

November 10, 2024

## Q2FY25 Result Update

☑ Change in Estimates | ☑ Target | ■ Reco

### Change in Estimates

	Current		Previous	
	FY26E	FY27E	FY26E	FY27E
<b>Rating</b>	BUY		BUY	
<b>Target Price</b>	110		116	
Sales (Rs. m)	5,152	5,742	5,153	5,953
% Chng.	-	(3.5)		
EBITDA (Rs. m)	2,370	2,711	2,370	2,840
% Chng.	-	(4.5)		
EPS (Rs.)	1.7	2.2	1.7	2.3
% Chng.	-	(3.6)		

### Key Financials - Consolidated

Y/e Mar	FY24	FY25E	FY26E	FY27E
Sales (Rs. m)	2,600	4,504	5,152	5,742
EBITDA (Rs. m)	963	2,030	2,370	2,711
Margin (%)	37.0	45.1	46.0	47.2
PAT (Rs. m)	318	831	948	1,198
EPS (Rs.)	0.7	1.5	1.7	2.2
Gr. (%)	9.5	132.0	14.1	26.3
DPS (Rs.)	-	-	-	-
Yield (%)	-	-	-	-
RoE (%)	6.2	8.8	8.3	9.6
RoCE (%)	1.6	9.0	9.0	10.0
EV/Sales (x)	14.4	9.6	8.6	7.4
EV/EBITDA (x)	38.8	21.3	18.6	15.7
PE (x)	112.8	48.6	42.6	33.7
P/BV (x)	4.5	3.7	3.4	3.1

### Key Data IMAW.BO | IMAGICAA IN

52-W High / Low	Rs.103 / Rs.45
Sensex / Nifty	79,486 / 24,148
Market Cap	Rs.40bn/ \$ 479m
Shares Outstanding	542m
3M Avg. Daily Value	Rs.282.32m

### Shareholding Pattern (%)

Promoter's	74.09
Foreign	0.86
Domestic Institution	2.51
Public & Others	22.53
Promoter Pledge (Rs bn)	-

### Stock Performance (%)

	1M	6M	12M
Absolute	(6.6)	(6.1)	61.1
Relative	(4.1)	(13.2)	31.7

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## New attractions to boost performance in 2H

### Quick Pointers:

- Footfalls increase 61.7% YoY to 0.25mn

While our FY26E EBITDA estimate remains intact, we cut our FY25E/FY27E estimates by 3%/5% amid revision in park opening timelines at Indore and Ahmedabad. Imagicaaworld Entertainment Ltd (IEL) reported subdued performance in a seasonally weak quarter with EBITDA loss of Rs38mn (PLe Rs10mn). However, we expect sharp recovery in 2HFY25E aided by 1) addition of 8 new rides at Lonavala, 2) launch of 2 new shows at Sai Teerth and 3) inauguration of a new trampoline park at Khopoli with 15+ new attractions. We believe IEL is on a strong growth path led by the consolidation of promoter-owned parks at Lonavala & Shirdi, while organic growth will be driven by the launch of a new park in Indore by 4QFY25E and another one in Ahmedabad by 2HFY27E. We expect sales/EBITDA CAGR of 12.9%/15.6% over FY25E-FY27E. We retain 'BUY' on the stock with an SOTP-based TP of Rs110 valuing the park/hotel business at EV/EBITDA multiple of 23x/21x (no change in target multiple).

**Revenue increased 11.5% YoY:** Revenue increased 11.5% YoY to Rs400mn (PLe Rs425mn). Footfalls too improved 61.7% YoY to 0.25mn, while implied blended ARPU declined 26.6% YoY (comparison will give an inaccurate picture as newly acquired parks operate at a lower price point) to Rs1,155.

**EBITDA loss at Rs38mn:** EBITDA loss stood at Rs38mn (PLe Rs10mn) as against EBITDA of Rs43mn in 2QFY24, led by soft revenue growth and under-absorption of fixed cost.

**Adjusted loss at Rs69mn:** Adjusted loss stood at Rs69mn (PLe loss of Rs145mn) as compared to a loss of Rs130mn in 2QFY24. Despite weaker-than-expected performance at operating level, losses at bottom-line level were lower than our estimate due to tax write-back of Rs181mn.

