



Get ready for a thrilling ride

Jinesh Joshi jineshjoshi@plindia.com | 91-22-66322238

Stuti Beria stutiberia@plindia.com | 91-22-66322246

Dhvanit Shah dhvanitshah@plindia.com |



Contents

	Page No.
Company Overview	4
IEL to emerge as India's leading entertainment destination	4
Investment Argument.....	5
Indian amusement park industry is under-penetrated with strong growth potential	5
Factor 1 – Capital intensive nature of the business	5
Adoption of asset light route is the way forward	6
Factor 2 – Lack of novelty and resultant fatigue	6
Adding new attractions can bring in novelty	6
Factor 3 – Price sensitive mindset of the Indian consumer	7
Increase affordability to attract footfalls	7
Macro drivers are favorable for industry growth	7
Buyout by Malpani Group has provided a new lease life to IEL	8
Mother brand Imagicaa has superior brand recall with international quality rides	10
Strategically located parks along the western belt	11
New parks at Indore and Ahmedabad to act as growth lever	12
Peer Comparison.....	13
IEL had inferior margins and leveraged BS as compared to Wonderla, but a complete makeover is on the cards	13
Financial Projections.....	15
Revenue CAGR of 30.7% over FY24-FY27E led by consolidation of 4 parks..	15
EBITDA CAGR of 41.3% over FY24-FY27E as mature parks come into the portfolio	16
Adjusted PAT CAGR of 63.0% over FY24-FY27E	18
BS turns healthy after debt restructuring	18
Negative cash conversion cycle	19
Valuation.....	20
Story in Charts.....	23

Company Initiation

Imagicaaworld (IMAGICAA IN)

Rating: BUY | CMP: Rs80 | TP: Rs108

Entertainment

Get ready for a thrilling ride

Key Financials - Consolidated

Y/e Mar	FY23	FY24E	FY25E	FY26E
Sales (Rs. m)	2,506	2,637	4,473	5,069
EBITDA (Rs. m)	850	965	1,937	2,271
Margin (%)	33.9	36.6	43.3	44.8
PAT (Rs. m)	248	221	487	668
EPS (Rs.)	0.6	0.5	0.9	1.2
Gr. (%)	NA	(23.8)	95.4	37.2
DPS (Rs.)	-	-	-	-
Yield (%)	-	-	-	-
RoE (%)	NA	4.4	5.4	6.2
RoCE (%)	21.6	1.2	6.5	7.3
EV/Sales (x)	16.0	15.3	10.5	9.4
EV/EBITDA (x)	47.3	41.8	24.2	21.0
PE (x)	132.1	173.4	88.7	64.7
P/BV (x)	13.9	5.0	4.1	3.9

Key Data

IMAW.BO | IMAGICAA IN

52-W High / Low	Rs. 91 / Rs. 40
Sensex / Nifty	75,418 / 22,968
Market Cap	Rs. 43 bn/ \$ 519 m
Shares Outstanding	542m
3M Avg. Daily Value	Rs. 185.93m

Shareholding Pattern (%)

Promoter's	74.10
Foreign	0.62
Domestic Institution	2.50
Public & Others	22.78
Promoter Pledge (Rs bn)	-

Stock Performance (%)

	1M	6M	12M
Absolute	(6.1)	46.1	83.2
Relative	(8.2)	27.9	50.6

Jinesh Joshi

jineshjoshi@plindia.com | 91-22-66322238

Stuti Beria

stutiberia@plindia.com | 91-22-66322246

Dhvanit Shah

dhvanitshah@plindia.com |

We initiate coverage on Imagicaaworld Entertainment Ltd (IEL) with a BUY rating and TP of Rs108. In an industry plagued with high entry barriers and fatigue factor amid lack of novelty, IEL's competitive edge stems from 1) superior brand re-call, 2) strategic location of parks and 3) offering a ride experience that matches international quality standards. We believe IEL is a classic turnaround candidate post BS restructuring and takeover by the Malpani Group. The new management has 2 decades of experience in amusement parks business and has decided to merge their 5 parks (4 operational and 1 upcoming) into IEL at an EV of Rs7,700mn. Post-merger, IEL will emerge as leading entertainment destination with a portfolio of 8 parks and a 5-star hotel. Led by consolidation, we expect revenue/EBITDA CAGR of 30.7%/41.3% over FY24E-FY27E with an improvement in margin profile as mature parks would come into the portfolio. We value IEL on SOTP basis and arrive at a TP of Rs108. Initiate BUY.

Change of guard at top has provided a new lease life to IEL: After taking over IEL and restructuring the outstanding debt of Rs16,793mn, the Malpani Group (existing promoters) decided to merge their existing Lonavala, Shirdi and Indore assets into IEL. This not only eliminates potential conflict of interest between promoters and minority shareholders of IEL but is also expected to result in cost synergy benefits arising from leveraging promoter expertise into cross businesses like renewables (power is a key cost element in parks) and real estate (land access is key to set up parks).

Strategically located parks with superior brand recall: IEL's mother brand "Imagicaa" has superior brand recall (highest rated theme destination in South Asia) and the rides and attractions have been designed and sourced from global industry leaders providing a best in-class consumer experience. In addition, Imagicaa is strategically located between Mumbai and Pune and has added 6 new rides at its water park and a musical fountain show at its theme park adding to novelty factor.

New parks at Indore & Ahmedabad to act as growth lever: IEL's upcoming water park in Indore entailing a capex of Rs1,400mn is expected to begin operations in 3QFY25E. Further, another entertainment park at Sabarmati Riverfront in Ahmedabad is expected to begin operations in FY27E. We believe apart from Indore and Ahmedabad, where there is clear growth visibility, organic expansion journey is likely to continue given IEL is evaluating options to set up new parks in NCR, Gujarat, Goa, Punjab and TN.

Outlook & valuation: Consolidation of 5 parks (2 in Lonavala, 2 in Shirdi and 1 in Indore) is likely to result in top-line/EBITDA CAGR of 30.7%/41.3% over FY24E-FY27E. Except for the Wet'nJoy Amusement Park in Lonavala, which started operations in 2019, the other 3 operational parks are matured and have a superior margin profile. As a result, we expect EBITDA margin to improve from 36.6% in FY24E to 46.2% in FY27E, post consolidation. We value IEL on SOTP basis (parks/hotels business valued at 23x/21x FY27E EV/EBITDA) to arrive at a TP of Rs108. Initiate BUY.

Company Overview

IEL to emerge as India's leading entertainment destination

Founded in 2013 by Manmohan Shetty, IEL, formerly known as Adlabs Imagicaa, is a premier theme destination park in India. The flagship park located at Khopoli is spread across 110 acres and offers 26 indoor and outdoor rides with thematic and character-based merchandise. The business portfolio under brand Imagicaa includes a theme park, a water park, a snow park, and a hotel at Khopoli. IEL also operates a water park, Aquamagicaa, in Surat.

In June 2022, the Malpani Group, existing promoters, bought a majority stake in IEL after negotiating a debt resolution plan with existing lenders for Rs5,750mn. The group owns and operates 4 operational parks at Lonavala and Shirdi under the brand name Wet'nJoy and Sai Teerth along with 1 upcoming park in Indore. In order to establish synergies across the businesses, all parks will be consolidated into IEL for an EV of Rs7,700mn with effect from 1QFY25E.

We believe IEL will emerge as leading entertainment destination in India and consolidation of both the businesses under one roof would 1) lend scale and size advantage to merged entity, 2) result in significant cost synergies and 3) enable IEL to leverage promoter expertise from cross businesses like renewables and real estate.

Exhibit 1: IEL will have 1 hotel, 1 snow park, 1 theme park, 5 water parks and 1 devotional park in its new avatar

Particulars	Rides	F&B outlets	Other offerings	Size	Location	Significant features	Inaugural operational year
Imagicaa Theme Park, Khopoli	26	5	- Thematic and character-based merchandise - Shopping & lounge areas - 10+ entertainment performances	110 acres	Khopoli	Headed by Malpani Group, Imagicaa has indigenously developed 18 unique and interesting characters and merchandise options.	2013
Imagicaa Water Park, Khopoli	16	4	- Shopping & lounge areas	NA	Khopoli	It is themed around the beautiful city of Mykonos, Greece	2014
Snow Park, Khopoli	8 activities	1	NA	0.9 acres	Khopoli	It is the largest snow park in India at -5° C with 100% pure snow and a 50 feet ceiling, and a variety of activities	2016
Novotel Imagicaa, Khopoli	NA	4	- Casper: 5,000 sq ft banquet space with pre-function area - Rapunzel and Cinderella: Meeting room of varying sizes	287 rooms	Khopoli	It is a 5-star hotel adjacent to the park	2015
Aquamagicaa Water Park, Surat	16	5	Retail offerings	4 acres	Surat	The water park has an Amazon rainforest theme with international themed slides	2023*
Wet'nJoy Amusement Park, Lonavala	29+	5	NA	30 acres	Lonavala	It has India's tallest rides – Turbo Force and Z Force – and India's biggest giant Frisbee, with rides from international manufacturers like Moser Rides, Huss Park and Antonio Zamperla	2019
Wet'nJoy Water Park, Lonavala	26+	5	NA	30 acres	Lonavala	It has India's largest wave pool, first water coaster, and first & largest crazy river, with international rides from Whitewater West, Canada	2016
Wet'nJoy Water Park, Shirdi	33 (including 8 operational from Mar'24)	2	-	9 acres	1.5 km from Shirdi Temple	-	2005
Sai Teerth Devotional Park, Shirdi	It has 4 major attractions	1	- Souvenir shop - Laser Show	7 acres	1.5 km from the Shirdi Temple	It is India's first devotional theme park, with largest 5D theatre in India	2018
Upcoming water park, Indore, Madhya Pradesh	20+	3	1 banquet	18 acres	Indore	-	2024E

Source: Company, PL *Aquamagicaa came into IEL's fold in 2023 but the inaugural year was 2016.

