

## Inox Leisure

Refer to important disclosures at the end of this report

## Wait and watch

CMP: Rs 254

as of (June 9, 2020)

TP: Rs 235 (■)

12 months

Rating: HOLD (■)

Upside: (7.6) %

We appreciate your support in the [Asiamoney Brokers Poll 2020](#)

- Inox reported better operating performance compared to PVR, with EBITDA rising 13% yoy, above our projections. Ticket sales also declined, but still better than PVR, owing to a 7% increase in ATP.
- F&B margins contracted 346bps sequentially, partially impacted by one-time inventory write-off. Management remains confident about rent waive-off during the lockdown and lower payout in subsequent quarters or till the business normalizes.
- Management plans to open 41 screens with a capex outlay of ~Rs300mn as 85% of the work has been completed for these screens. We estimate 30 screen additions in FY21. We expects footfalls to normalize from Q4FY20, starting with big-ticket releases from Q3.
- Opening of cinemas in India and globally, with movie releases and occupancy, would be vital for the stock price. We maintain a Hold rating while ascribing 9x on FY22E EBITDA (IND-AS adj.) to arrive at a TP of Rs235. We remain EW in sector EAP.

## Bottom line impacted by tax re-assessment

Net revenue of Rs3.7bn was down 28% sequentially, marginally above our estimates. The bottom line put a dampener on performance, registering a loss of Rs822mn, primarily on account of re-measurement of deferred tax assets. Advertisement revenue declined 19% yoy. The company continued to rationalize costs, with total expenditure declining 31% yoy on the back of a significant reduction in other opex. Footfalls fell 29% yoy, impacted by the closure of cinema halls in March and weak content performance, with Bollywood box office collections falling by 24% yoy.

## Outlook

Inox has been focusing on cost rationalization for the last few quarters, which has benefitted in such tough times. Further, the company has cut its fixed expenses substantially and now, the same tracks at Rs160-180mn per month. The company has showcased its ability to keep a tight leash on cost, which shall restrict the net loss in the near term. Although the prospects of cinema opening in the near term are high, there is uncertainty around movie releases and occupancy trends. Inox's balance sheet provides some comfort, especially in terms of liquidity (in the process of raising Rs750mn in debt). Going forward, agreements with mall owners on rental costs and revenue sharing will be watched out for. Risks to our call include: 1) better than estimated footfalls, 2) a significant rise in Covid-19 cases leading another lockdown for public places, and 3) an adverse outcome of incremental rental agreements.

Please see our sector model portfolio (Emkay Alpha Portfolio): [Media & Entertainment \(Page 10\)](#)

## Financial Snapshot (Consolidated)

(Rs mn)	FY19	FY20	FY21E	FY22E	FY23E
Revenue	16,922	18,974	8,362	20,180	22,742
EBITDA	3,092	5,969	1,080	6,154	6,848
EBITDA Margin (%)	18.3	31.5	12.9	30.5	30.1
APAT	1,393	149	(2,647)	222	575
EPS (Rs)	13.6	1.5	(25.8)	2.2	5.6
EPS (% chg)	79.4	(89.3)	(1,872.0)	0.0	159.1
ROE (%)	17.1	1.9	(40.4)	3.2	8.0
P/E (x)	18.7	174.7	(9.9)	117.6	45.4
EV/EBITDA (x)	8.8	9.0	51.0	9.0	8.3
P/BV (x)	2.7	4.2	3.8	3.7	3.5

Source: Company, Emkay Research



## Change in Estimates

EPS Chg FY21E/FY22E (%)	-12/-51
Target Price change (%)	-
Target Period (Months)	12
Previous Reco	HOLD

## Emkay vs Consensus

EPS Estimates		
	FY21E	FY22E
Emkay	(25.8)	2.2
Consensus	2.3	15.3
Mean Consensus TP (12M)	Rs 345	

## Stock Details

Bloomberg Code	INOL IN
Face Value (Rs)	10
Shares outstanding (mn)	103
52 Week H/L	512 / 158
M Cap (Rs bn/USD bn)	26 / 0.35
Daily Avg Volume (nos.)	9,01,413
Daily Avg Turnover (US\$ mn)	2.8

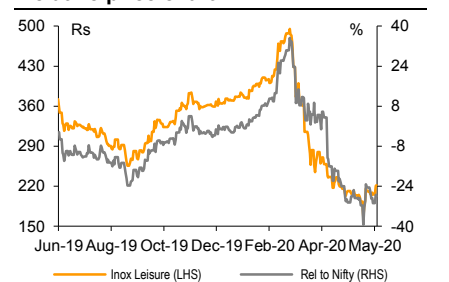
## Shareholding Pattern Mar '20

Promoters	51.9%
FIIs	9.3%
DIIIs	23.3%
Public and Others	15.5%

## Price Performance

(%)	1M	3M	6M	12M
Absolute	25	(30)	(30)	(27)
Rel. to Nifty	15	(27)	(17)	(14)

## Relative price chart



Source: Bloomberg

This report is solely produced by Emkay Global. The following person(s) are responsible for the production of the recommendation:

## Naval Seth

naval.seth@emkayglobal.com

+91 22 6624 2414

## Sonali Shah

sonali.shah@emkayglobal.com

+91 22 6624 2482

**Exhibit 1: Actual vs. Estimates (Q4FY20)**

Rs mn	Actual	Estimates		% variation		Comment
		Emkay	Consensus	Emkay	Consensus	
Revenue	3,716	3,650	3,895	2%	-5%	
EBITDA	1,100	950	907	16%	21%	Due to lower than expected employee and other opex
<i>EBITDA, margin</i>	<i>30%</i>	<i>26%</i>	<i>23%</i>	<i>359 bps</i>	<i>633 bps</i>	
PAT	-822	-169	53	387%	-1660%	On account of higher tax expense due to re-measurement of deferred tax asset