**Key highlights from our interaction with the management:** **1)** 15+ new rides and attractions have been added across Wet'nJoy and Sai Teerth parks in 1HFY25, and 8 new rides at Lonavala will be operational in 2HFY25E. **2)** Surat park has received permission from the municipal corporation to begin operations from 1<sup>st</sup> Nov'24. **3)** Footfall across all parks stood at 0.25mn in 2QFY25 and 1.6mn in 1HFY25. **4)** Indore park is expected to begin operations from 4QFY25E and the subsidy benefits from MP government should accrue in FY26E. **5)** Construction of Sabarmati park at Ahmedabad is yet to begin. **6)** Hotel occupancy stood at 46% with an ARR of ~Rs9,300 (4-5% YoY growth) for 2QFY25. **7)** 2 new shows will be launched at Sai Teerth in 2HFY25E.

**Exhibit 1: Q2FY25 Result Overview - Consolidated (Rs mn)**

Y/e March	2QFY25	2QFY24	YoY gr (%)	1QFY25	QoQ gr (%)	2QFY25E	Var %	H1FY25	H1FY24	YoY gr (%)
<b>Net Sales</b>	400	358	11.5	1,840	(78.3)	425	(5.9)	2,240	1,406	59.3
<b>Expenditure</b>										
Raw Materials	47	43	9.0	165	(71.8)	52	(10.4)	212	147	44.3
% of Net sales	11.6	11.9		9.0		12.2		9.4	10.4	
Personnel	176	117	49.6	182	(3.5)	174	0.8	358	245	45.9
% of Net sales	43.9	32.7		9.9		41.0		16.0	17.4	
Other Exp	215	156	38.5	388	(44.5)	189	14.0	604	427	41.3
% of Net sales	53.9	43.4		21.1		44.5		27.0	30.4	
Total Expenditure	438	316	38.6	735	(40.5)	415	5.4	1,173	819	43.2
<b>EBITDA</b>	<b>(38)</b>	<b>43</b>	<b>NM</b>	<b>1,104</b>	<b>NM</b>	<b>10</b>	<b>NM</b>	<b>1,067</b>	<b>587</b>	<b>81.8</b>
Margin (%)	NM	11.9		60.0		2.3		47.6	41.7	
Depreciation	219	230	(4.8)	211	3.6	224	(2.5)	430	457	(5.9)
<b>EBIT</b>	<b>(256)</b>	<b>(187)</b>	<b>NM</b>	<b>893</b>	<b>NM</b>	<b>(215)</b>	<b>NM</b>	<b>637</b>	<b>130</b>	<b>389.2</b>
Interest	21	4	454.9	4	433.0	7	197.1	25	8	219.2
Other Income	28	20	37.8	24	14.7	28	(3.3)	51	37	37.5
Exceptional items	(3)	443	NM	30	NM	-	NM	26	(5,201)	NM
<b>PBT</b>	<b>(246)</b>	<b>(614)</b>	<b>NM</b>	<b>884</b>	<b>NM</b>	<b>(193)</b>	<b>NM</b>	<b>637</b>	<b>5,361</b>	<b>(88.1)</b>
Tax	(181)	(40)	NM	222	NM	(48)	NM	42	43	(2.5)
Tax Rate (%)	NM	NM		24.4		NM		6.3	26.9	
<b>Reported PAT</b>	<b>(66)</b>	<b>(574)</b>	<b>NM</b>	<b>661</b>	<b>NM</b>	<b>(145)</b>	<b>NM</b>	<b>595</b>	<b>5,318</b>	<b>(88.8)</b>
<b>Adjusted PAT</b>	<b>(69)</b>	<b>(130)</b>	<b>NM</b>	<b>691</b>	<b>NM</b>	<b>(145)</b>	<b>NM</b>	<b>622</b>	<b>117</b>	<b>431.8</b>
OCI	0	(2)	NM	(2)	NM	-		(1)	(2)	NM
<b>Total comprehensive income</b>	<b>(66)</b>	<b>(576)</b>	<b>NM</b>	<b>660</b>	<b>NM</b>	<b>(145)</b>	<b>NM</b>	<b>594</b>	<b>5,316</b>	<b>(88.8)</b>
<b>Reported EPS</b>	<b>(0.1)</b>	<b>(1.3)</b>	<b>NM</b>	<b>1.2</b>	<b>NM</b>	<b>(0.3)</b>	<b>NM</b>	<b>1.1</b>	<b>11.5</b>	<b>(90.5)</b>