Investment Argument

Indian amusement park industry is under-penetrated with strong growth potential

India has ~150 amusement parks and attracts 50-60mn visitors annually. The first amusement park, Appu Ghar was opened in India in 1984. Subsequently in the 1990s, large parks like Essel World in Mumbai, Nicco Park in Kolkata and Ramoji Film City in Hyderabad were set up. Subsequently, the concept of integrated parks evolved where hospitality and merchandising became an essential offering to elevate overall consumer experience.

Exhibit 2: Imagicaa is one of the largest theme park in terms of size after Ramoji Fil City

Particulars (Price in Rs)	Size (Acres)	Rides - Land + Wet	Footfalls FY23 (in mn)	Ticket Price (Adult)	Ticket Price (Child)
Imagica Theme Park - Lonavala	110	26+16	1.4	999	699
Wonderla - Bengaluru*	82	40+21	1.3	1600	1280
Queens Land - Chennai	70	51	NA	750	650
Aquatica - Kolkata	17	15	NA	700	450
Appu Ghar - Gurugram	12	15	1.4	999	699
Wonderla - Kochi*	30	33+21	1.0	1431	1212
Della Adventure Park - Lonavala	5	50	NA	2000	1500
Maniar Wonderland - Ahmedabad	NA	15	NA	220	180
Water Kingdom - Mumbai	64	30	NA	1650	1200
Wonderla - Hyderabad*	50	28+18	1.0	1431	1212
Ramoji Film City – Hyderabad	2000	14	1.5	2294	2114

Source: Company, PL Notes - 1) *Wonderla's footfalls are as of FY24 2) IEL's footfalls includes water park 3) Ticket price is taken from company website, excluding discounts and is dynamic in nature.

India has a population of 1.4bn and 65 cities with a population of more than 1mn. Despite favorable population demographics and limited out-of-home entertainment options, only a handful of amusement parks in India attract footfalls of more than 0.5mn per year. We believe there are three reasons for relative under-penetration in India:

Factor 1 – Capital intensive nature of the business

Most parks require huge investment as apart from large land parcels that require huge outlay, considerable amount has to be spent on rides and attractions. Gross fixed asset turnover of IEL and Wonderla Holidays Ltd (Wonderla) given below reflects the capital-intensive nature of the business.

Exhibit 3: Gross fixed asset turnover ratio of IEL/Wonderla stood at 0.2x/0.4x in FY24

Particulars (Rs mn)	FY18	FY19	FY20	FY21	FY22	FY23	FY24E
IEL							
Net sales	2,363	2,404	2,001	220	720	2,506	2,637
Gross fixed assets (GFA)	14,985	15,891	16,004	16,019	16,024	16,080	16,581
GFA turnover ratio (x)	0.2	0.2	0.1	0.0	0.0	0.2	0.2
Wonderla							
Net sales	2,706	2,820	2,709	384	1,286	4,292	4,830
Gross fixed assets (GFA)	10,316	10,351	10,487	10,514	10,588	10,733	11,452
GFA turnover ratio (x)	0.3	0.3	0.3	0.0	0.1	0.4	0.4

Source: Company, PL Note: Wonderla's figure is as of FY24A.

In addition, payback ranges from 3-8 years depending upon the size of the park and scalability in footfalls, which acts as another deterrent.

Adoption of asset light route is the way forward

In order to reduce capital intensity, most operators are adopting the asset light route by taking land on lease and requesting for capital subsidy from government on a case to case basis. Some instances of migration towards the asset light route by IEL and Wonderla are highlighted below:

IEL: Land for IEL's new park in Indore is taken on lease from Malpani Parks Pvt Ltd. Further, IEL is likely to apply for a 30% capital subsidy under the MP tourism policy. In addition, land for IEL's new park at Sabarmati Riverfront in Ahmedabad is also taken on lease from Sabarmati Riverfront Development Corporation Limited (SRFDCL) for 30 years.

Wonderla: Land for the new park in Bhubaneswar is taken on lease. Further, Wonderla is in active discussions with MP, UP and Punjab state governments for setting up new parks. Land will be taken on lease for expansion in these states as well. Lastly, Wonderla has also got LBT exemption for 10 years for their upcoming park in Chennai.

As is evident, the industry is not only moving towards asset light mode but is also getting government support in form of subsidies in some cases. We believe this will enable rapid expansion of parks across the industry as overall investment environment is conducive.

Factor 2 – Lack of novelty and resultant fatigue

Unlike multiplexes where fresh content is available every week with new releases, an amusement park typically lacks novelty. After a couple of visits, consumer fatigue sets in.

Adding new attractions can bring in novelty

In order to attract footfalls, amusement parks are adding new attractions so as to stay relevant and retain novelty factor.

IEL: Wet'nJoy and Sai Teerth parks have added 21 new rides and attractions at a capex of Rs210mn. In addition, Imagicaa has added a musical fountain show at its theme park and 6 new rides at its water park at a capex of >Rs300mn.

Wonderla: New rides were launched in Hyderabad park in 3QFY24. In addition, in the 3QFY24 earnings call, management highlighted that 10% of capex is earmarked towards new rides in existing parks.

Factor 3 – Price sensitive mindset of the Indian consumer

Multiplexes compete with amusement parks for “out-of-home” leisure alternatives available to consumers. Amusement parks are not only a costlier option (as can be seen in the ARPU comparison below) but they also entail an additional travel cost given most parks are located outside cities (remote location reduces capital outlay as land cost is lower).

Exhibit 4: Parks are a costlier leisure alternative as compared to cinemas

ARPU (In Rs)	FY18	FY19	FY20	FY21	FY22	FY23	FY24
IEL	1,422	1,507	1,393	1,367	1,568	1,543	1,509
Wonderla Holidays	1,044	1,072	1,091	1,025	1,146	1,243	1,430
PVR-Inox (ATP+SPH)*	299	303	303	276	359	368	391

Source: Company, PL Note: For IEL, FY24 figure is an assumption.

While amusement parks offer live entertainment, multiplexes offer scripted entertainment, resulting in a differential pricing, and hence, the comparison may not be apt. Nonetheless, given the price sensitive nature of Indian consumer and easy access, multiplexes typically emerge as a preferred choice for most consumers.

Increase affordability to attract footfalls

We believe this is a slightly difficult proposition to overcome. However, most amusement parks offer bulk discounts to students/corporates and run passport campaigns to improve affordability.

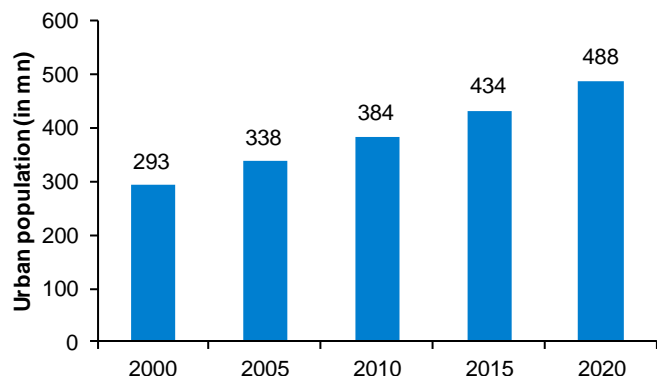
Macro drivers are favorable for industry growth

The Indian amusement park industry is valued at ~Rs40bn. Led by rapid urbanization, younger population, low penetration and rising disposable income, the industry is expected to grow at a CAGR of 10% by 2027. Following factors would enable strong growth in years to come:

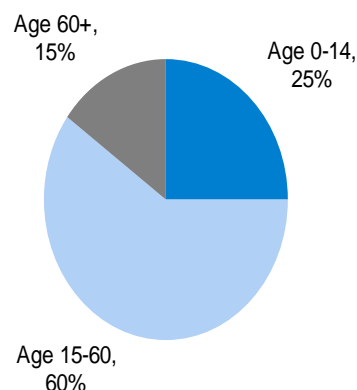
Urbanization trend to rise in India: Amusement park is an urban form of entertainment. In 2000, ~28% of India’s population resided in urban areas. The share of urban mix increased to 35% in 2020 and is expected to rise to 41% by 2030. Rapid urbanization is likely to lay a strong foundation for industry growth.

Favorable population demographics: Amusement parks typically attract younger audience. Given 60% of the population in India falls into the 15-60 age group, the opportunity landscape is huge.

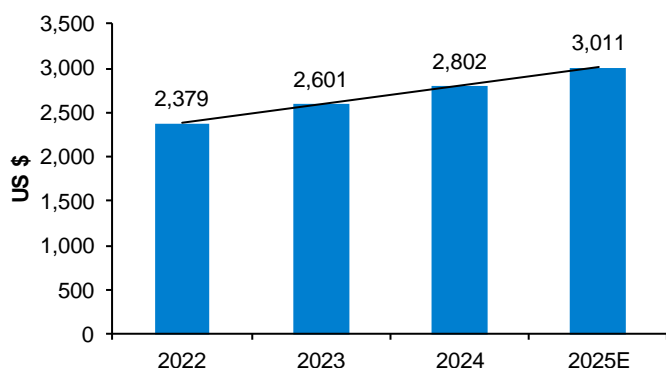
Discretionary spends to rise: India’s per capita GDP is set to rise from US\$2,379 in 2022 to US\$3,011 in 2025. Further, the share of upper middle household segment is expected to increase from 21% in 2018 to 44% by 2030. Rising per capita income and increasing share of upper middle income households bode well for high spending on leisure and travel activities.

