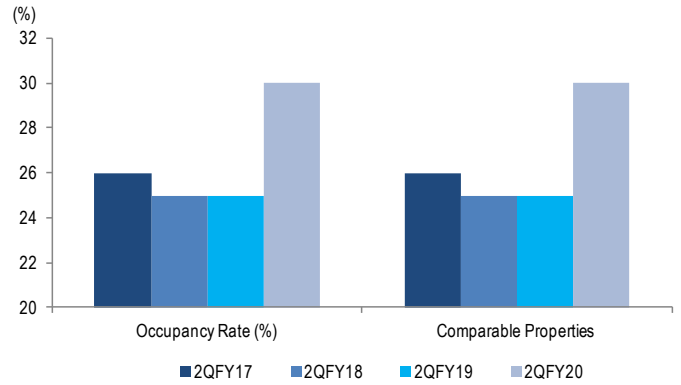
Source: Company, Nirmal Bang Institutional Equities Research

Exhibit 14: Spending per head



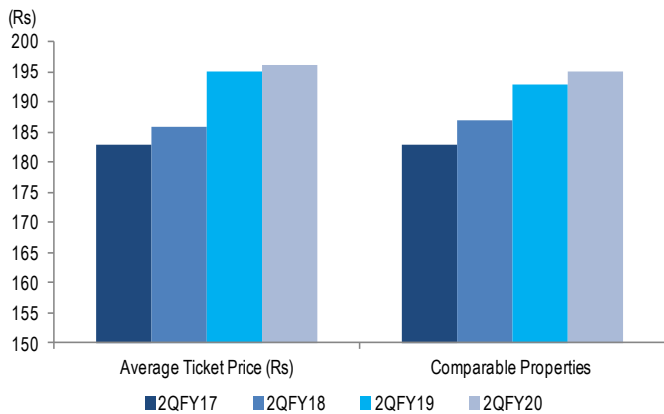
Source: Company, Nirmal Bang Institutional Equities Research

Exhibit 15: Occupancy rate



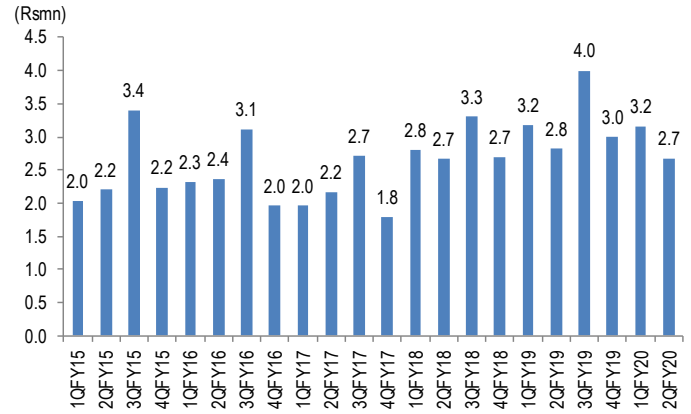
Source: Company, Nirmal Bang Institutional Equities Research

Exhibit 16: Average ticket price



Source: Company, Nirmal Bang Institutional Equities Research

Exhibit 17: Advertisement revenues per screen



Source: Company, Nirmal Bang Institutional Equities Research

Exhibit 18: EV-EBITDA chart



Source: Company, Nirmal Bang Institutional Equities Research

Exhibit 19: Content pipeline for the rest of FY20 and beyond



Housefull 4
Release Date: 25th October 2019
Cast: Akshay Kumar, Riteish Deshmukh, Bobby Deol
Director: Farhad Samji
Banner: Nadiadwala Grandson Entertainment Fox Star Studios



Terminator: Dark Fate
Release Date: 1st November 2019
Cast: Mackenzie Davis, Arnold Schwarzenegger, Linda Hamilton
Director: Tim Miller
Banner: Paramount Pictures, Twentieth Century Fox, Skydance Media



Bala
Release Date: 7th November 2019
Cast: Ayushmann Khurrana, Bhumi Pednekar
Director: Amar Kaushik
Banner: Jio Studios, Maddock Films