Source: Company, PL

**Exhibit 2: Segmental Breakup (Rs mn)**

	2QFY25	2QFY24	YoY gr (%)	1QFY25	QoQ gr (%)
<b>Segment Revenue</b>					
Parks Division	289	243	18.7	1,696	(83.0)
Hotel Division	111	115	(3.7)	144	(23.1)
<b>Segmental EBIT</b>					
Parks Division	(263)	(161)	62.8	862	NM
Hotel Division	6	(25)	NA	32	(80.3)
<b>EBIT Margin</b>					
Parks Division	NM	NM	NM	50.8%	NM
Hotel Division	5.6%	NM	NM	21.9%	(1,628)bps

Source: Company, PL

**Exhibit 3: SOTP Table**

Particulars (Rs mn)	Methodology	Multiple	EBITDA - FY27E	EV
Parks	EV/EBITDA	23	2,523	58,030
Hotel	EV/EBITDA	21	188	3,945
Total EV				61,975
Less: Debt				3,600
Add: Cash				1,349
Equity Value				59,724
No of shares				542
<b>TP (Rs)</b>				<b>110</b>

Source: PL

## Financials

### Income Statement (Rs m)

Y/e Mar	FY24	FY25E	FY26E	FY27E
<b>Net Revenues</b>	<b>2,600</b>	<b>4,504</b>	<b>5,152</b>	<b>5,742</b>
YoY gr. (%)	3.8	73.2	14.4	11.4
Cost of Goods Sold	286	453	513	564
Gross Profit	2,314	4,052	4,639	5,177
Margin (%)	89.0	90.0	90.1	90.2
Employee Cost	503	693	744	796
Other Expenses	848	1,329	1,525	1,671
<b>EBITDA</b>	<b>963</b>	<b>2,030</b>	<b>2,370</b>	<b>2,711</b>
YoY gr. (%)	13.4	110.8	16.7	14.4
Margin (%)	37.0	45.1	46.0	47.2
Depreciation and Amortization	793	906	986	1,064
<b>EBIT</b>	<b>170</b>	<b>1,124</b>	<b>1,384</b>	<b>1,647</b>
Margin (%)	6.6	25.0	26.9	28.7
Net Interest	16	280	340	270
Other Income	185	100	220	220
<b>Profit Before Tax</b>	<b>5,431</b>	<b>970</b>	<b>1,264</b>	<b>1,597</b>
Margin (%)	208.9	21.5	24.5	27.8
Total Tax	22	113	316	399
Effective tax rate (%)	0.4	11.7	25.0	25.0
<b>Profit after tax</b>	<b>5,409</b>	<b>857</b>	<b>948</b>	<b>1,198</b>
Minority interest	-	-	-	-
Share Profit from Associate	-	-	-	-
<b>Adjusted PAT</b>	<b>318</b>	<b>831</b>	<b>948</b>	<b>1,198</b>
YoY gr. (%)	28.2	161.0	14.1	26.3
Margin (%)	12.2	18.4	18.4	20.9
Extra Ord. Income / (Exp)	5,091	-	-	-
<b>Reported PAT</b>	<b>5,409</b>	<b>857</b>	<b>948</b>	<b>1,198</b>
YoY gr. (%)	51.5	(84.2)	10.6	26.3
Margin (%)	208.0	19.0	18.4	20.9
Other Comprehensive Income	2	-	-	-
Total Comprehensive Income	5,411	857	948	1,198
<b>Equity Shares O/s (m)</b>	<b>482</b>	<b>542</b>	<b>542</b>	<b>542</b>
<b>EPS (Rs)</b>	<b>0.7</b>	<b>1.5</b>	<b>1.7</b>	<b>2.2</b>