Exhibit 5: Urban population to be at 488mn in 2020


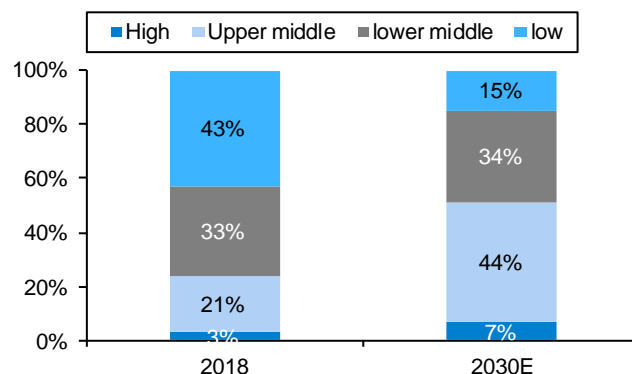
Source: Company, PL

Exhibit 6: 60% of population in India is aged under 15-60


Source: Company, PL

Exhibit 7: India's per capita GDP to be ~ US\$3,011 in 2025E


Source: Company, PL

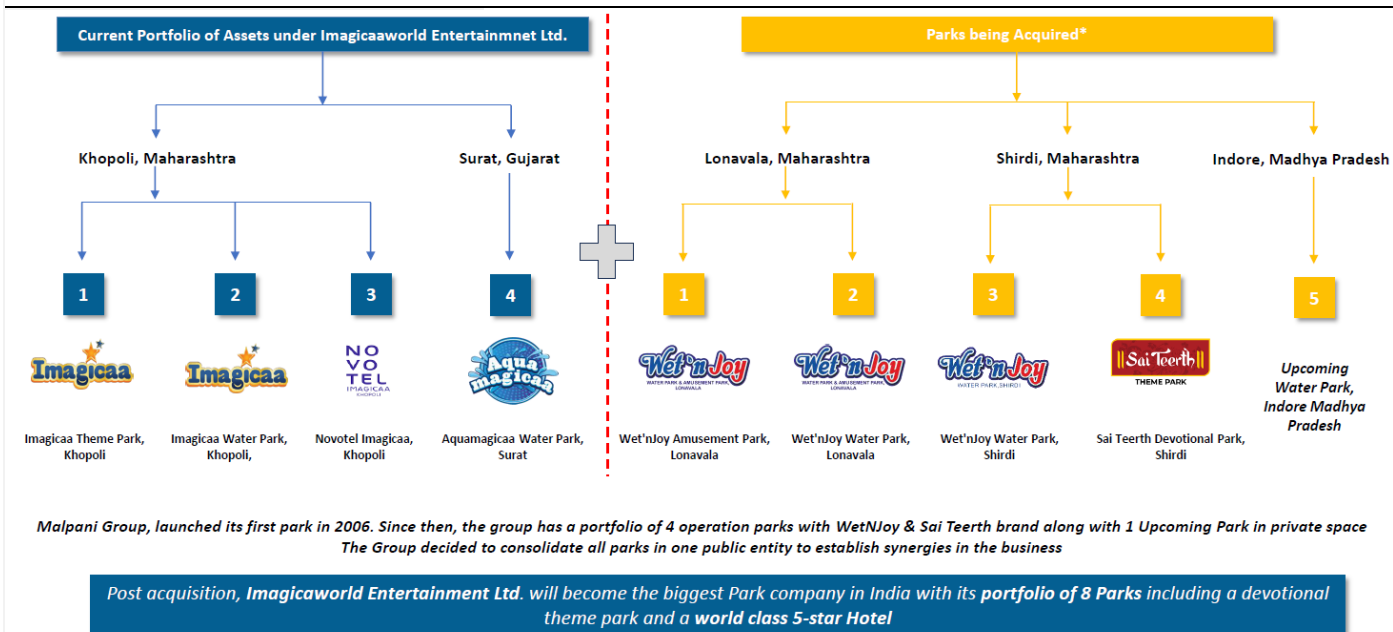
Exhibit 8: Upper/lower middle income households to rise


Source: Company, PL

Buyout by Malpani Group has provided a new lease life to IEL

After taking over IEL in June 2022 and restructuring the outstanding debt for Rs5,750mn (for more details on debt structuring refer to financial projections), Malpani Group decided to merge their Lonavala (Wet'nJoy Waterpark & Amusement Park) and Shirdi (Sai Teerth Devotional Park and Wet'nJoy Waterpark) assets into IEL.

In all, 4 parks will be carved out from Giriraj Enterprises (Malpani Group firm) and will be merged into IEL for a consideration of Rs6,300mn. In addition, the under-construction water park at Indore residing within Malpani Parks Indore Pvt Ltd (promoter entity) will also be carved out and merged into IEL for a consideration of Rs1,400mn. However, as land will remain with the promoter entity, IEL will have to pay an annual consideration of Rs38mn towards lease cost.

Exhibit 9: IEL will have 8 parks and 1 hotel under its portfolio post consolidation


Source: Company, PL

We believe the said transaction is minority friendly as: -

- It eliminates potential conflict of interest between promoters and minority shareholders of IEL as entire park business will now be housed under one listed entity. In addition, future expansion will happen under IEL umbrella, and not under any promoter-owned entity.
- While consolidation is likely to happen from 1QFY25E, payment to promoters is staggered over 7 tranches in 30 months. Effectively, promoters will be getting a delayed compensation for assets that have been transferred now.

Exhibit 10: Payment schedule of Rs6.3bn is staggered over 7 tranches

Particulars	Rs mn
Apr-24	300
Jun-24	1,000
Sep-24	1,000
Mar-25	1,000
Sep-25	1,000
Mar-26	1,000
Sep-26	1,000

Source: Company, PL

- However, consideration for the Indore park is payable immediately, and thus, total outgo for IEL stands at Rs4,700mn (Rs3,300mn for 4 parks as per the above payment schedule and Rs1,400mn for Indore park) in FY25E. An amount of Rs2,000mn/Rs1,000mn will be paid in FY26E/FY27E respectively.
- Except for Wet'nJoy Amusement Park in Lonavala, which started operations in 2019 (just before COVID), the other 3 parks are matured and have a superior margin profile. Collectively, these 4 parks reported revenues of Rs1,247mn with an EBITDA margin of 58.3% in FY23. Brief financials for the last 4 years are provided in the table below.

Exhibit 11: 4 parks acquired by IEL had an EBITDA margin of 58.3% in FY23

Particulars (Rs mn)	FY20	FY21	FY22	FY23
Footfalls	0.96	0.01	0.15	1.32
YoY growth		-99.3%	2075.7%	781.7%
ARPU (In Rs)	856	1,694	1,032	944
YoY growth		97.9%	-39.1%	-8.5%
Revenues	818	12	155	1,247
YoY growth		-98.6%	1225.4%	706.4%
EBITDA	327	(82)	25	726
EBITDA margin	39.9%	NM	16.3%	58.3%

Source: Company, PL










Mature parks are cash cows given they generate higher return, which can be utilized to fund future capex needs. As a part of this transaction, IEL will be subsuming these mature 4 parks at an EV/EBITDA multiple of 6.4x our projected FY26E EBITDA. In comparison, Wonderla is trading at EV/EBITDA multiple of 13.4x over FY26E consensus EBITDA, indicating acquisition is relatively inexpensive for a mature portfolio.

Mother brand Imagicaa has superior brand recall with international quality rides

IEL has 3 brands under its portfolio, viz., Imagicaa, Wet'nJoy and Aquamagicaa. The mother brand Imagicaa has superior brand recall and is the highest rated theme destination in South Asia on Google, FB and TripAdvisor. Key factors for a superior recall include:

- **Number of rides:** Imagicaa has 26/16 rides in the theme/water park, respectively. In addition, a grand musical fountain show has been added at the theme park and six new rides at the water park in FY24 (inauguration happened in 1QFY25E), which further adds to the attraction, resulting in better ratings.
- **Quality of rides:** The rides and attractions at theme park have been designed and sourced from global industry leaders such as Bolliger & Mabillard, Zamperla Asia Pacific, Sally Industries Inc, E2M Technologies BV and Santec Fabricators (India). The water slides and equipment in the water park have also been sourced from global industry leaders such as Whitewater West Industries Limited, Neptune Benson and Polin Ltd. Given most rides are of international quality standards, consumer gets the best-in-class experience, resulting in higher re-call.
- **F&B options:** There are 5/4 F&B outlets at the theme/water park, respectively.
- **Safety standards:** IEL conducts regular 3rd party audits to ensure safety of patrons is not compromised. Over the last 3 years, IEL has spent on an average 12.0% towards repairs & maintenance (R&M).

Exhibit 12: IEL is India's top leisure destination with many unique rides

	Nitro India's biggest, largest, fastest and baddest roller coaster		Mr. India –The Ride India's only Bollywood Movie Integrated Simulator Ride		Chotta Bheem – The Ride Ride a roller coaster into the Dholakpur universe
	I for India Beauty of India as you soar across it in this elevated, wide-screen show featuring helicopter perspectives		Rajasaurus River Adventure India's longest flume ride		Water Park India's Only Water Park to offer Themed character parade
	Deep Space India's only indoor high-speed dark roller coaster		Wrath of The Gods India's only blend of Live Theatre, Special Effects & Multimedia		Grand Imagicaa Parade A truly grand and fascinating experience that appeals to all your senses with magical characters

Source: Company, PL

Strategically located parks along the western belt

Post takeover by the Malpani Group, IEL has 2 parks in Khopoli (theme and water park), 2 parks in Lonavala (amusement & water park), 2 parks in Shirdi (devotional & water park), 1 water park in Surat and 1 upcoming water park in Indore. In all, IEL will have 8 parks in Maharashtra, Gujarat and Madhya Pradesh. IEL also has plans to set up a new park with multiple attractions at Sabarmati Riverfront in Ahmedabad.

IEL's parks located in Khopoli and Lonavala are strategically placed between Mumbai and Pune and attract footfalls from both regions. Further, the devotional park in Shirdi is one of its kind, and as it is located close to a religious place, it has potential to attract footfalls from all over India. IEL's other parks are located in top tier cities like Surat, Ahmedabad and Indore.

Exhibit 13: IEL's parks are strategically located across western belt

Name of the Park	Location	Nearest Hub	Distance from nearest hub	Population of the city
Imagicaa (Theme & Water Park)	Khopoli	Mumbai & Pune	Mumbai - 68.5 km & Pune - 92.7 km	Mumbai - 21.6 mn & Pune - 7.3 mn
Wet'nJoy (Theme & Water Park)	Lonavala	Mumbai & Pune		
Wet'nJoy (Devotional & Water Park)	Shirdi	Can attract tourists from pan-India as it is a religious location	NA	NA
Aquamagicaa Water Park	Surat	NA	NA	8.3
Water Park - Upcoming	Indore	NA	NA	3.4
Amusement Park - Upcoming	Ahmedabad	NA	NA	8.9

Source: Company, PL

Location is the biggest moat in amusement park business, which acts as a strong entry barrier. Establishing an early presence in right catchment areas is a key in driving footfalls. Subsequent competitive risk is low as another establishment in vicinity can lead to cannibalization of footfalls. High capex and requirement of large land parcels act as a further deterrent. We thus believe IEL's first mover advantage in the western belt is a key moat and difficult to replicate.