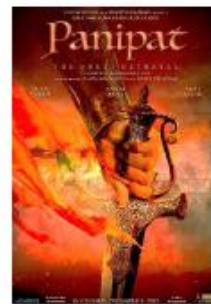
Marjaavaan
Release Date: 15th November 2019
Cast: Sidharth Malhotra, Riteish Deshmukh
Director: Milap Zaveri
Banner: T-Series Super Cassettes Industries Ltd., Emmy Entertainment Pvt. Ltd



Pagalpanti
Release Date: 22nd November 2019
Cast: John Abraham, Ileana D'Cruz
Director: Anees Bazmee
Banner: Panorama Studios, T-Series Super Cassettes Industries Ltd



Frozen 2
Release Date: 22nd November 2019
Cast: Kristen Bell, Evan Rachel Wood, Jonathan Groff
Director: Chris Buck, Jennifer Lee
Banner: Walt Disney Animation Studios, Walt Disney Pictures



Panipat
Release Date: 6th December 2019
Cast: Arjun Kapoor, Sanjay Dutt, Kriti Sanon
Director: Ashutosh Gowariker
Banner: Ashutosh Gowariker Productions, Vision World



Pati Patni Aur Woh
Release Date: 6th December 2019
Cast: Kartik Aaryan, Bhumi Pednekar, Ananya Panday
Director: Mudassar Aziz
Banner: T-Series Super Cassettes Industries Ltd.



Jumanji – The Next Level
Release Date: 13th December 2019
Cast: Dwayne Johnson, Karen Gillan, Madison Iseman
Director: Hartbeat Productions, Matt Tolmach Productions, Seven Bucks Productions



Mardaani 2
Release Date: 13th December 2019
Cast: Rani Mukerji
Director: Gopi Puthran
Banner: Yash Raj Films



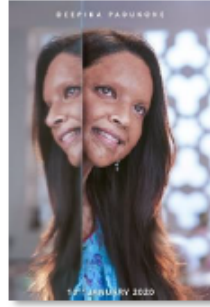
Dabangg 3
Release Date: 20th December 2019
Cast: Salman Khan, Sonakshi Sinha
Director: Prabhu Deva
Banner: Arbaaz Khan Productions, Salman Khan Films, Saffron Broadcast

Good Newwz
Release Date: 27th December 2019
Cast: Akshay Kumar, Kareena Kapoor Khan
Director: Raj Mehta
Banner: Dharma Productions, Zee Studios



Tanhaji – The Unsung Warrior

Release Date:
10th January 2020
Cast: Ajay Devgn
Director: Om Raut
Banner: Ajay Devgn FFilms



Chhapaak

Release Date:
10th January 2020
Cast: Deepika Padukone,
Vikrant Massey
Director: Meghna Gulzar
Banner: Fox Star Studios

Darbar

Release Date:
10th January 2020
Cast: Rajinikanth,
Nayanthara
Director: A. R. Murugadoss
Banner: Lyca Productions



Street Dancer 3D

Release Date:
24th January 2020
Cast: Varun Dhawan,
Shraddha Kapoor
Director: Remo Dsouza
Banner: T-Series Super
Cassettes Industries Ltd.,
Remo D'Souza Entertainment

Panga

Release Date:
26th January 2020
Cast: Kangana Ranaut, Richa
Chadda
Director: Ashwiny Iyer
Tiwari
Banner: Fox Star Studios

Turram Khan

Release Date:
31st January 2020
Cast: Rajkummar Rao,
Nushrat Bharucha
Director: Hansal Mehta
Banner: Ajay Devgn FFilms,
Luv Films

Malang

Release Date:
14th February 2020
Cast: Aditya Roy Kapur,
Disha Patani
Director: Mohit Suri
Banner: Luv Films,
Northern Lights
Entertainment, T-Series

Love Aaj Kal 2

Release Date:
14th February 2020
Cast: Kartik Aaryan, Sara
Ali Khan
Director: Imtiaz Ali
Banner: Maddock Films,
Reliance Entertainment



The King's Man

Release Date:
14th February 2020
Cast: Gemma Arterton,
Matthew Goode, Aaron
Taylor-Johnson
Director: Matthew Vaughn
Banner: 20th Century Fox
Film Corporation, Marv Films

Chehre

Release Date:
21st February 2020
Cast: Amitabh Bachchan,
Emraan Hashmi
Director: Rumi Jaffrey
Banner: Anand Pandit Motion
Pictures, Saraswati
Entertainment Private Limited



BHOOT: Part One – The Haunted Ship

Release Date:
21st February 2020
Cast: Vicky Kaushal, Bhumi
Pednekar
Director: Bhanu Pratap
Singh
Banner: Dharma
Productions, Zee Studios

Anurag Basu's Next

Release Date:
21st February 2020
Cast: Fatima Sana Shaikh,
Rajkummar Rao
Director: Anurag Basu
Banner: T-Series Super
Cassettes Industries Ltd.