Source: Company Data, PL Research

### Balance Sheet Abstract (Rs m)

Y/e Mar	FY24	FY25E	FY26E	FY27E
<b>Non-Current Assets</b>				
<b>Gross Block</b>	<b>16,231</b>	<b>24,951</b>	<b>25,116</b>	<b>26,426</b>
Tangibles	15,782	24,492	24,647	25,947
Intangibles	449	459	469	479
<b>Acc: Dep / Amortization</b>	<b>9,457</b>	<b>10,364</b>	<b>11,349</b>	<b>12,413</b>
Tangibles	9,022	9,928	10,914	11,978
Intangibles	435	435	435	435
<b>Net fixed assets</b>	<b>6,774</b>	<b>14,588</b>	<b>13,767</b>	<b>14,013</b>
Tangibles	6,760	14,564	13,732	13,969
Intangibles	14	24	34	44
Capital Work In Progress	541	315	1,236	86
Goodwill	-	-	-	-
Non-Current Investments	100	7	8	9
Net Deferred tax assets	1,939	1,826	1,510	1,111
Other Non-Current Assets	54	14	15	17
<b>Current Assets</b>				
Investments	-	-	-	-
Inventories	160	234	254	252
Trade receivables	41	62	71	79
Cash & Bank Balance	1,057	693	540	1,349
Other Current Assets	125	194	196	218
<b>Total Assets</b>	<b>10,977</b>	<b>18,144</b>	<b>17,822</b>	<b>17,372</b>
<b>Equity</b>				
Equity Share Capital	4,819	5,422	5,422	5,422
Other Equity	3,126	5,546	6,494	7,692
<b>Total Networkth</b>	<b>7,945</b>	<b>10,968</b>	<b>11,916</b>	<b>13,114</b>
<b>Non-Current Liabilities</b>				
Long Term borrowings	-	3,000	4,000	3,500
Provisions	1	1	1	1
Other non current liabilities	-	3,000	1,000	-
<b>Current Liabilities</b>				
ST Debt / Current of LT Debt	2,522	501	251	101
Trade payables	237	346	381	409
Other current liabilities	272	329	273	247
<b>Total Equity &amp; Liabilities</b>	<b>10,977</b>	<b>18,144</b>	<b>17,822</b>	<b>17,372</b>

Source: Company Data, PL Research

**Cash Flow (Rs m)**

Y/e Mar	FY24	FY25E	FY26E	FY27E
PBT	5,431	805	948	1,198
Add. Depreciation	793	906	986	1,064
Add. Interest	16	280	340	270
Less Financial Other Income	185	100	220	220
Add. Other	(5,176)	-	-	-
Op. profit before WC changes	1,064	1,991	2,274	2,532
Net Changes-WC	6	163	256	364
Direct tax	(8)	-	-	-
<b>Net cash from Op. activities</b>	<b>1,062</b>	<b>2,153</b>	<b>2,530</b>	<b>2,896</b>
Capital expenditures	(637)	(8,484)	(1,076)	(150)
Interest / Dividend Income	5	-	-	-
Others	(12)	3,058	(2,025)	(1,024)
<b>Net Cash from Invt. activities</b>	<b>(644)</b>	<b>(5,427)</b>	<b>(3,101)</b>	<b>(1,174)</b>
Issue of share cap. / premium	4	2,219	-	-
Debt changes	(11)	979	750	(650)
Dividend paid	-	-	-	-
Interest paid	(17)	(280)	(340)	(270)
Others	-	(8)	8	7
<b>Net cash from Fin. activities</b>	<b>(23)</b>	<b>2,909</b>	<b>418</b>	<b>(913)</b>
<b>Net change in cash</b>	<b>394</b>	<b>(364)</b>	<b>(154)</b>	<b>809</b>
Free Cash Flow	425	(6,331)	1,454	2,746

Source: Company Data, PL Research

**Key Financial Metrics**

Y/e Mar	FY24	FY25E	FY26E	FY27E
<b>Per Share(Rs)</b>				
EPS	0.7	1.5	1.7	2.2
CEPS	2.3	3.2	3.6	4.2
BVPS	16.5	20.2	22.0	24.2
FCF	0.9	(11.7)	2.7	5.1
DPS	-	-	-	-
<b>Return Ratio(%)</b>				
RoCE	1.6	9.0	9.0	10.0
ROIC	8.8	11.2	13.3	15.6
RoE	6.2	8.8	8.3	9.6
<b>Balance Sheet</b>				
Net Debt : Equity (x)	0.2	0.3	0.3	0.2
Net Working Capital (Days)	(5)	(4)	(4)	(5)
<b>Valuation(x)</b>				
PER	112.8	48.6	42.6	33.7
P/B	4.5	3.7	3.4	3.1
P/CEPS	32.3	23.3	20.9	17.9
EV/EBITDA	38.8	21.3	18.6	15.7
EV/Sales	14.4	9.6	8.6	7.4
Dividend Yield (%)	-	-	-	-