New parks at Indore and Ahmedabad to act as growth lever

IEL's upcoming water park in Indore is spread across 18 acres. It has entailed capex of Rs1,400mn and IEL will apply for a capital subsidy of 30% under MP tourism policy. The water park will have 20+ rides and 3 multi-cuisine restaurants with a banquet. It was scheduled to open in 1QFY25E, but there has been some delay, and we now expect the park to open in 3QFY25E. Given the delay in opening, we expect footfalls of 0.08mn in FY25E (we assume operational period of 6 months). Nonetheless, for FY26E/FY27E, we expect footfalls of 0.32mn/0.34mn with an EBITDA margin of 53.0%/54.5%, respectively.

Exhibit 14: Indore water park to have an EBITDA margin of 54.5% in FY27E

Particulars (Rs mn)	FY25E	FY26E	FY27E
Footfalls	0.08	0.32	0.34
Ticketing ARPU (Rs)	650	696	734
F&B ARPU (Rs)	100	104	107
Retail/Merchandising ARPU (Rs)	115	120	126
Total revenues	67	299	327
EBITDA	17	158	178
<i>EBITDA margin</i>	<i>25.0%</i>	<i>53.0%</i>	<i>54.5%</i>

Source: Company, PL

In addition to Indore, IEL has plans to set up another entertainment park at Sabarmati Riverfront in Ahmedabad. The park will be set up on 11 acres of land, which will be taken on lease for 30 years from Sabarmati Riverfront Development Corporation Ltd and would entail a capex of Rs1,300mn. Opening is expected in 2 years, and we expect footfalls of 0.70mn/0.72mn with an EBITDA margin of 60.0%/60.0% in FY27E/FY28E.

Exhibit 15: Sabarmati park to have an 60% inaugural EBITDA margin

Particulars (Rs mn)	FY27E	FY28E
Footfalls	0.70	0.72
Blended ARPU (Rs)	600	624
Total revenues	420	452
EBITDA	252	271
<i>EBITDA margin</i>	<i>60.0%</i>	<i>60.0%</i>

Source: Company, PL

Moreover, IEL is evaluating options to open new parks in NCR, Gujarat, Goa, Punjab and TN. It has also signed an MoU with Uttarakhand state government to set up a park in the state. We believe apart from Indore and Ahmedabad, where there is clear visibility, organic expansion is likely to continue given IEL is in active discussions with various state governments.

Peer Comparison

IEL had inferior margins and leveraged BS as compared to Wonderla, but a complete makeover is on the cards

Wonderla Holidays Ltd is a listed amusement player with 3 parks across Bengaluru, Kochi and Hyderabad with 162 rides spanning across 110 acres of land. It had footfalls of 3.2mn in FY24. While both operate in different geographies and do not compete directly, a brief comparison of KPIs and financials is provided below.

ARPU: IEL's ARPU is higher by 32.3% (average of last 5 years) than Wonderla as most rides are designed and sourced from global industry leaders. In addition, IEL's theme park is located at a prime catchment between Mumbai and Pune resulting in better pricing power.

Footfalls: Wonderla's footfalls are almost double (average of last 5 years) than IEL, reflecting strategic positioning of the parks and competitive pricing. It also reflects price sensitive nature of Indian customer (competitive price results in higher footfalls). In addition, Wonderla has been able to register 5.2% CAGR in footfalls over last 5 years, while IEL's footfalls of 1.36mn in FY23 are yet to breach the pre-COVID base of 1.41mn in FY20.

EBITDA margin: Wonderla's EBITDA margin is higher as IEL is a theme park which has higher opex than amusement/water park. In addition, IEL has lot of indoor offerings that consume more power. However, in order to reduce power cost IEL has decided to set up a solar power project by spending Rs410mn which should lead to improvement in margins. Further, consolidation of 4 parks at Lonavala & Shirdi from 1QFY25E is likely to further uplift the margin profile of IEL as these parks are mature and commanded an EBITDA margin of 58.3% in FY23.

Fixed asset turnover: IEL has higher depreciation and lower gross fixed asset turnover ratio given its average GB over the last 5 years has been 1.5x of Wonderla. While IEL has imported most of its rides (cost is high), Wonderla has capability to design them rides in-house (low cost), resulting in divergence of GFA turnover ratio. However, after the takeover by Malpani Group and resultant consolidation of 4 parks, incremental depreciation charge will not be high as these parks are mature. Accordingly, we expect the fixed asset turnover ratio of IEL to improve going ahead.

Leverage: IEL had higher interest burden than Wonderla as it was debt ridden in the past. However, after the takeover by Malpani Group and restructuring the BS, IEL is expected to end FY24E with D/E ratio of 0.3x.

Exhibit 16: Wonderla has superior margins and return profile as compared to IEL

Particulars (Rs mn)	IEL						Wonderla Holidays Ltd					
	FY19	FY20	FY21	FY22	FY23	FY24E	FY19	FY20	FY21	FY22	FY23	FY24
Footfalls	1.63	1.41	0.07	0.32	1.36	1.29	2.52	2.38	0.36	1.06	3.30	3.25
ARPU (Rs)	1,507	1,393	1,367	1,568	1,543	1,509	1,072	1,091	1,025	1,146	1,243	1,430
Revenue	2,404	2,001	220	720	2,506	2,637	2,820	2,709	384	1,286	4,292	4,830
EBITDA	469	(38)	(349)	323	850	965	1,143	1,041	(286)	202	2,115	2,272
EBITDA margin	19.5%	NM	NM	44.9%	33.9%	36.6%	40.5%	38.4%	NM	15.7%	49.3%	47.0%
Depreciation	1,018	2,427	956	915	(507)	846	395	418	437	384	352	382
EBIT	(548)	(2,465)	(1,305)	(592)	1,357	119	748	623	(722)	(182)	1,763	1,890
EBIT margin	NM	NM	NM	NM	54.2%	4.5%	26.5%	23.0%	NM	NM	41.1%	39.1%
Interest	1,338	1,516	1,627	1,882	526	18	4	7	5	3	3	6
PBT	(1,824)	(3,974)	(2,686)	(2,441)	1,611	5,445	840	737	(664)	(128)	1,991	2,113
Tax	1,654	-	-	-	(1,961)	78	286	278	(165)	(33)	502	534
PAT	(3,478)	(3,974)	(2,686)	(2,441)	3,571	5,368	554	648	(499)	(95)	1,489	1,580
PAT margin	NM	NM	NM	NM	142.5%	203.6%	19.6%	23.9%	NM	NM	34.7%	32.7%
RoE	NM	NM	NM	NM	152%	70%	7%	8%	NM	NM	16%	14%
RoCE	NM	NM	NM	NM	13%	1%	9%	7%	NM	NM	19%	17%
D/E (x)	25.7	NM	NM	NM	3.4	0.3	0.0	0.0	0.0	0.0	0.0	0.0
Gross fixed asset turnover (x)	0.2	0.1	0.0	0.0	0.2	0.2	0.3	0.3	0.0	0.1	0.4	0.4

Source: Company, PL Note: IEL's PAT has DTA benefit of Rs1,9bn in FY23. In FY24, debt of Rs5.7bn (unsustainable portion) was written off aiding PAT. Thus, RoE/RoCE appear to be high in FY23/FY24E.

Financial Projections

Revenue CAGR of 30.7% over FY24-FY27E led by consolidation of 4 parks

We expect revenue CAGR of 30.7% over FY24-FY27E led by: -

- Consolidation of 4 parks at Lonavala and Shirdi from 1QFY25E. With capex of Rs250mn incurred to add new rides and attractions at Wet'nJoy and Sai Teerth parks in Lonavala and Shirdi, we expect footfalls to increase from 1.43mn in FY24E to 1.70mn in FY27E.
- Operationalization of a new park in Indore from 3QFY25E. We expect footfalls to increase from 0.08mn in FY25E (first year of operations) to 0.34mn in FY27E.
- Operationalization of a new park at Sabarmati near Ahmedabad. The park will begin operations by FY27E and we expect footfalls of 0.7mn with an ARPU of Rs600. This will be a unique park where customers will be charged on a per ride basis, and hence, footfalls appear high in maiden year of operations.
- Organic revenue growth of 7.2% over FY24-FY27E at Khopoli (theme & water park) led by uptick in ARPU and footfalls. IEL incurred a capex of Rs300mn in FY24 and has added a grand musical fountain show at the theme park and 6 new rides at water park. Addition of new attractions is likely to drive footfalls & ARPU.
- Increase in hotel revenue (Novotel Imagica near Khopoli) from Rs521mn in FY24E to Rs663mn in FY27E led by 8.1% CAGR in RevPAR over the same period.
- 7.4% CAGR in revenues at Aquamagicaa, Surat.