Financials (Ex-IndAS116 for P&L and for other relevant parts of the Financials)

Exhibit 20: Income statement

Y/E March (Rsmn)	FY18	FY19	FY20E	FY21E	FY22E
Net Sales	13,483	16,922	20,632	23,300	26,831
Growth (%)	10.4	25.5	21.9	12.9	15.2
Exhibition Cost (Distributor Share)	3,673	4,442	5,308	5,759	6,478
Food & Beverages Cost	744	1,125	1,424	1,697	1,964
Employee Benefits Expense	964	1,152	1,493	1,746	2,012
Property Rent, Conducting Fees	2,039	2,494	3,278	3,410	3,962
CAM, Power & Fuel, R&M and Other	3,958	4,618	5,357	6,665	7,620
Total Expenses	11,377	13,831	16,859	19,276	22,036
EBITDA	2,106	3,091	3,773	4,023	4,795
% of sales	15.6	18.3	18.3	17.3	17.9
Growth (%)	44.2	46.8	22.0	6.6	19.2
Depreciation & Amortization	867	963	1,096	1,379	1,641
EBIT	1,239	2,129	2,677	2,645	3,154
% of sales	9.2	12.6	13.0	11.4	11.8
Impairment Loss on PPE	31	-	-	-	-
Other income (net)	145	149	176	214	171
Interest	289	237	90	89	107
Exceptional Items	85.0	50.0	-	-	-
PBT	978	1,991	2,763	2,770	3,218
PBT margin (%)	7.3	11.8	13.4	11.9	12.0
Tax	367	655	949	942	1,094
Tax pertaining to earlier years	(537)				
Effective tax rate (%)	37.5	32.9	34.3	34.0	34.0
Net profit	1,148	1,335	1,814	1,828	2,124
Growth (%)	273.2	16.3	35.9	0.8	16.2
Net profit margin (%)	8.5	7.9	8.8	7.8	7.9

Source: Company, Nirmal Bang Institutional Equities Research,

Exhibit 22: Balance sheet

Y/E March (Rsmn)	FY18	FY19	FY20E	FY21E	FY22E
Equity capital	962	1,026	1,026	1,026	1,026
Reserves & surplus	6,061	8,939	6,882	8,473	10,360
Net worth	7,023	9,965	7,908	9,500	11,387
Interest in Inox Benefit Trust	(327)	(327)	(327)	(327)	(327)
Long term borrowings	3,281	1,240	1,081	1,481	1,481
Deferred Tax Liabilities (Net)	-	-	-	-	-
Other Long-term liabilities	31	90	70	70	70
Lease Liabilities			23,763	23,763	23,763
Long term provisions	101	127	162	162	162
Total liabilities	10,109	11,095	32,657	34,649	36,536
Goodwill on consolidation	291	286	270	270	270
Net Fixed Assets	7,967	9,576	10,871	12,871	14,871
Long term loans and advances	2,320	2,369	3,112	3,482	4,094
Long-term investments	12	6	2	2	2
Other non-current assets	827	1,039	990	990	990
Cash & cash equivalents	150	137	940	848	596
Right of use Assets			18,215	18,215	18,215
Total Current assets	1,284	1,375	1,399	1,486	1,631
Total current liabilities	2,741	3,693	3,141	3,515	4,132
Net current assets	(1,457)	(2,318)	(1,742)	(2,029)	(2,501)
Total assets	10,109	11,095	32,657	34,649	36,536