Source: Company, Emkay Research

**Exhibit 2: Summary of quarterly results**

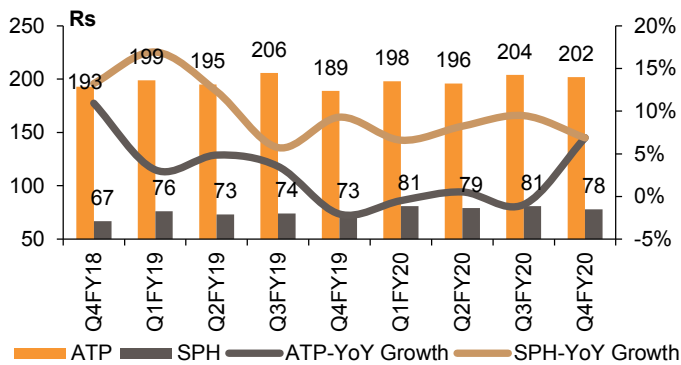
Rs mn	Q4FY19	Q1FY20	Q2FY20	Q3FY20	Q4FY20	YoY (%)	QoQ (%)	FY19	FY20	YoY (%)
<b>Net Sales</b>	<b>4,788</b>	<b>4,930</b>	<b>5,199</b>	<b>5,129</b>	<b>3,716</b>	<b>(22.4)</b>	<b>-27.6</b>	<b>16,921</b>	<b>18,974</b>	<b>12.1</b>
Film Distributors Share	1,272	1,299	1,391	1,337	937	(26.3)	-29.9	4,442	4,965	11.8
as % of sales	26.6	26.3	26.8	26.1	25.2			26.3	26.2	
F&B Cost	317	333	345	320	264	(16.8)	-17.5	1,125	1,262	12.2
as % of sales	6.6	6.8	6.6	6.2	7.1			6.6	6.7	
Employee Cost	309	351	373	369	327	6.0	-11.3	1,152	1,421	23.3
as % of sales	6.5	7.1	7.2	7.2	8.8			6.8	7.5	
Other operating expenses	1,917	1,446	1,412	1,414	1,087	(43.3)	-23.1	7,111	5,359	(24.6)
as % of sales	40.0	29.3	27.2	27.6	29.3			42.0	28.2	
<b>Total Expenditure</b>	<b>3,815</b>	<b>3,429</b>	<b>3,522</b>	<b>3,440</b>	<b>2,615</b>	<b>(31.4)</b>	<b>-24.0</b>	<b>13,830</b>	<b>13,006</b>	<b>(6.0)</b>
<b>EBITDA</b>	<b>973</b>	<b>1,501</b>	<b>1,678</b>	<b>1,690</b>	<b>1,100</b>	<b>13.1</b>	<b>-34.9</b>	<b>3,091</b>	<b>5,969</b>	<b>93.1</b>
Depreciation	256	608	645	648	740	189.2	14.2	962	2,642	174.5
<b>EBIT</b>	<b>717</b>	<b>893</b>	<b>1,033</b>	<b>1,041</b>	<b>360</b>	<b>(49.8)</b>	<b>-65.4</b>	<b>2,129</b>	<b>3,327</b>	<b>56.3</b>
Other Income	52	31	44	49	48	(7.9)	-1.2	149	172	15.3
Interest	38	509	542	547	614	1,516.1	12.2	237	2,213	833.9
<b>PBT</b>	<b>731</b>	<b>415</b>	<b>534</b>	<b>542</b>	<b>(206)</b>	<b>(128.2)</b>	<b>-138.0</b>	<b>2,041</b>	<b>1,286</b>	<b>(37.0)</b>
Tax	200	145	183	192	615	207.7	220.4	655	1,136	73.3
One-time Gain/Expense	(50)	-	-	-	-			(50)	-	
<b>Reported PAT</b>	<b>481</b>	<b>270</b>	<b>351</b>	<b>350</b>	<b>(822)</b>	<b>(270.8)</b>	<b>-334.6</b>	<b>1,335</b>	<b>150</b>	<b>(88.8)</b>
<b>Margins (%)</b>						<b>(bps)</b>	<b>(bps)</b>			<b>(bps)</b>
EBIDTA	20.3	30.4	32.3	32.9	29.6	929	-333	18.3	31.5	1,319
EBIT	15.0	18.1	19.9	20.3	9.7	(528)	-1061	12.6	17.5	495
EBT	15.3	8.4	10.3	10.6	(5.5)	(2,081)	-1612	12.1	6.8	(528)
PAT	10.0	5.5	6.8	6.8	(22.1)	(3,215)	-2893	7.9	0.8	(710)
Effective Tax rate	27.4	35.0	34.3	35.4	(298.6)	(32,595)	-33402	32.1	88.3	5,622

Source: Company, Emkay Research

## Other highlights

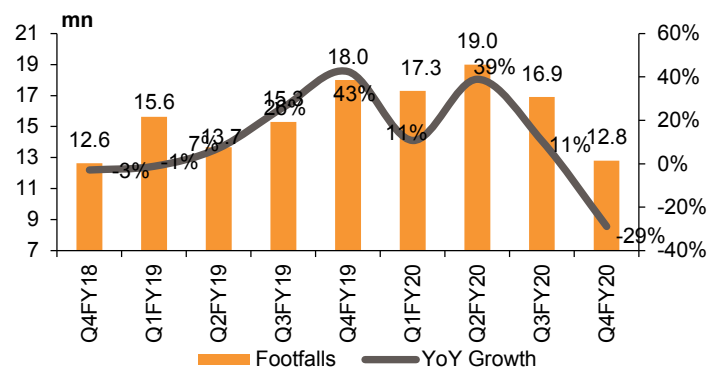
- Net revenue stood at Rs3.7bn, down 22.4% yoy, slightly above estimates.
- Reported EBITDA rose 13% yoy, but declined 35% on a qoq basis, to Rs1.1bn. EBITDA margin stood at 29.6% (-333bps qoq).
- Total expenditure was below our projections at Rs2.6bn (-24% qoq). Film distribution fell 30% sequentially to Rs937mn, while F&B cost declined 18% qoq to Rs264mn. Employee cost fell 11% qoq to Rs327mn.
- Net loss came in below our estimates at Rs822mn vs. Rs350mn in Q3FY20 due to higher tax expense on account of re-measurement of deferred tax assets. Other income declined 8% yoy to Rs48mn vs. Rs52mn in Q4FY19.
- Total debt stood at Rs1.6bn vs. Rs1.1bn in FY19.
- Total outstanding to Capex creditors reduced from Rs1.6bn to Rs1.1bn.
- Trade receivables declined from Rs882mn to Rs627mn.
- Gross cash stood at Rs450mn vs. Rs137mn.