Exhibit 17: IEL to have a revenue CAGR of 30.7% over FY24-FY27E

	FY23	FY24	FY25E	FY26E	FY27E
Footfalls (In mn)					
Khopoli	1.36	1.29	1.35	1.41	1.46
Lonavala			0.71	0.76	0.80
Shirdi			0.81	0.86	0.90
Surat		0.16	0.17	0.18	0.18
Indore			0.08	0.32	0.34
Sabarmati					0.70
Total Footfalls	1.36	1.45	3.12	3.52	4.39
<i>YoY growth</i>		6.8%	114.6%	13.0%	24.5%
ARPU (In Rs)					
Khopoli	1,459	1,509	1,554	1,600	1,647
Lonavala			1,360	1,412	1,465
Shirdi			725	751	773
Surat		890	919	943	967
Indore			865	919	967
Sabarmati					600
Revenues (Rs mn)					
Khopoli	1,986	1,952	2,100	2,248	2,407
Lonavala			971	1,073	1,170
Shirdi			586	643	699
Surat		143	154	165	177
Indore			67	299	327
Sabarmati					420
Total revenues	1,986	2,095	3,879	4,429	5,200
<i>YoY growth</i>		5.5%	85.2%	14.2%	17.4%

Source: Company, PL

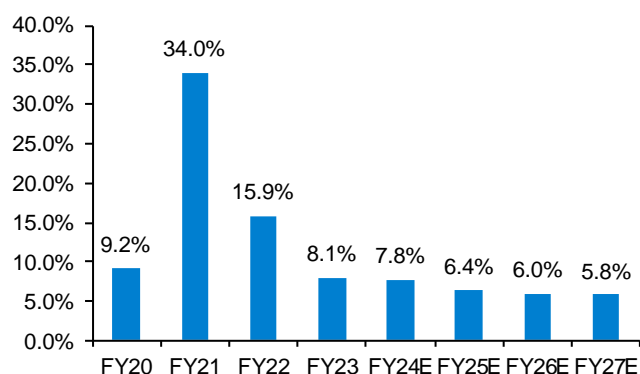
Note: 1) Table excludes revenues from Snow park and Novotel, Imagicaa (hotel in Khopoli). 2) Sabarmati/Indore parks to begin operations from FY27E/FY25E respectively. 3) Consolidation of Lonavala & Shirdi parks expected from FY25E.

EBITDA CAGR of 41.3% over FY24-FY27E as mature parks come into the portfolio

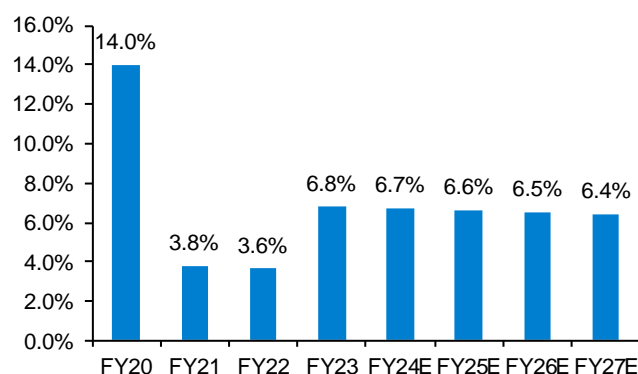
We expect EBITDA CAGR of 41.3% over FY24-FY27E with a margin of 43.3%/44.8%/46.2% in FY25E/FY26E/FY27E, respectively, led by: -

- Consolidation of high-margin mature parks at Lonavala & Shirdi. The Wet'nJoy amusement/water park in Lonavala was started in 2019/2016, respectively. Further, Wet'nJoy/devotional park in Shirdi was started in 2005/2018, respectively. All of these parks (except for 1) are mature and >5 years old, generating an EBITDA margin of 58.3% in FY23. Consolidation of these mature parks is likely to uplift the overall margin profile of IEL.
- Reduction in power & fuel cost as IEL has decided to put up a solar power project in Khopoli at a capex of Rs410mn. The theme park at Khopoli is more power intensive as it has indoor offerings. Migration to solar power is likely result in reduction in power & fuel cost from 7.8% in FY24E to 5.8% in FY27E.

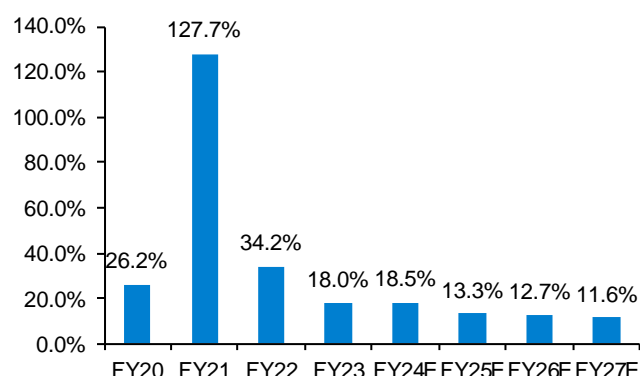
- Reduction in A&P expenses from 6.7% in FY24E to 6.4% in FY27E as most parks in portfolio are mature in nature and require minimal promotional spends. However, given footfalls in Khopoli are below pre-COVID levels, we expect marketing spends to remain high for that park. Further, as Indore park will be commissioned in FY25E, marketing spends would be higher in the inaugural year.
- Reduction in employee cost from 18.5% in FY24E to 11.6% in FY27E as Lonavala and Shirdi parks are in a low cost zone. Further, incremental employee addition will be limited to ground staff and cost rationalization is on the cards.
- Stability in R&M expenses. While most parks are mature and may require frequent repairs, R&M cost for water parks is typically low as compared to amusement/theme parks. As a result, we expect R&M cost to decline from 6.0% in FY24E to 4.5% in FY27E.

Exhibit 18: Power cost to decline to 5.8% of sales in FY27E


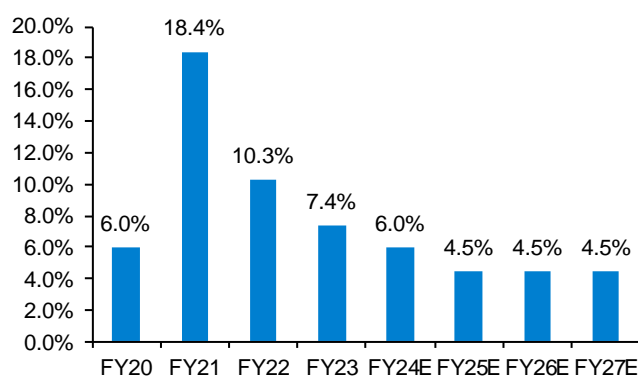
Source: Company, PL

Exhibit 19: A&P spends to decline to 6.4% of sales in FY27E


Source: Company, PL

Exhibit 20: Employee cost to fall to 11.6% of sales in FY27E


Source: Company, PL

Exhibit 21: R&M cost to stabilize at 4.5% of sales in FY27E


Source: Company, PL

Adjusted PAT CAGR of 63.0% over FY24-FY27E

We expect adjusted PAT CAGR of 63.0% over FY24-FY27E as interest expense is likely to be Rs320mn/Rs380mn/Rs308mn in FY25E/FY26E/FY27E. While IEL has negligible debt as of FY24E, we expect debt levels to rise marginally over the next 3 years as it has an outgo lined up of Rs7,700mn towards Shirdi, Lonavala and Indore parks acquired from the promoter group. Nonetheless, debt/EBITDA is expected to be at comfortable levels of 2.1x/2.1x/1.5x in FY25E/FY26E/FY27E.

In addition, given past accumulated losses, IEL has DTA of Rs1,917mn as of 1HFY24. Hence, we do not expect cash tax outgo aiding PAT growth in the near term.

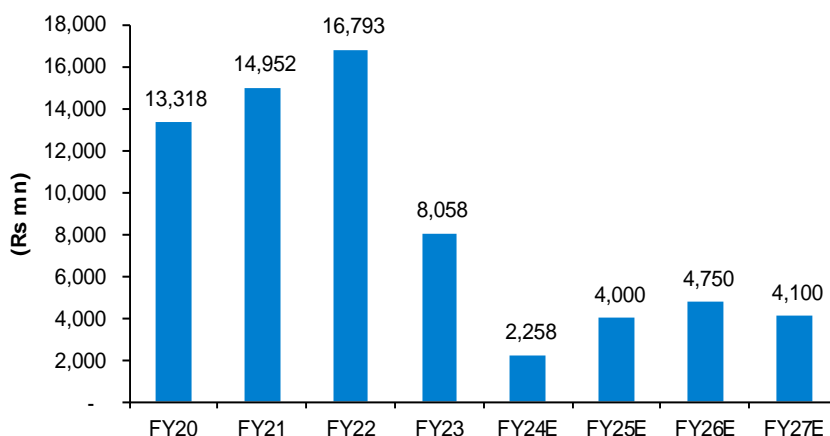
BS turns healthy after debt restructuring

Over the past few years, IEL's debt had ballooned from Rs11,231mn in FY15 to Rs16,793mn in FY22. Inability to service the debt and rising losses led to an eventual exit by the erstwhile promoters.

In June 2022, Malpani Group, existing promoters, bought a majority stake in IEL after negotiating a debt resolution plan with the existing lenders for Rs5,750mn. As a part of the plan, existing debt was assigned to Aditya Birla ARC (lenders transferred and assigned all their rights to ARC by executing an agreement in this regard) for Rs5,000mn, while lenders were issued equity shares (12% stake in IEL) for debt conversion aggregating to Rs750mn (49mn shares were allotted at Rs15.3).

Malpani Group acquired 66% stake in IEL via preferential allotment of equity worth Rs4,150mn (271mn shares were allotted at Rs15.3) and money infused in the company was utilized to repay the debt of Aditya Birla ARC. Subsequently, debt (unsustainable portion) amounting to Rs5,717mn was written off by the ARC. After this restructuring, IEL has debt of Rs2,258mn as of 1HFY24. Nonetheless, we expect debt levels to rise to Rs4,000mn/4,750mn in FY25E/FY26E as it has an outgo lined up of Rs7,700mn towards Shirdi, Lonavala and Indore parks acquired from the promoter group.