Source: Company Data, PL Research

**Quarterly Financials (Rs m)**

Y/e Mar	Q3FY24	Q4FY24	Q1FY25	Q2FY25
<b>Net Revenue</b>	<b>676</b>	<b>566</b>	<b>1,840</b>	<b>400</b>
YoY gr. (%)	(6.2)	5.1	83.4	11.5
Raw Material Expenses	77	63	165	47
Gross Profit	599	504	1,675	353
Margin (%)	88.7	88.9	91.0	88.4
<b>EBITDA</b>	<b>252</b>	<b>172</b>	<b>1,104</b>	<b>(38)</b>
YoY gr. (%)	(13.7)	19.2	121.0	NA
Margin (%)	37.3	30.4	60.0	NA
Depreciation / Depletion	181	155	211	219
<b>EBIT</b>	<b>71</b>	<b>17</b>	<b>893</b>	<b>(256)</b>
Margin (%)	10.5	3.0	48.6	NA
Net Interest	4	4	4	21
Other Income	60	40	24	28
<b>Profit before Tax</b>	<b>72</b>	<b>(2)</b>	<b>884</b>	<b>(246)</b>
Margin (%)	10.7	(0.4)	48.0	NA
Total Tax	29	(51)	222	(181)
Effective tax rate (%)	40.4	2,204.5	25.2	73.2
<b>Profit after Tax</b>	<b>43</b>	<b>48</b>	<b>661</b>	<b>(66)</b>
Minority interest	-	-	-	-
Share Profit from Associates	-	-	-	-
<b>Adjusted PAT</b>	<b>98</b>	<b>103</b>	<b>691</b>	<b>(69)</b>
YoY gr. (%)	40.2	(504.4)	179.4	NA
Margin (%)	14.5	18.3	37.6	NA
Extra Ord. Income / (Exp)	-	-	30	(3)
<b>Reported PAT</b>	<b>43</b>	<b>48</b>	<b>661</b>	<b>(66)</b>
YoY gr. (%)	(38.2)	(103.0)	(88.8)	NA
Margin (%)	6.4	8.5	35.9	NA
Other Comprehensive Income	1	3	(2)	-
<b>Total Comprehensive Income</b>	<b>44</b>	<b>51</b>	<b>660</b>	<b>(66)</b>
Avg. Shares O/s (m)	482	482	542	542
<b>EPS (Rs)</b>	<b>0.2</b>	<b>0.2</b>	<b>1.3</b>	<b>(0.1)</b>

Source: Company Data, PL Research

Price Chart



Recommendation History

No.	Date	Rating	TP (Rs.)	Share Price (Rs.)
1	08-Oct-24	BUY	116	80
2	07-Aug-24	BUY	116	79
3	08-Jul-24	BUY	112	76
4	31-May-24	BUY	111	78
5	24-May-24	BUY	108	80

Analyst Coverage Universe

Sr. No.	Company Name	Rating	TP (Rs)	Share Price (Rs)
1	Chalet Hotels	Accumulate	921	845
2	Delhivery	Accumulate	430	417
3	DOMS Industries	BUY	3,349	2,924
4	Imagicaaworld Entertainment	BUY	116	80
5	Indian Railway Catering and Tourism Corporation	Hold	833	829
6	InterGlobe Aviation	Accumulate	4,919	4,366
7	Lemon Tree Hotels	BUY	159	121
8	Mahindra Logistics	Hold	496	444
9	Navneet Education	Hold	164	143
10	Nazara Technologies	BUY	1,185	953
11	PVR Inox	Hold	1,598	1,621
12	S Chand and Company	BUY	312	211
13	Safari Industries (India)	BUY	3,005	2,608
14	TCI Express	Accumulate	1,119	977
15	V.I.P. Industries	Hold	494	472
16	Zee Entertainment Enterprises	Hold	145	132

**PL's Recommendation Nomenclature (Absolute Performance)**

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

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