**Exhibit 3: Strong ATP and SPH growth helped to decrease the revenue decline**



Source: Company, Emkay Research

**Exhibit 4: Impacted by closure of cinemas and weak content, footfalls declined significantly in Q4FY20**



Source: Company, Emkay Research

**Exhibit 5: Box office collections for Bollywood movies declined 24% yoy**

Q4FY19			Q4FY20		
Film	Release date	Box office Collection (Rs mn)	Film	Release date	Box office Collection (Rs mn)
<b>Simmba</b>	<b>28-Dec-18</b>	<b>1,501</b>	Dabangg 3	20-Dec-19	77
<b>Uri: The Surgical Strike</b>	<b>11-Jan-19</b>	<b>2,428</b>	<b>Good Newwz</b>	<b>27-Dec-19</b>	<b>1,065</b>
The Accidental Prime Minister	11-Jan-19	250	<b>Tanhaji</b>	<b>10-Jan-20</b>	<b>2,716</b>
Cheat India	18-Jan-19	78	Chhapaak	10-Jan-20	325
Thackeray	25-Jan-19	316	Jai Mummy Di	17-Jan-20	25
Manikarnika: The Queen of Jhansi	25-Jan-19	949	Street Dancer 3D	24-Jan-20	742
			Panga	24-Jan-20	256
			Jawaani Jaaneman	31-Jan-20	32
<b>Total</b>	<b>January</b>	<b>5,523</b>	<b>Total</b>	<b>January</b>	<b>5,239</b>
Ek Ladki Ko Dekha Toh Aisa Laga	01-Feb-19	200	Jawaani Jaaneman	31-Jan-20	250
Amavas	08-Feb-19	29	Malang	07-Feb-20	557
<b>Gully Boy</b>	<b>14-Feb-19</b>	<b>1,394</b>	Shikara	07-Feb-20	68
<b>Total Dhamaal</b>	<b>22-Feb-19</b>	<b>1,508</b>	Love Aaj Kal	14-Feb-20	365
Sonariya	01-Mar-19	66	Bhoot: Part One - The Haunted Ship	21-Feb-20	285
			Shubh Mangal Zyaada Saavdhan	21-Feb-20	621
			Thappad	28-Feb-20	320
<b>Total</b>	<b>February</b>	<b>3,196</b>	<b>Total</b>	<b>February</b>	<b>2,464</b>
Luka Chuppi	01-Mar-19	933	Baaghi 3	06-Mar-20	973
Badla	08-Mar-19	853	Angrezi Medium	13-Mar-20	105
<b>Kesari</b>	<b>22-Mar-19</b>	<b>1,070</b>			
<b>Total</b>	<b>March</b>	<b>2,855</b>	<b>Total</b>	<b>March</b>	<b>1,078</b>
<b>Total</b>	<b>Q4FY19</b>	<b>11,574</b>	<b>Total</b>	<b>Q4FY20</b>	<b>8,782</b>

Source: Industry, Emkay Research

**Exhibit 6: Box office collections for Hollywood and Regional films – Regional content finally picked up**

Q4FY19			Q4FY20		
Hollywood Movies	Release date	Box office Collection (Rs mn)	Hollywood Movies	Release date	Box office Collection (Rs mn)
Bumblebee	04-Jan-19	70	The Grudge	03-Jan-20	175
Alita: Battle Angels	08-Feb-19	96	Bombshell	03-Jan-20	10
How to Train Your Dragon: The Hidden World	01-Mar-19	-	<b>DoLittle</b>	<b>17-Jan-20</b>	<b>815</b>
<b>Captain Marvel</b>	<b>08-Mar-19</b>	<b>842</b>	1917	17-Jan-20	100
			Bad boys for life	31-Jan-20	71
			Jojo Rabbit	31-Jan-20	34
			Birds of Prey	07-Feb-20	53
			Little Women	07-Feb-20	10
			Onward	06-Mar-20	18
			The Invisible man	13-Mar-20	13
<b>Total</b>		<b>1,008</b>	<b>Total</b>		<b>1,299</b>
Regional Movies	Release date	Box office Collection (Rs mn)	Regional Movies	Release date	Box office Collection (Rs mn)
<b>Petta</b>	<b>10-Jan-19</b>	<b>2,170</b>	<b>Darbar (multi-language)</b>	<b>09-Jan-20</b>	<b>1,459</b>
<b>Viswasam</b>	<b>10-Jan-19</b>	<b>1,700</b>	Anjaam Pathiraa (Malayalam)	10-Jan-20	179
<b>F2 - Fun and Frustration</b>	<b>12-Jan-19</b>	<b>1,210</b>	<b>Sarileru Neekevvaru (Telugu)</b>	<b>11-Jan-20</b>	<b>1,696</b>
Yatra	08-Feb-19	155	<b>Ala Vaikunthapurramuloo (Telugu)</b>	<b>12-Jan-20</b>	<b>2,003</b>
			Pattas (Tamil)	15-Jan-20	319
			Psycho (Tamil)	24-Jan-20	106
			Bheeshma	21-Feb-20	356
<b>Total</b>		<b>5,235</b>	<b>Total</b>		<b>6,118</b>

Source: Industry, Emkay Research

## Change in estimates

We have revised our PAT estimate for FY21 due to lower debt expectation. Additionally, we have also lowered our assumption for total expenditure, given company's cost control measures. Furthermore, we have factored in the reduction in rent expense as Inox has not paid the same for Q1FY21. On the other hand, our estimates for depreciation in FYY have been revised upwards on account of IND-AS 116, leading to the change in PAT.

**Exhibit 7: Changes in Estimates**

Particulars	FY21			FY22			FY23
	Old	New	% Change	Old	New	% Change	Introduced
Revenue	8,326	8,362	0.4	20,146	20,180	0.2	22,742
EBITDA	326	1,080	231.0	6,152	6,154	0.0	6,848
EBITDA Margin %	3.9	12.9	899 bps	30.5	30.5	-4 bps	30.1
PAT	-3009	-2,647	-12.0	450	222	-50.7	575
EPS	-29.3	-25.8	-12.0	4.4	2.2	-50.7	5.6

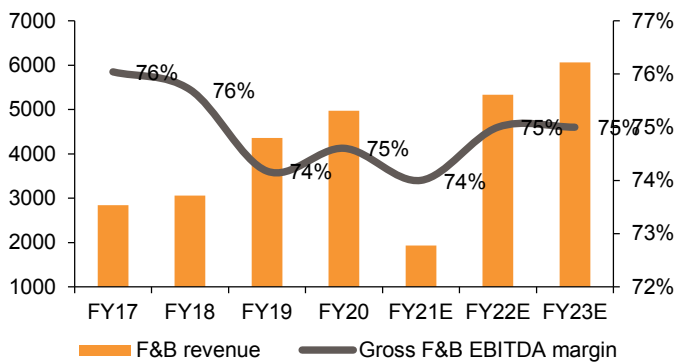
Source: Company, Emkay Research

**Exhibit 8: Key assumptions**

Particulars (Rs mn)	FY17	FY18	FY19	FY20	FY21E	FY22E	FY23E
Ticket revenue	7,481	8,022	9,752	11,040	4,761	11,765	13,221
% Growth	2%	7%	22%	13%	-57%	147%	12%
F&B revenue	2,841	3,061	4,356	4,970	1,931	5,332	6,066
% Growth	7%	8%	42%	14%	-61%	176%	14%
Ad revenue	962	1,390	1,765	1,800	720	1,800	2,070
% Growth	6%	44%	27%	2%	-60%	150%	15%
Others	923	1,009	1,049	1,164	950	1,283	1,385
<b>Total</b>	<b>12,207</b>	<b>13,482</b>	<b>16,922</b>	<b>18,974</b>	<b>8,362</b>	<b>20,180</b>	<b>22,742</b>
% Growth	5%	10%	26%	12%	-56%	141%	13%