Exhibit 22: Debt levels to remain low as compared to past

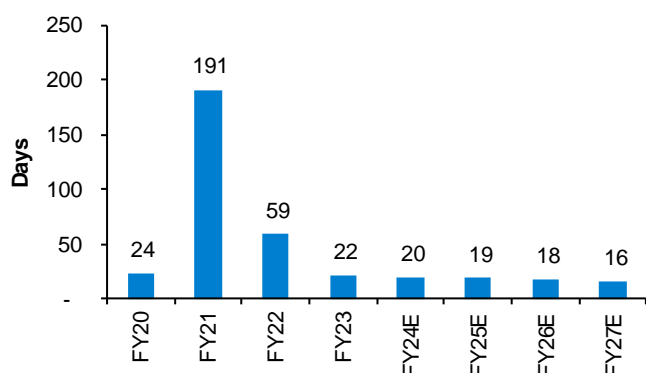


Source: Company, PL

Negative cash conversion cycle

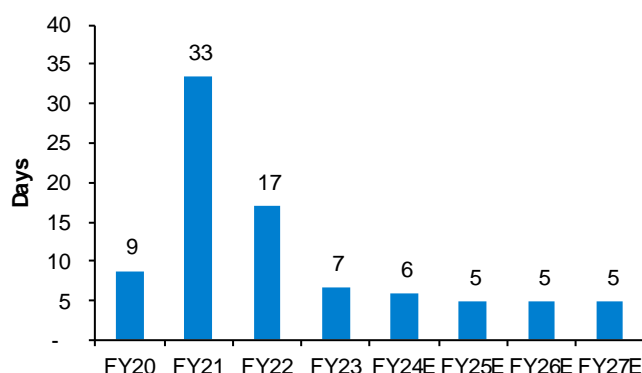
The amusement park business has lean working capital requirements. Tickets and F&B are typically bought in cash. Majority of receivables pertain to credit given to corporates, OTAs and the hotel business. We thus expect receivable days to remain at 6/5/5 days in FY24E/FY25E/FY26E, respectively. Further, apart from F&B COGS, which is perishable in nature, and merchandising requirement for retail segment, inventory on books is minimal. Accordingly, we expect inventory days of 20/19/18 in FY24E/FY25E/FY26E, respectively. Overall, we do not expect any major change in cash conversion cycle and believe it will remain in the negative territory.

Exhibit 23: Inventory days of IEL to be at 16 in FY27E



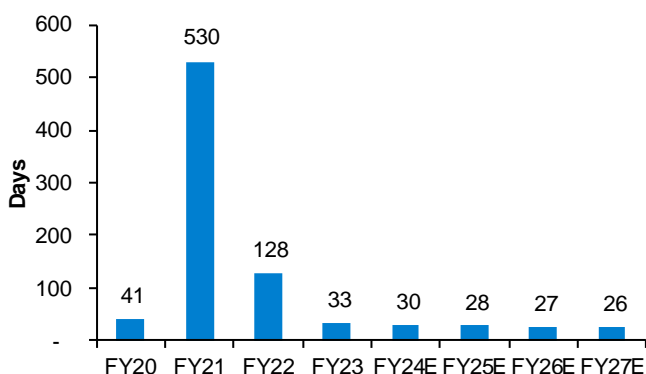
Source: Company, PL Note: Excludes land which is part of inventory

Exhibit 24: Receivable days of IEL to stabilize at 5 in FY27E



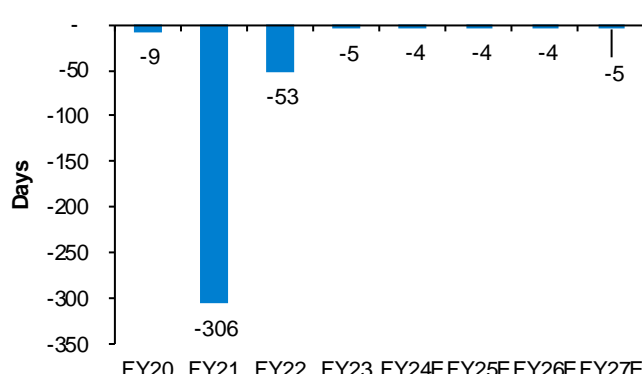
Source: Company, PL

Exhibit 25: Payable days of IEL to be at 26 in FY27E



Source: Company, PL

Exhibit 26: Net cash conversion cycle to remain negative



Source: Company, PL

Valuation

We believe past trading history of IEL is redundant given 1) it was saddled with debt and was into losses from FY15 to FY22, but BS has now been restructured; 2) management change post takeover by the Malpani Group; 3) strong growth visibility as compared to past with addition of 5 new parks in the portfolio and 4) elimination of concentration risk with the addition of new parks (earlier, dependency on mother brand, Imagicaa, was high).

We compare IEL with Wonderla as it is a directly listed peer in the amusement park business. However, given paucity of direct listed peers in India, we also present an indirect comparison with multiplexes, which offer an alternative form of out-of-home entertainment. Further, as IEL operates Novotel, Imagicaa, a hotel at Khopoli we also present valuation comparison with the listed hotel universe.

Comparison with Wonderla: Wonderla trades at EV/EBITDA multiple of 13.4x over FY26E consensus estimates with EBITDA CAGR of 23% over FY24-FY26E. In comparison, IEL trades at 21.1x FY26E EV/EBITDA with a 53% EBITDA CAGR over FY24-FY26E led by consolidation of 5 parks. Though Wonderla has better return on capital, the overall return profile of IEL is inferior as asset sweating was poor in the past. Nonetheless, the 4 parks acquired by IEL at Lonavala and Shirdi reported an RoCE of 16% in FY23, indicating new assets are generating return that is at par with Wonderla. Given better growth prospects of IEL, strengthening BS and improvement in return on capital, we believe the premium over Wonderla is likely to sustain.

Comparison with multiplexes: PVR-Inox trades at EV/EBITDA multiple of 10x over FY26 pre IND-AS EBITDA with 39% operating profit CAGR. Multiplexes offer fictional entertainment, while amusement parks offer live entertainment. Further, there is a threat of substitution in multiplexes given proliferation of OTTs, whereas every amusement park is unique. We believe in the amusement park business, entry barriers are high and there is no threat of substitution given it is live entertainment, and hence, the premium is justified.

Comparison with hotels: The top 4 hotel chains are trading at EV/EBITDA multiple of 20-25x over FY26E with EBITDA CAGR in the band of 25-30%. IEL's hotel, Novotel, Imagicaa is located close to the park and traditionally would attract patrons who visit theme/water park from Mumbai and Pune. We expect revenue/EBITDA CAGR of 8.4%/9.5% over FY24-FY27E for Novotel, Imagicaa and believe the chain should command better multiple given improvement in EBITDA margin from 22.1% in FY20 to 35.5% in FY23.

Exhibit 27: Peer comparison table of Wonderla, PVR-Inox and hotels

Sr. No	Particulars	Revenue		CAGR	EBITDA		CAGR	PAT		CAGR	ROCE - FY23	EV / EBITDA	
		FY24	FY26		FY24	FY26		FY24	FY26			FY25	FY26
Hotels													
1	Chalet	14,173	20,450	20%	5,846	9,176	25%	2,782	4,573	28%	8	24.7	20.8
2	Lemon Tree	10,588	14,653	18%	5,056	7,753	24%	1,566	3,856	57%	14	18.4	15.5
3	Indian Hotels	67,688	87,646	14%	18,226	31,020	30%	12,591	19,797	25%	15	30.5	26.5
4	EIH	25,124	35,862	19%	9,093	15,565	31%	6,115	10,530	31%	13	23.3	19.0
Multiplexes													
1	PVR-Inox	61,071	77,371	13%	7,110	13,673	39%	1,143	6,355	136%	2.8	13.1	9.9
Amusement Parks													
1	Wonderla	4,830	7,439	24%	2,272	3,441	23%	1,580	2,341	22%	16.0%	17.2	13.4
2	Imagicaa	2,637	5,069	39%	965	2,271	53%	221	668	74%	13.0%	24.3	21.1

Source: Company, PL Note: Imagica, PVR-Inox, Chalet & Lemon Tree are PL estimates. IHCL, EIH and Wonderla estimates are from Bloomberg.

Comparison with global peers: Most global peers are trading at single digit EV/EBITDA multiple with EBITDA CAGR ranging from 4-9% over CY24-CY26E. Given better growth prospects and nascent nature of the Indian market, we believe premium valuation of domestic peers is justified.

Exhibit 28: Peer comparison table of global players

Sr. No.	Particulars (US\$ mn)	Revenue		CAGR	EBITDA		CAGR	PAT		CAGR	EV / EBITDA	
		CY24	CY26		CY24	CY26		CY24	CY26		CY25	CY26
1	Disney	91,593	1,00,625	5%	17,702	21,202	9%	8,714	11,182	13%	11.6	10.7
2	Six Flags	1,481	1,623	5%	495	572	7%	131	188	20%	9.4	8.9
3	Cedar Fair	1,867	2,300	11%	561	629	6%	174	275	26%	7.8	7.4
4	United Parks & Resorts	1,774	1,874	3%	741	800	4%	278	323	8%	6.6	6.2
5	Haichang Ocean Park	358	477	15%	153	179	8%	5	39	172%	8.6	7.8

Source: Company, PL

We value IEL on SOTP basis to arrive at the per share value of Rs108. We value the parks business at 23x FY27E EBITDA given 1) strong growth prospects (revenue/EBITDA CAGR of 30.7%/41.3%) over the next 3 years, 2) improvement in margin profile led by consolidation of mature parks, 3) synergy benefits arising from cost rationalization post consolidation, and 4) change of guard at top (promoter expertise in renewables and real estate can be exploited to improve operating performance of IEL).

We have valued the hotels business at 21x FY27E EBITDA as addition of new rides at Imagicaa will boost occupancy (located near to the park and offers a convenient option for accommodation to patrons) in the hotel and lead to an improvement in EBITDA margin to 38.1% in FY27E.

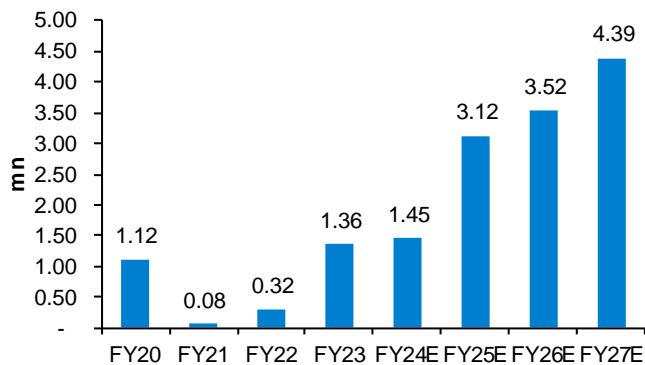
We initiate IEL with a BUY rating and SOTP based TP of Rs108.