Source: Company, Nirmal Bang Institutional Equities Research

Exhibit 21: Cash flow

Y/E March (Rsmn)	FY18	FY19	FY20E	FY21E	FY22E
EBIT	1,239	2,129	2,677	2,645	3,154
(Inc./dec. in working capital)	358	743	(421)	286	472
Cash flow from operations	1,596	2,872	2,256	2,931	3,626
Other income	145	149	176	214	171
Depreciation & amortisation	867	963	1,096	1,379	1,641
Financial expenses	289	237	90	89	107
Tax paid	367	655	949	942	1,094
Dividends paid	0	0	237	237	237
Net cash from operations	1,952	3,091	2,252	3,256	4,000
Capital expenditure	1,485	2,349	2,639	3,067	3,147
Net cash after capex	467	742	(387)	189	853
Inc./dec. in debt	(468)	(2,041)	(159)	400	0
(Inc./dec. in investments)	(0)	(6)	(4)	0	0
Equity Issuance	23	1,607	(3,871)	(237)	(237)
Cash from financial activities	(446)	(440)	(4,034)	163	(237)
Others	(3)	(316)	5,224	(445)	(868)
Opening cash	132	150	137	940	848
Closing cash	150	137	940	848	596
Change in cash	18	(13)	803	(92)	(252)

Source: Company, Nirmal Bang Institutional Equities Research

Exhibit 23: Key ratios

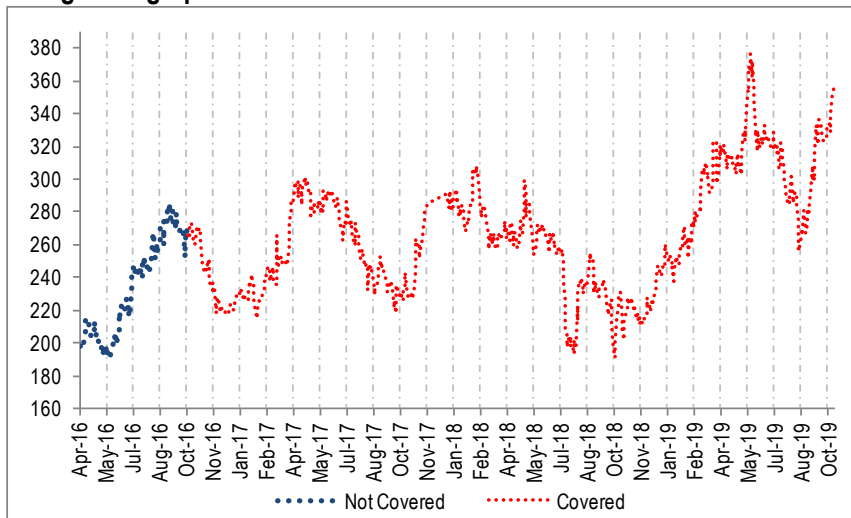
Y/E March	FY18	FY19	FY20E	FY21E	FY22E
Per Share (Rs)					
FDEPS	12.5	14.5	19.7	19.8	23.0
Dividend Per Share	0.0	0.0	2.0	2.0	2.0
Book Value	73	105	82	100	120
Return ratios (%)					
RoE	18.8	16.3	21.1	21.8	21.0
RoCE	12.7	20.1	26.8	26.7	26.7
ROIC	13.0	20.5	28.6	29.9	28.8
Turnover Ratios					
Asset Turnover Ratio	1.3	1.5	0.6	0.7	0.7
Debtor Days	21	19	13	13	13
Working Capital Cycle Days	(39)	(50)	(31)	(32)	(34)
Solvency Ratios					
Net Debt/Equity	0.4	0.1	0.0	0.1	0.1
Net Debt/EBITDA	1.5	0.4	0.1	0.2	0.2
Valuation ratios (x)					
PER	28	24	18	18	15
P/BV	4.9	3.4	4.3	3.5	2.9
EV/EBTDA	16.9	10.9	8.7	8.3	7.0
EV/Sales	2.6	2.0	1.6	1.4	1.2
M-cap/Sales	2.4	1.9	1.6	1.4	1.2

Source: Company, Nirmal Bang Institutional Equities Research

Rating track

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
14 May 2019	Buy	311	416
4 June 2019	Buy	363	416
5 August 2019	Buy	291	413
16 September 2019	Buy	295	432
24 October 2019	Buy	353	450

Rating track graph



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ACCUMULATE -5% to 15%

SELL < -5%

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