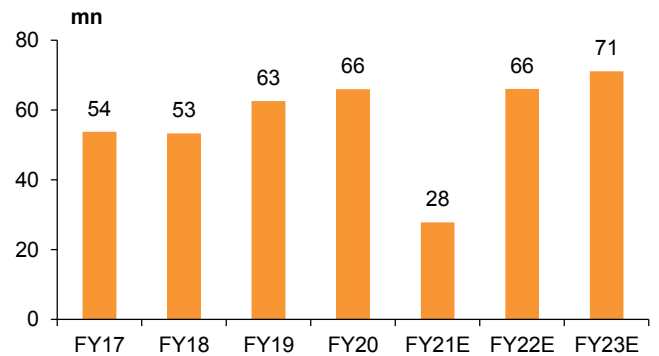
Source: Company, Emkay Research

**Exhibit 9: F&B revenue and contribution shall dip in FY21**



Source: Company, Emkay Research

**Exhibit 10: Footfalls should revert to historical levels from FY22E**



Source: Company, Emkay Research

**Exhibit 11: Valuation summary**

Particulars (Rs mn)	2022
<b>EBITDA</b>	<b>6,154</b>
IND-AS adjustment	3,120
<b>FY22 EBITDA (adj for IND-AS)</b>	<b>3,034</b>
<b>Target EV/EBITDA multiple</b>	<b>9</b>
Target EV	26,050
Target Market Cap	24,258
Number of Equity Shares (mn)	103
<b>Target Price per Share</b>	<b>235</b>

Source: Company, Emkay Research

## Earnings call highlights

---

- Once the government permission is granted, Inox will open up theatres. In the normal scenario, the occupancy break-even is at 20-21%, while it may change due to the number of variables attached.
- Management is not envisaging any contractual change for revenue sharing with producers and online aggregators. The current eight week content windowing on the alternate medium will remain intact as well.
- **Ad revenues:** There are a substantial number of deals for a long-term lock-in period
- **F&B:** The company is working on; 1) Truncated menu, 2) single-use packaging, and 3) only digital transactions. The menu would include healthy, immunity-boosting food options.
- **Costs:** The company is not accounting for the rentals costs as there is confidence that the company will not be paying for the lockdown period.
- Rentals for March have been paid and the company has got credit note for the lockdown period in March.
- The company is still in negotiations with the mall owners on incremental rentals costs, however, the same has been done with few landlords.
- Increased spends towards hygiene and other Covid-19-related aspects after the lockdown would not be substantial.
- Capex per screen would remain unchanged at an average of Rs30mn even after the lockdown.

**Key Financials (Consolidated)****Income Statement**

Y/E Mar (Rs mn)	FY19	FY20	FY21E	FY22E	FY23E
<b>Revenue</b>	<b>16,922</b>	<b>18,974</b>	<b>8,362</b>	<b>20,180</b>	<b>22,742</b>
<b>Expenditure</b>	<b>13,830</b>	<b>13,006</b>	<b>7,282</b>	<b>14,026</b>	<b>15,894</b>
<b>EBITDA</b>	<b>3,092</b>	<b>5,969</b>	<b>1,080</b>	<b>6,154</b>	<b>6,848</b>
Depreciation	955	2,642	2,688	3,342	3,445
<b>EBIT</b>	<b>2,137</b>	<b>3,326</b>	<b>(1,609)</b>	<b>2,812</b>	<b>3,403</b>
Other Income	149	172	120	200	200
Interest expenses	237	2,213	2,049	2,715	2,834
<b>PBT</b>	<b>2,049</b>	<b>1,285</b>	<b>(3,538)</b>	<b>297</b>	<b>769</b>
Tax	656	1,136	(890)	75	194
Extraordinary Items	0	0	0	0	0
Minority Int./Income from Assoc.	0	0	0	0	0
<b>Reported Net Income</b>	<b>1,393</b>	<b>149</b>	<b>(2,647)</b>	<b>222</b>	<b>575</b>
<b>Adjusted PAT</b>	<b>1,393</b>	<b>149</b>	<b>(2,647)</b>	<b>222</b>	<b>575</b>

**Balance Sheet**

Y/E Mar (Rs mn)	FY19	FY20	FY21E	FY22E	FY23E
Equity share capital	1,026	1,027	1,026	1,026	1,026
Reserves & surplus	8,612	5,192	5,848	5,946	6,398
<b>Net worth</b>	<b>9,638</b>	<b>6,219</b>	<b>6,874</b>	<b>6,972</b>	<b>7,424</b>
<b>Minority Interest</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Loan Funds</b>	<b>1,100</b>	<b>28,195</b>	<b>29,127</b>	<b>29,670</b>	<b>31,193</b>
Net deferred tax liability	(529)	(1,773)	(1,773)	(1,773)	(1,773)
<b>Total Liabilities</b>	<b>10,210</b>	<b>32,641</b>	<b>34,228</b>	<b>34,870</b>	<b>36,845</b>
<b>Net block</b>	<b>9,224</b>	<b>31,431</b>	<b>32,688</b>	<b>34,276</b>	<b>36,247</b>
<b>Investment</b>	<b>11</b>	<b>12</b>	<b>12</b>	<b>12</b>	<b>12</b>
<b>Current Assets</b>	<b>4,387</b>	<b>4,085</b>	<b>3,883</b>	<b>4,136</b>	<b>4,476</b>
Cash & bank balance	136	447	145	172	219
Other Current Assets	0	0	0	0	0
<b>Current liabilities &amp; Provision</b>	<b>4,050</b>	<b>3,741</b>	<b>2,994</b>	<b>4,193</b>	<b>4,530</b>
<b>Net current assets</b>	<b>337</b>	<b>344</b>	<b>889</b>	<b>(57)</b>	<b>(54)</b>
Misc. exp	0	0	0	0	0
<b>Total Assets</b>	<b>10,210</b>	<b>32,641</b>	<b>34,228</b>	<b>34,870</b>	<b>36,845</b>