Exhibit 29: SOTP valuation table of IEL

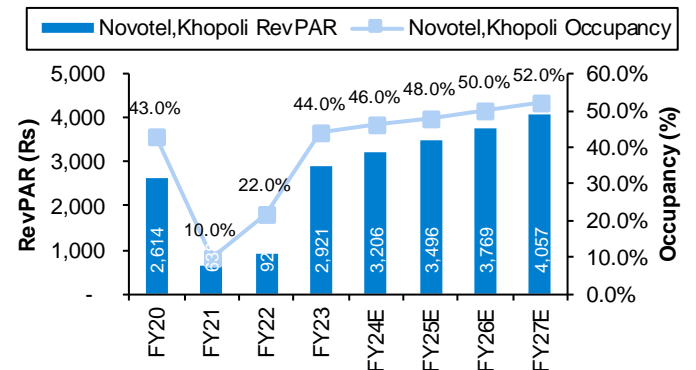
Particulars (Rs mn)	Methodology	Multiple	EBITDA - FY27E	EV
Parks	EV/EBITDA	23	2,469	56,788
Hotel	EV/EBITDA	21	253	5,305
Total EV				62,093
Less: Debt				4,100
Add: Cash				549
Equity Value				58,542
No of shares				542
TP (Rs)				108

Source: PL

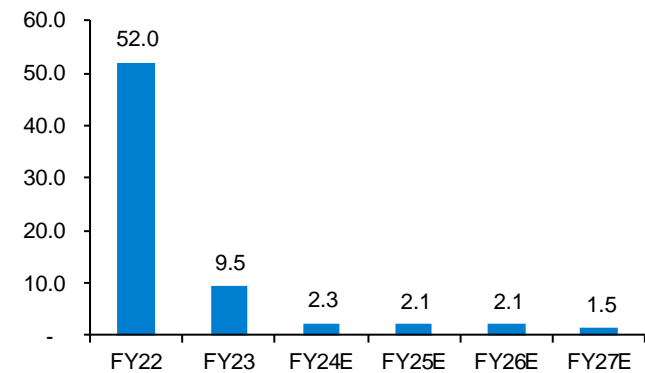
Story in Charts

Exhibit 30: Footfalls to be at 4.39mn in FY27E


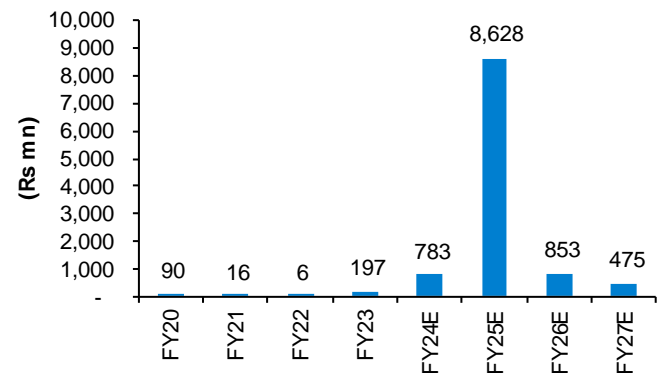
Source: Company, PL

Exhibit 31: Novotel's RevPAR/Occupancy to improve


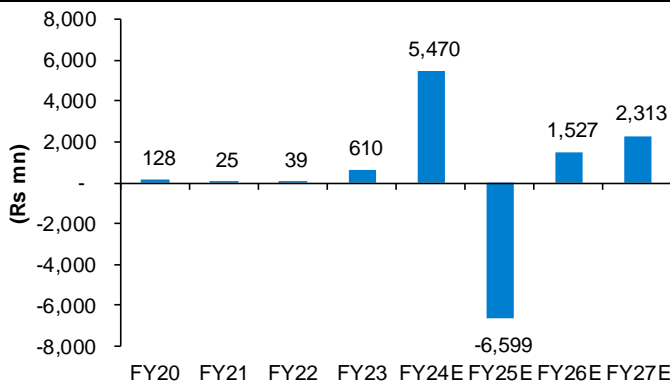
Source: Company, PL

Exhibit 32: Debt/EBITDA to improve to 1.5x in FY27E


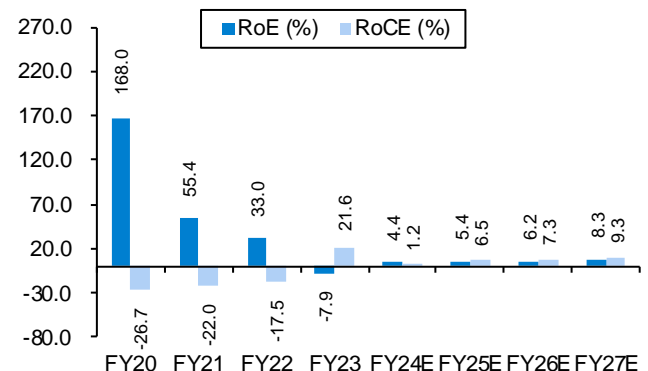
Source: Company, PL

Exhibit 33: Capex high in FY25E amid GB addition of 4 parks


Source: Company, PL

Exhibit 34: FCFF to be at Rs2,313mn in FY27E


Source: Company, PL

Exhibit 35: RoE/RoCE to be at 8.3%/9.3% in FY27E


Source: Company, PL



Financials

Income Statement (Rs m)

Y/e Mar	FY23	FY24E	FY25E	FY26E
Net Revenues	2,506	2,637	4,473	5,069
YoY gr. (%)	247.8	5.2	69.6	13.3
Cost of Goods Sold	278	274	450	504
Gross Profit	2,228	2,363	4,023	4,565
Margin (%)	88.9	89.6	90.0	90.1
Employee Cost	452	488	597	642
Other Expenses	926	910	1,490	1,652
EBITDA	850	965	1,937	2,271
YoY gr. (%)	163.0	13.6	100.7	17.2
Margin (%)	33.9	36.6	43.3	44.8
Depreciation and Amortization	(507)	846	1,138	1,170
EBIT	1,357	119	799	1,100
Margin (%)	54.2	4.5	17.9	21.7
Net Interest	526	18	320	380
Other Income	832	198	170	170
Profit Before Tax	1,611	5,445	649	890
Margin (%)	64.3	206.5	14.5	17.6
Total Tax	(1,961)	78	162	223
Effective tax rate (%)	NA	1.4	25.0	25.0
Profit after tax	3,571	5,368	487	668
Minority interest	-	-	-	-
Share Profit from Associate	-	-	-	-
Adjusted PAT	248	221	487	668
YoY gr. (%)	NA	(10.8)	119.8	37.2
Margin (%)	9.9	8.4	10.9	13.2
Extra Ord. Income / (Exp)	(53)	5,146	-	-
Reported PAT	3,571	5,368	487	668
YoY gr. (%)	NA	50.3	(90.9)	37.2
Margin (%)	142.5	203.6	10.9	13.2
Other Comprehensive Income	1	-	-	-
Total Comprehensive Income	3,573	5,368	487	668
Equity Shares O/s (m)	412	482	542	542
EPS (Rs)	0.6	0.5	0.9	1.2

Source: Company Data, PL Research

Balance Sheet Abstract (Rs m)

Y/e Mar	FY23	FY24E	FY25E	FY26E
Non-Current Assets				
Gross Block	16,542	17,053	25,773	25,935
Tangibles	16,080	16,581	25,291	25,443
Intangibles	462	472	482	492
Acc: Dep / Amortization	8,664	9,510	10,648	11,819
Tangibles	8,229	9,075	10,213	11,383
Intangibles	435	435	435	435
Net fixed assets	7,877	7,543	15,125	14,116
Tangibles	7,851	7,506	15,078	14,060
Intangibles	26	36	46	56
Capital Work In Progress	114	396	313	1,014
Goodwill	-	-	-	-
Non-Current Investments	61	4	7	8
Net Deferred tax assets	1,961	1,883	1,721	1,498
Other Non-Current Assets	8	8	13	15
Current Assets				
Investments	-	-	-	-
Inventories	149	144	233	250
Trade receivables	46	43	61	69
Cash & Bank Balance	650	321	332	212
Other Current Assets	145	145	192	193
Total Assets	11,067	10,545	18,096	17,487
Equity				
Equity Share Capital	4,115	4,815	5,418	5,418
Other Equity	(1,764)	2,904	5,006	5,674
Total Networth	2,352	7,719	10,425	11,092
Non-Current Liabilities				
Long Term borrowings	2,134	-	3,500	4,500
Provisions	1	1	1	1
Other non current liabilities	-	-	3,000	1,000
Current Liabilities				
ST Debt / Current of LT Debt	5,924	2,258	500	250
Trade payables	229	217	343	375
Other current liabilities	427	351	327	269
Total Equity & Liabilities	11,066	10,545	18,096	17,487

Source: Company Data, PL Research



Cash Flow (Rs m)

Y/e Mar	FY23	FY24E	FY25E	FY26E
PBT	1,611	5,368	487	668
Add. Depreciation	(507)	846	1,138	1,170
Add. Interest	526	18	320	380
Less Financial Other Income	832	198	170	170
Add. Other	(710)	-	-	-
Op. profit before WC changes	920	6,231	1,945	2,218
Net Changes-WC	(106)	21	83	162
Direct tax	(6)	-	-	-
Net cash from Op. activities	807	6,253	2,028	2,380
Capital expenditures	(69)	(783)	(8,628)	(853)
Interest / Dividend Income	3	-	-	-
Others	207	44	2,947	(2,024)
Net Cash from Invt. activities	141	(739)	(5,681)	(2,877)
Issue of share cap. / premium	4,176	2,576	2,219	-
Debt changes	(4,513)	(5,799)	1,742	750
Dividend paid	-	-	-	-
Interest paid	(59)	(18)	(320)	(380)
Others	-	(2,601)	22	7
Net cash from Fin. activities	(395)	(5,842)	3,663	377
Net change in cash	553	(329)	10	(120)
Free Cash Flow	610	5,470	(6,599)	1,527