**Cash Flow**

Y/E Mar (Rs mn)	FY19	FY20	FY21E	FY22E	FY23E
<b>PBT (Ex-Other income) (NI+Dep)</b>	<b>1,900</b>	<b>1,114</b>	<b>(3,658)</b>	<b>97</b>	<b>569</b>
Other Non-Cash items	0	0	0	0	0
Chg in working cap	339	(940)	(846)	973	42
<b>Operating Cashflow</b>	<b>2,629</b>	<b>1,852</b>	<b>(805)</b>	<b>4,537</b>	<b>4,063</b>
Capital expenditure	(2,559)	(25,066)	(3,731)	(4,930)	(5,417)
<b>Free Cash Flow</b>	<b>70</b>	<b>(23,214)</b>	<b>(4,537)</b>	<b>(393)</b>	<b>(1,354)</b>
Investments	125	0	0	0	0
Other Investing Cash Flow	0	0	0	0	0
<b>Investing Cashflow</b>	<b>(2,285)</b>	<b>(24,895)</b>	<b>(3,611)</b>	<b>(4,730)</b>	<b>(5,217)</b>
Equity Capital Raised	64	0	0	0	0
Loans Taken / (Repaid)	(1,820)	27,095	932	543	1,523
Dividend paid (incl tax)	0	0	0	0	0
Other Financing Cash Flow	1,629	(1,528)	5,231	2,392	2,511
<b>Financing Cashflow</b>	<b>(363)</b>	<b>23,355</b>	<b>4,115</b>	<b>220</b>	<b>1,200</b>
<b>Net chg in cash</b>	<b>(20)</b>	<b>311</b>	<b>(302)</b>	<b>27</b>	<b>46</b>
Opening cash position	155	136	447	145	172
<b>Closing cash position</b>	<b>136</b>	<b>447</b>	<b>145</b>	<b>172</b>	<b>219</b>

Source: Company, Emkay Research

**Key Ratios**

<b>Profitability (%)</b>	<b>FY19</b>	<b>FY20</b>	<b>FY21E</b>	<b>FY22E</b>	<b>FY23E</b>
EBITDA Margin	18.3	31.5	12.9	30.5	30.1
EBIT Margin	12.6	17.5	(19.2)	13.9	15.0
Effective Tax Rate	32.0	88.4	25.2	25.2	25.2
Net Margin	8.2	0.8	(31.7)	1.1	2.5
ROCE	24.0	16.3	(4.5)	8.7	10.0
ROE	17.1	1.9	(40.4)	3.2	8.0
RoIC	24.6	16.3	(5.0)	8.3	9.7

<b>Per Share Data (Rs)</b>	<b>FY19</b>	<b>FY20</b>	<b>FY21E</b>	<b>FY22E</b>	<b>FY23E</b>
EPS	13.6	1.5	(25.8)	2.2	5.6
CEPS	22.9	27.2	0.4	34.7	39.2
BVPS	93.9	60.6	67.0	68.0	72.4
DPS	0.0	0.0	0.0	0.0	0.0

<b>Valuations (x)</b>	<b>FY19</b>	<b>FY20</b>	<b>FY21E</b>	<b>FY22E</b>	<b>FY23E</b>
PER	18.7	174.7	(9.9)	117.6	45.4
P/CEPS	11.1	9.3	634.1	7.3	6.5
P/BV	2.7	4.2	3.8	3.7	3.5
EV / Sales	1.6	2.8	6.6	2.8	2.5
EV / EBITDA	8.8	9.0	51.0	9.0	8.3
Dividend Yield (%)	0.0	0.0	0.0	0.0	0.0

<b>Gearing Ratio (x)</b>	<b>FY19</b>	<b>FY20</b>	<b>FY21E</b>	<b>FY22E</b>	<b>FY23E</b>
Net Debt/ Equity	0.1	4.5	4.2	4.2	4.2
Net Debt/EBIDTA	0.3	4.6	26.8	4.8	4.5
Working Cap Cycle (days)	4.3	(2.0)	32.5	(4.2)	(4.4)

<b>Growth (%)</b>	<b>FY19</b>	<b>FY20</b>	<b>FY21E</b>	<b>FY22E</b>	<b>FY23E</b>
Revenue	25.5	12.1	(55.9)	141.3	12.7
EBITDA	46.9	93.0	(81.9)	470.1	11.3
EBIT	72.7	55.7	(148.4)	0.0	21.0
PAT	348.8	(89.3)	(1,872.0)	0.0	159.1

<b>Quarterly (Rs mn)</b>	<b>Q4FY19</b>	<b>Q1FY20</b>	<b>Q2FY20</b>	<b>Q3FY20</b>	<b>Q4FY20</b>
Revenue	4,788	4,930	5,199	5,129	3,716
EBITDA	973	1,501	1,678	1,690	1,100
<b>EBITDA Margin (%)</b>	<b>20.3</b>	<b>30.4</b>	<b>32.3</b>	<b>32.9</b>	<b>29.6</b>
PAT	581	270	351	350	(822)
<b>EPS (Rs)</b>	<b>6.0</b>	<b>2.8</b>	<b>3.7</b>	<b>3.6</b>	<b>(8.5)</b>

Source: Company, Emkay Research

<b>Shareholding Pattern (%)</b>	<b>Mar-19</b>	<b>Jun-19</b>	<b>Sep-19</b>	<b>Dec-19</b>	<b>Mar-20</b>
Promoters	51.9	51.9	51.9	51.9	51.9
FIIIs	11.3	12.2	12.2	11.0	9.3
DIIs	21.5	19.7	21.2	22.4	23.3
Public and Others	15.4	16.2	14.8	14.8	15.5

Source: Capitaline

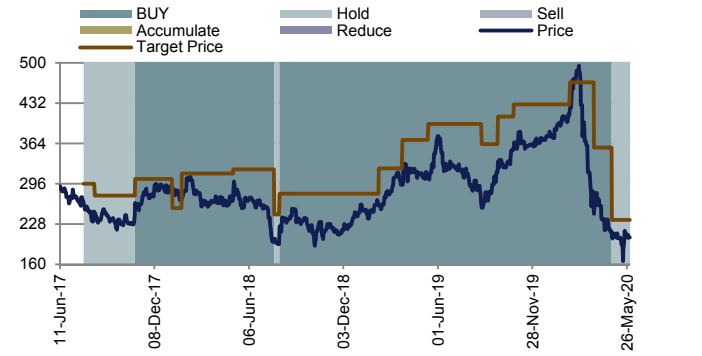


## RECOMMENDATION HISTORY TABLE

Date	Closing Price	TP	Period (months)	Rating	Analyst
27-Apr-20	206	235	12m	Hold	Naval Seth
24-Mar-20	245	357	12m	Buy	Naval Seth
07-Feb-20	424	467	12m	Buy	Naval Seth
25-Nov-19	362	430	12m	Buy	Naval Seth
23-Oct-19	354	430	12m	Buy	Naval Seth
26-Sep-19	337	410	12m	Buy	Naval Seth
23-Sep-19	334	410	12m	Buy	Naval Seth
23-Aug-19	256	363	12m	Buy	Naval Seth
02-Aug-19	291	397	12m	Buy	Naval Seth
20-Jun-19	325	397	12m	Buy	Naval Seth
13-May-19	309	397	12m	Buy	Naval Seth
04-Apr-19	300	370	12m	Buy	Naval Seth
25-Mar-19	294	370	12m	Buy	Naval Seth
11-Mar-19	307	322	12m	Buy	Naval Seth
08-Feb-19	260	322	12m	Buy	Naval Seth
23-Oct-18	208	279	12m	Buy	Naval Seth
03-Aug-18	224	279	12m	Buy	Naval Seth
24-Jul-18	198	244	12m	Hold	Naval Seth
07-May-18	282	320	12m	Buy	Naval Seth
29-Jan-18	274	313	12m	Buy	Naval Seth
11-Jan-18	289	255	12m	Buy	Naval Seth
01-Nov-17	263	304	12m	Buy	Naval Seth
16-Aug-17	244	276	12m	Hold	Naval Seth
26-Jul-17	261	296	12m	Hold	Naval Seth

Source: Company, Emkay Research

## RECOMMENDATION HISTORY CHART



Source: Bloomberg, Company, Emkay Research

## Emkay Alpha Portfolio – Media & Entertainment



### Analyst: Naval Seth

#### Contact Details

naval.seth@emkayglobal.com  
+91 22 6624 2414

#### Sector

Consumer Durables, Media & Entertainment, SMID and Telecom

#### Analyst bio

Naval holds an MBA in Finance and has more than 11 years of experience in equity research. His team currently covers 18 stocks spread across three different sectors.

### EAP sector portfolio

Company Name	BSE200 Weight	EAP Weight	OW/UW (%)	OW/UW (bps)	EAP Weight (Normalised)
<b>Media &amp; Entertainment</b>	<b>0.28</b>	<b>0.27</b>	<b>-5%</b>	<b>-1</b>	<b>100.00</b>
DB Corp*	0.00	0.00	NA	0	0.00
Dish TV*	0.00	0.00	NA	0	0.00
Entertainment Network*	0.00	0.00	NA	0	0.00
Inox Leisure	0.00	0.00	NA	0	0.00
Jagran Prakashan*	0.00	0.00	NA	0	0.00
PVR	0.00	0.00	NA	0	0.00
Sun TV Network	0.06	0.06	-5%	0	20.06
Zee Entertainment	0.22	0.21	-5%	-1	74.64
Cash	0.00	0.01	NA	1	5.30

Source: Emkay Research

\* Not under coverage: Equal Weight

■ High Conviction/Strong Over Weight ■ High Conviction/Strong Under Weight

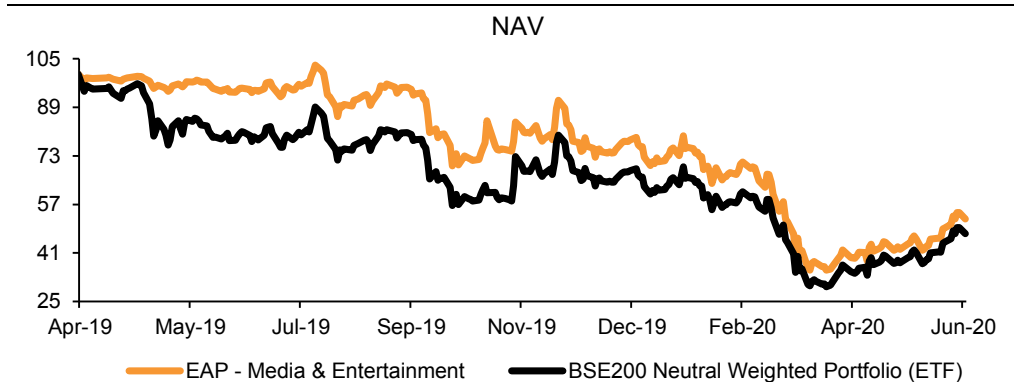
### Sector portfolio NAV

	Base					Latest
	1-Apr-19	5-Sep-19	9-Dec-19	9-Mar-20	8-May-20	8-Jun-20
EAP - Media & Entertainment	100.0	94.5	75.5	54.7	42.7	52.2
BSE200 Neutral Weighted Portfolio (ETF)	100.0	79.9	65.8	47.2	38.2	47.3

\*Performance measurement base date 1<sup>st</sup> April 2019

Source: Emkay Research

### NAV chart



Source: Emkay Research

Please see our model portfolio (Emkay Alpha Portfolio): [SMID](#)

Please see our model portfolio (Emkay Alpha Portfolio): [Nifty](#)

“Emkay Alpha Portfolio – SMID and Nifty are a supporting document to the Emkay Alpha Portfolios Report and is updated on regular intervals”

## Emkay Rating Distribution

Ratings	Expected Return within the next 12-18 months.
BUY	Over 15%
HOLD	Between -5% to 15%
SELL	Below -5%

Completed Date: 10 Jun 2020 03:27:55 (SGT)

Dissemination Date: 10 Jun 2020 03:28:55 (SGT)

Sources for all charts and tables are Emkay Research unless otherwise specified.