Source: Company Data, PL Research

Key Financial Metrics

Y/e Mar	FY23	FY24E	FY25E	FY26E
Per Share(Rs)				
EPS	0.6	0.5	0.9	1.2
CEPS	(0.6)	2.2	3.0	3.4
BVPS	5.7	16.0	19.2	20.5
FCF	1.5	11.4	(12.2)	2.8
DPS	-	-	-	-
Return Ratio(%)				
RoCE	21.6	1.2	6.5	7.3
ROIC	7.7	9.2	10.7	13.0
RoE	NA	4.4	5.4	6.2
Balance Sheet				
Net Debt : Equity (x)	3.1	0.3	0.4	0.4
Net Working Capital (Days)	(5)	(4)	(4)	(4)
Valuation(x)				
PER	132.1	173.4	88.7	64.7
P/B	13.9	5.0	4.1	3.9
P/CEPS	NA	36.0	26.6	23.5
EV/EBITDA	47.3	41.8	24.2	21.0
EV/Sales	16.0	15.3	10.5	9.4
Dividend Yield (%)	-	-	-	-

Source: Company Data, PL Research

Quarterly Financials (Rs m)

Y/e Mar	Q1FY24	Q2FY24	Q3FY24	Q4FY24E
Net Revenue	1,003	355	676	603
YoY gr. (%)	12.9	(0.8)	(6.2)	11.9
Raw Material Expenses	104	43	77	51
Gross Profit	899	312	599	552
Margin (%)	89.6	88.0	88.7	91.5
EBITDA	500	39	252	174
YoY gr. (%)	28.2	67.7	(13.7)	20.4
Margin (%)	49.8	11.1	37.3	28.9
Depreciation / Depletion	227	230	181	208
EBIT	273	(190)	71	(34)
Margin (%)	27.2	(53.6)	10.5	(5.6)
Net Interest	4	4	4	6
Other Income	62	23	60	52
Profit before Tax	5,975	(614)	72	12
Margin (%)	NA	NA	10.7	2.0
Total Tax	83	(40)	29	6
Effective tax rate (%)	1.4	6.5	40.4	45.7
Profit after Tax	5,891	(574)	43	7
Minority interest	-	-	-	-
Share Profit from Associates	-	-	-	-
Adjusted PAT	5,891	(574)	43	7
YoY gr. (%)	10.7	NA	(38.2)	NA
Margin (%)	587.2	NA	6.4	1.1
Extra Ord. Income / (Exp)	-	-	-	-
Reported PAT	5,891	(574)	43	7
YoY gr. (%)	10.7	NA	(38.2)	NA
Margin (%)	587.2	NA	6.4	1.1
Other Comprehensive Income	1	(2)	1	1
Total Comprehensive Income	5,892	(576)	44	8
Avg. Shares O/s (m)	482	482	482	482
EPS (Rs)	12.2	(1.2)	0.1	-

Source: Company Data, PL Research

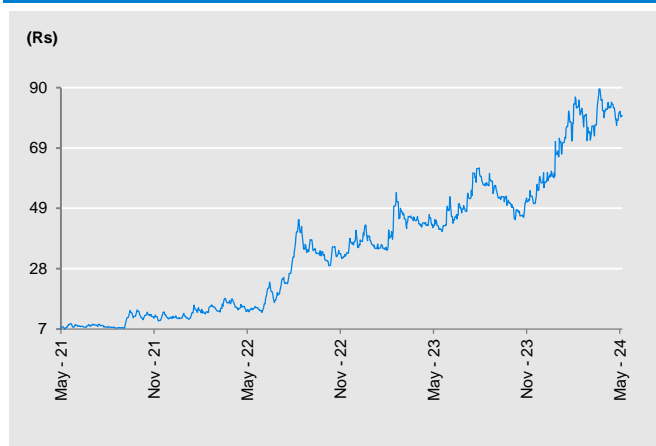


Notes



Price Chart

Recommendation History



No.	Date	Rating	TP (Rs.)	Share Price (Rs.)
-----	------	--------	----------	-------------------

Analyst Coverage Universe

Sr. No.	Company Name	Rating	TP (Rs)	Share Price (Rs)
1	Chalet Hotels	Accumulate	830	789
2	Indian Railway Catering and Tourism Corporation	Hold	825	1,023
3	Inox Leisure	BUY	587	502
4	InterGlobe Aviation	Accumulate	4,315	3,982
5	Lemon Tree Hotels	BUY	153	141
6	Navneet Education	BUY	182	151
7	Nazara Technologies	BUY	826	671
8	PVR Inox	Accumulate	1,431	1,285
9	S Chand and Company	BUY	315	245
10	Safari Industries (India)	BUY	2,225	2,019
11	V.I.P. Industries	Hold	557	528
12	Zee Entertainment Enterprises	Hold	160	141

PL's Recommendation Nomenclature

Buy	: >15%
Accumulate	: 5% to 15%
Hold	: +5% to -5%
Reduce	: -5% to -15%
Sell	: < -15%
Not Rated (NR)	: No specific call on the stock
Under Review (UR)	: Rating likely to change shortly



ANALYST CERTIFICATION

(Indian Clients)

We/I, Mr. Jinesh Joshi- MS(Finance) and CFA, Ms. Stuti Beria- MBA Finance, Mr. Dhvanit Shah- CA Research Analysts, authors and the names subscribed to this report, hereby certify that all of the views expressed in this research report accurately reflect our views about the subject issuer(s) or securities. We also certify that no part of our compensation was, is, or will be directly or indirectly related to the specific recommendation(s) or view(s) in this report.

(US Clients)

The research analysts, with respect to each issuer and its securities covered by them in this research report, certify that: All of the views expressed in this research report accurately reflect his or her or their personal views about all of the issuers and their securities; and No part of his or her or their compensation was, is or will be directly related to the specific recommendation or views expressed in this research report.

DISCLAIMER

Indian Clients

Prabhudas Lilladher Pvt. Ltd, Mumbai, India (hereinafter referred to as "PL") is engaged in the business of Stock Broking, Portfolio Manager, Depository Participant and distribution for third party financial products. PL is a subsidiary of Prabhudas Lilladher Advisory Services Pvt Ltd. which has its various subsidiaries engaged in business of commodity broking, investment banking, financial services (margin funding) and distribution of third party financial/other products, details in respect of which are available at www.plindia.com.

This document has been prepared by the Research Division of PL and is meant for use by the recipient only as information and is not for circulation. This document is not to be reported or copied or made available to others without prior permission of PL. It should not be considered or taken as an offer to sell or a solicitation to buy or sell any security.

The information contained in this report has been obtained from sources that are considered to be reliable. However, PL has not independently verified the accuracy or completeness of the same. Neither PL nor any of its affiliates, its directors or its employees accepts any responsibility of whatsoever nature for the information, statements and opinion given, made available or expressed herein or for any omission therein.

Recipients of this report should be aware that past performance is not necessarily a guide to future performance and value of investments can go down as well. The suitability or otherwise of any investments will depend upon the recipient's particular circumstances and, in case of doubt, advice should be sought from an independent expert/advisor.

Either PL or its affiliates or its directors or its employees or its representatives or its clients or their relatives may have position(s), make market, act as principal or engage in transactions of securities of companies referred to in this report and they may have used the research material prior to publication.

PL may from time to time solicit or perform investment banking or other services for any company mentioned in this document.

PL is a registered with SEBI under the SEBI (Research Analysts) Regulation, 2014 and having registration number INH000000271.

PL submits that no material disciplinary action has been taken on us by any Regulatory Authority impacting Equity Research Analysis activities.

PL or its research analysts or its associates or his relatives do not have any financial interest in the subject company.

PL or its research analysts or its associates or his relatives do not have actual/beneficial ownership of one per cent or more securities of the subject company at the end of the month immediately preceding the date of publication of the research report.

PL or its research analysts or its associates or his relatives do not have any material conflict of interest at the time of publication of the research report.

PL or its associates might have received compensation from the subject company in the past twelve months.

PL or its associates might have managed or co-managed public offering of securities for the subject company in the past twelve months or mandated by the subject company for any other assignment in the past twelve months.

PL or its associates might have received any compensation for investment banking or merchant banking or brokerage services from the subject company in the past twelve months.

PL or its associates might have received any compensation for products or services other than investment banking or merchant banking or brokerage services from the subject company in the past twelve months

PL or its associates might have received any compensation or other benefits from the subject company or third party in connection with the research report.

PL encourages independence in research report preparation and strives to minimize conflict in preparation of research report. PL or its analysts did not receive any compensation or other benefits from the subject Company or third party in connection with the preparation of the research report. PL or its Research Analysts do not have any material conflict of interest at the time of publication of this report.

It is confirmed that Mr. Jinesh Joshi- MS(Finance) and CFA, Ms. Stuti Beria- MBA Finance, Mr. Dhvanit Shah- CA Research Analysts of this report have not received any compensation from the companies mentioned in the report in the preceding twelve months

Compensation of our Research Analysts is not based on any specific merchant banking, investment banking or brokerage service transactions.

The Research analysts 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.

The research analysts for this report has not served as an officer, director or employee of the subject company PL or its research analysts have not engaged in market making activity for the subject company

Our sales people, traders, and other professionals or affiliates 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 are 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.

PL and its associates, their directors and employees may (a) from time to time, have a long or short position in, and buy or sell the securities of the subject company or (b) be engaged in any other transaction involving such securities and earn brokerage or other compensation or act as a market maker in the financial instruments of the subject company or act as an advisor or lender/borrower to the subject company or may have any other potential conflict of interests with respect to any recommendation and other related information and opinions.

US Clients

This research report is a product of Prabhudas Lilladher Pvt. Ltd., 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 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 by Prabhudas Lilladher Pvt. Ltd. only 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, Prabhudas Lilladher Pvt. Ltd. has entered into an agreement with a U.S. registered broker-dealer, Marco Polo Securities Inc. ("Marco Polo").

Transactions in securities discussed in this research report should be effected through Marco Polo or another U.S. registered broker dealer.

Prabhudas Lilladher Pvt. Ltd.

3rd Floor, Sadhana House, 570, P. B. Marg, Worli, Mumbai-400 018, India | Tel: (91 22) 6632 2222 Fax: (91 22) 6632 2209

www.plindia.com