### GENERAL DISCLOSURE/DISCLAIMER BY EMKAY GLOBAL FINANCIAL SERVICES LIMITED (EGFSL):

Emkay Global Financial Services Limited (CIN-L67120MH1995PLC084899) and its affiliates are a full-service, brokerage, investment banking, investment management and financing group. Emkay Global Financial Services Limited (EGFSL) along with its affiliates are participants in virtually all securities trading markets in India. EGFSL was established in 1995 and is one of India's leading brokerage and distribution house. EGFSL is a corporate trading member of Bombay Stock Exchange Limited (BSE), National Stock Exchange of India Limited (NSE), MCX Stock Exchange Limited (MCX-SX). EGFSL along with its subsidiaries offers the most comprehensive avenues for investments and is engaged in the businesses including stock broking (Institutional and retail), merchant banking, commodity broking, depository participant, portfolio management, insurance broking and services rendered in connection with distribution of primary market issues and financial products like mutual funds, fixed deposits. Details of associates are available on our website i.e. [www.emkayglobal.com](http://www.emkayglobal.com)

EGFSL is registered as Research Analyst with SEBI bearing registration Number INH000000354 as per SEBI (Research Analysts) Regulations, 2014. EGFSL hereby declares that it has not defaulted with any stock exchange nor its activities were suspended by any stock exchange with whom it is registered in last five years, except that NSE had disabled EGFSL from trading on October 05, October 08 and October 09, 2012 for a manifest error resulting into a bonafide erroneous trade on October 05, 2012. However, SEBI and Stock Exchanges have conducted the routine inspection and based on their observations have issued advice letters or levied minor penalty on EGFSL for certain operational deviations in ordinary/routine course of business. EGFSL has not been debarred from doing business by any Stock Exchange / SEBI or any other authorities; nor has its certificate of registration been cancelled by SEBI at any point of time.

EGFSL offers research services to clients as well as prospects. The analyst for this report certifies that all of the views expressed in this report accurately reflect his or her personal views about the subject company or companies and its or their securities, and no part of his or her compensation was, is or will be, directly or indirectly related to specific recommendations or views expressed in this report.

Other disclosures by Emkay Global Financial Services Limited (Research Entity) and its Research Analyst under SEBI (Research Analyst) Regulations, 2014 with reference to the subject company(s) covered in this report

EGFSL and/or its affiliates may seek investment banking or other business from the company or companies that are the subject of this material. Our salespeople, traders, and other professionals may provide oral or written market commentary or trading strategies to our clients that reflect opinions that are contrary to the opinions expressed herein, and our proprietary trading and investing businesses may make investment decisions that may be inconsistent with the recommendations expressed herein. In reviewing these materials, you should be aware that any or all of the foregoing, among other things, may give rise to real or potential conflicts of interest including but not limited to those stated herein. Additionally, other important information regarding our relationships with the company or companies that are the subject of this material is provided herein. This report is not directed to, or intended for distribution to or use by, any person or entity who is a citizen or resident of or located in any locality, state, country or other jurisdiction where such distribution, publication, availability or use would be contrary to law or regulation or which would subject EGFSL or its group companies to any registration or licensing requirement within such jurisdiction. Specifically, this document does not constitute an offer to or solicitation to any U.S. person for the purchase or sale of any financial instrument or as an official confirmation of any transaction to any U.S. person. Unless otherwise stated, this message should not be construed as official confirmation of any transaction. No part of this document may be used by private customers in United Kingdom. All material presented in this report, unless specifically indicated otherwise, is under copyright to Emkay. None of the material, nor its content, nor any copy of it, may be altered in any way, transmitted to, copied or distributed to any other party, without the prior express written permission of EGFSL. All trademarks, service marks and logos used in this report are trademarks or registered trademarks of EGFSL or its Group Companies. The information contained herein is not intended for publication or distribution or circulation in any manner whatsoever and any unauthorized reading, dissemination, distribution or copying of this communication is prohibited unless otherwise expressly authorized. Please ensure that you have read "Risk Disclosure Document for Capital Market and Derivatives Segments" as prescribed by Securities and Exchange Board of India before investing in Indian Securities Market. In so far as this report includes current or historic information, it is believed to be reliable, although its accuracy and completeness cannot be guaranteed.

- This publication has not been reviewed or authorized by any regulatory authority. There is no planned schedule or frequency for updating research publication relating to any issuer.
- Please contact the primary analyst for valuation methodologies and assumptions associated with the covered companies or price targets

**Disclaimer for U.S. persons only:** This research report is a product of Emkay Global Financial Services Limited (Emkay), which is the employer of the research analyst(s) who has prepared the research report. The research analyst(s) preparing the research report is/are resident outside the United States (U.S.) and are not associated persons of any U.S. regulated broker-dealer and therefore the analyst(s) is/are not subject to supervision by a U.S. broker-dealer, and is/are not required to satisfy the regulatory licensing requirements of Financial Institutions Regulatory Authority (FINRA) or required to otherwise comply with U.S. rules or regulations regarding, among other things, communications with a subject company, public appearances and trading securities held by a research analyst account. This report is intended for distribution to "Major Institutional Investors" as defined by Rule 15a-6(b)(4) of the U.S. Securities and Exchange Act, 1934 (the Exchange Act) and interpretations thereof by U.S. Securities and Exchange Commission (SEC) in reliance on Rule 15a-6(a)(2). If the recipient of this report is not a Major Institutional Investor as specified above, then it should not act upon this report and return the same to the sender. Further, this report may not be copied, duplicated and/or transmitted onward to any U.S. person, which is not the Major Institutional Investor. In reliance on the exemption from registration provided by Rule 15a-6 of the Exchange Act and interpretations thereof by the SEC in order to conduct certain business with Major Institutional Investors.

**ANALYST CERTIFICATION BY EMKAY GLOBAL FINANCIAL SERVICES LIMITED (EGFSL)**

The research analyst(s) primarily responsible for the content of this research report, in part or in whole, certifies that the views about the companies and their securities expressed in this report accurately reflect his/her personal views. The analyst(s) also certifies that no part of his/her compensation was, is, or will be, directly or indirectly, related to specific recommendations or views expressed in the report. The research analyst (s) primarily responsible of the content of this research report, in part or in whole, certifies that he or his associate<sup>1</sup> does not serve as an officer, director or employee of the issuer or the new listing applicant (which includes in the case of a real estate investment trust, an officer of the management company of the real estate investment trust; and in the case of any other entity, an officer or its equivalent counterparty of the entity who is responsible for the management of the issuer or the new listing applicant). The research analyst(s) primarily responsible for the content of this research report or his associate does not have financial interests<sup>2</sup> in relation to an issuer or a new listing applicant that the analyst reviews. EGFSL has procedures in place to eliminate, avoid and manage any potential conflicts of interests that may arise in connection with the production of research reports. The research analyst(s) responsible for this report operates as part of a separate and independent team to the investment banking function of the EGFSL and procedures are in place to ensure that confidential information held by either the research or investment banking function is handled appropriately. There is no direct link of EGFSL compensation to any specific investment banking function of the EGFSL.

<sup>1</sup> An associate is defined as (i) the spouse, or any minor child (natural or adopted) or minor step-child, of the analyst; (ii) the trustee of a trust of which the analyst, his spouse, minor child (natural or adopted) or minor step-child, is a beneficiary or discretionary object; or (iii) another person accustomed or obliged to act in accordance with the directions or instructions of the analyst.

<sup>2</sup> Financial interest is defined as interest that are commonly known financial interest, such as investment in the securities in respect of an issuer or a new listing applicant, or financial accommodation arrangement between the issuer or the new listing applicant and the firm or analysis. This term does not include commercial lending conducted at the arm's length, or investments in any collective investment scheme other than an issuer or new listing applicant notwithstanding the fact that the scheme has investments in securities in respect of an issuer or a new listing applicant.

**COMPANY-SPECIFIC / REGULATORY DISCLOSURES BY EMKAY GLOBAL FINANCIAL SERVICES LIMITED (EGFSL):**

Disclosures by Emkay Global Financial Services Limited (Research Entity) and its Research Analyst under SEBI (Research Analyst) Regulations, 2014 with reference to the subject company(s) covered in this report:-

1. EGFSL, its subsidiaries and/or other affiliates do not have a proprietary position in the securities recommended in this report as of June 9, 2020
  2. EGFSL, and/or Research Analyst does not market make in equity securities of the issuer(s) or company(ies) mentioned in this Research Report
- Disclosure of previous investment recommendation produced:**
3. EGFSL may have published other investment recommendations in respect of the same securities / instruments recommended in this research report during the preceding 12 months. Please contact the primary analyst listed in the first page of this report to view previous investment recommendations published by EGFSL in the preceding 12 months.
  4. EGFSL, its subsidiaries and/or other affiliates and Research Analyst or his/her relative's does not have any material conflict of interest in the securities recommended in this report as of June 9, 2020.
  5. EGFSL, its subsidiaries and/or other affiliates and Research Analyst or his/her relative's does not have actual/beneficial ownership of 1% or more securities of the subject company at the end of the month immediately preceding the June 9, 2020
  6. EGFSL, its subsidiaries and/or other affiliates and Research Analyst have not received any compensation in whatever form including compensation for investment banking or merchant banking or brokerage services or for products or services other than investment banking or merchant banking or brokerage services from securities recommended in this report (subject company) in the past 12 months.
  7. EGFSL, its subsidiaries and/or other affiliates and/or and Research Analyst have not received any compensation or other benefits from securities recommended in this report (subject company) or third party in connection with the research report.
  8. Securities recommended in this report (Subject Company) has not been client of EGFSL, its subsidiaries and/or other affiliates and/or and Research Analyst during twelve months preceding the June 9, 2020

**RESTRICTIONS ON DISTRIBUTION**

General	This report is not directed to, or intended for distribution to or use by, any person or entity who is a citizen or resident of or located in any locality, state, country or other jurisdiction where such distribution, publication, availability or use would be contrary to law or regulation.
Australia	This report is not for distribution into Australia.
Hong Kong	This report is not for distribution into Hong Kong.
Indonesia	This report is being distributed in Indonesia by PT DBS Vickers Sekuritas Indonesia.
Malaysia	This report is not for distribution into Malaysia.
Singapore	This report is distributed in Singapore by DBS Bank Ltd (Company Regn. No. 16800306E) or DBSVS (Company Regn. No. 1860024G) both of which are Exempt Financial Advisers as defined in the Financial Advisers Act and regulated by the Monetary Authority of Singapore. DBS Bank Ltd and/or DBSVS, may distribute reports produced by its respective foreign entities, affiliates or other foreign research houses pursuant to an agreement under Regulation 32C of the financial Advisers Regulations. Singapore recipients should contact DBS Bank Ltd at 6327 2288 for matters arising from, or in connection with the report.
Thailand	This report is being distributed in Thailand by DBS Vickers Securities (Thailand) Co Ltd.
United Kingdom	This report is disseminated in the United Kingdom by DBS Vickers Securities (UK) Ltd, ("DBSVUK"). DBSVUK is authorised and regulated by the Financial Conduct Authority in the United Kingdom. In respect of the United Kingdom, this report is solely intended for the clients of DBSVUK, its respective connected and associated corporations and affiliates only and no part of this document may be (i) copied, photocopied or duplicated in any form or by any means or (ii) redistributed without the prior written consent of DBSVUK. This communication is directed at persons having professional experience in matters relating to investments. Any investment activity following from this communication will only be engaged in with such persons. Persons who do not have professional experience in matters relating to investments should not rely on this communication.
Dubai International Financial Centre	This research report is being distributed by DBS Bank Ltd., (DIFC Branch) having its office at units 608-610, 6 <sup>th</sup> Floor, Gate Precinct Building 5, PO Box 506538, Dubai International Financial Centre (DIFC), Dubai, United Arab Emirates. DBS Bank Ltd., (DIFC Branch) is regulated by The Dubai Financial Services Authority. This research report is intended only for professional clients (as defined in the DFSA rulebook) and no other person may act upon it.
United Arab Emirates	This report is provided by DBS Bank Ltd (Company Regn. No. 196800306E) which is an Exempt Financial Adviser as defined in the Financial Advisers Act and regulated by the Monetary Authority of Singapore. This report is for information purposes only and should not be relied upon or acted on by the recipient or considered as a solicitation or inducement to buy or sell any financial product. It does not constitute a personal recommendation or take into account the particular investment objectives, financial situation, or needs of individual clients. You should contact your relationship manager or investment adviser if you need advice on the merits of buying, selling or holding a particular investment. You should note that the information in this report may be out of date and it is not represented or warranted to be accurate, timely or complete. This report or any portion thereof may not be reprinted, sold or redistributed without our written consent.
United States	DBSVUSA did not participate in its preparation. The research analyst(s) named on this report are not registered as research analysts with FINRA and are not associated persons of DBSVUSA. The research analyst(s) are not subject to FINRA Rule 2241 restrictions on analyst compensation, communications with a subject company, public appearances and trading securities held by a research analyst. This report is being distributed in the United States by DBSVUSA, which accepts responsibility for its contents. This report may only be distributed to Major U.S. Institutional Investors (as defined in SEC Rule 15a-6) and to such other institutional investors and qualified persons as DBSVUSA may authorize. Any U.S. person receiving this report who wishes to effect transactions in any securities referred to herein should contact DBSVUSA directly and not its affiliate.
Other jurisdictions	In any other jurisdictions, except if otherwise restricted by laws or regulations, this report is intended only for qualified, professional, institutional or sophisticated investors as defined in the laws and regulations of such jurisdictions.

**Emkay Global Financial Services Ltd.**

CIN - L67120MH1995PLC084899

7th Floor, The Ruby, Senapati Bapat Marg, Dadar - West, Mumbai - 400028. India

Tel: +91 22 66121212 Fax: +91 22 66121299 Web: www.emkayglobal.com