

Price: 62.7

Recommendation: Buy

Industry: Amusement Parks/ Other

Sector: Consumer Discretionary

Report Date: 18-Mar-2025

Imagicaaworld Entertainment Limited is enhancing its market position through digital expansion and technology. A new mobile app offers real-time updates, ticket booking, and personalized recommendations, boosting customer satisfaction and footfall. The company is diversifying revenue with new attractions and themed events, aiming for a year-round destination appeal. Sustainability is key, with investments in renewable energy and geographical expansion, projecting 15% visitor growth and 20% revenue increase.

Sales		Profit & Loss		Profitability Matrix	
Current Year	372 Cr	Operating Profit(Year)	154 Cr	Operating Profit Margin	41.2 %
Previous Year	251 Cr	Operating Profit(Quarter)	29.6 Cr	EBITDA Margin	29.84 %
Current Quarter	91.9 Cr	PAT (Year)	30.1 Cr	Net Profit Margin	11.6 %
Previous Quarter	40.0 Cr	PAT (Quarter)	2.97 Cr	EPS	1.26
Revenue (QYoY)	67.6 Cr				
Valuation Matrix		Growth(YoY)		Growth(QoQ)	
Trailing P/E	45.5	Sales Growth	44.6 %	Sales Growth	129.75 %
PEG Ratio	2.87	PAT Growth	-91.66 %	Sales Growth QYoY	35.95 %
EV/EBITDA	21.1	EPS Growth	-88.75 %	PAT Growth	-142.8 %
P/B	3.20	Dividend Yield	0.00	PAT Growth QYoY	-60.82 %
Capital Allocation		Holdings		Leverage	
RoE	7.61 %	Promoter	74.1 %	Debt/Equity	0.09
RoA	2.73 %	FII	0.53 %	Debt	96.1 Cr
RoCE	3.04 %	DII	2.51 %	Market Cap	3399 Cr
RoIC	4.09 %	Public	22.8 %	Enterprise value	3462 Cr
		No of Shares	54.2 Cr	Cash Equivalents	33.5 Cr

source : Company filings

Company's Overview Based on Recent Concall and Performance:

The recent meeting transcript reveals several new initiatives and business strategies that Imagicaaworld Entertainment Limited is adopting to enhance its market position. The company is focusing on expanding its digital presence and leveraging technology to improve customer engagement. A key initiative is the introduction of a new mobile application designed to provide a seamless experience for visitors, offering features such as real-time updates, ticket booking, and personalized recommendations. This move is expected to increase customer satisfaction and drive higher footfall. Additionally, the company is exploring partnerships with local businesses to create bundled offers, which will not only enhance the visitor experience but also boost local tourism.

In terms of business strategies, Imagicaaworld is committed to diversifying its revenue streams. The company is investing in new attractions and entertainment options to cater to a broader audience. This includes the development of themed events and seasonal festivals that are expected to attract diverse demographics. The strategy is to create a year-round destination that appeals to both domestic and international tourists. Furthermore, the company is enhancing its food and beverage offerings by introducing new dining concepts and collaborating with renowned chefs to elevate the culinary experience within the park.

The future growth and scaling perspectives of the company are promising, with a focus on sustainable development and innovation. Imagicaaworld is planning to expand its footprint by exploring opportunities in new geographical locations. The company is also investing in renewable energy sources to power its operations, aligning with global sustainability trends. This approach not only reduces operational costs but also enhances the brand's image as an environmentally responsible entity. The management is optimistic about achieving double-digit growth in the coming years, driven by these strategic initiatives and a recovering tourism sector.

While the company is on a positive trajectory, there are areas that could be improved. Enhancing the digital infrastructure to support the new mobile application and ensuring robust cybersecurity measures are in place is crucial. Additionally, while the diversification strategy is commendable, maintaining a balance between innovation and core offerings is essential to avoid diluting the brand's identity. Specific data points of interest include the projected increase in visitor numbers by 15% and the anticipated revenue growth of 20% over the next fiscal year. These figures underscore the company's potential for scaling and its commitment to delivering value to stakeholders.

IMAGICAA Daily Closing One Year Price Chart



Name	Mar Cap (Rs. Cr.)	P/E	ROE	Sales(G) QoQ	Sales(G) QYoY	PAT(G) QoQ	PAT(G) QYoY
Z-Tech	767.70	55.63	48.90%	26.79%	52.50%	91.67%	442.45%
Nicco Parks	571.89	23.80	29.40%	37.33%	7.69%	-10.66%	15.44%
Wonderla Holiday	4075.29	33.70	14.70%	80.34%	-1.66%	37.91%	-45.66%
Imagica. Enter.	3398.85	45.46	7.61%	129.82%	35.97%	142.80%	-60.82%
Ajwa Fun World	22.26	35.33		283.33%	-42.11%	62.00%	38.71%

Aspect	Commentary
Revenue	The company shows strong revenue growth with a 67.6 Cr increase in QYoY. This indicates a robust sales performance, driven by strategic initiatives and market expansion. The current year's revenue of 372 Cr, up from 251 Cr, reflects effective business strategies and market demand.
Profit & Loss	Operating profit for the year stands at 154 Cr, with a quarterly figure of 29.6 Cr. Despite a positive operating profit, the PAT shows a decline, indicating potential cost management issues or increased expenses impacting net profitability.
Profitability Matrix	The operating profit margin is healthy at 41.2%, suggesting efficient cost management. However, the net profit margin of 11.6% indicates room for improvement in converting revenue into actual profit, possibly due to high operational costs.
Valuation Matrix	The trailing P/E ratio of 45.5 suggests the stock is valued high relative to earnings, indicating investor confidence or overvaluation. The PEG ratio of 2.87 points to growth expectations, while EV/EBITDA of 21.1 reflects market valuation.
Growth (YoY)	Sales growth is strong at 44.6%, but PAT growth is negative at -91.66%, highlighting profitability challenges. EPS growth also declined by -88.75%, indicating earnings pressure despite revenue growth, necessitating strategic cost management.
Growth (QoQ)	Sales growth QoQ is impressive at 129.75%, reflecting effective short-term strategies. However, PAT growth is negative at -142.8%, suggesting issues in cost control or unexpected expenses impacting quarterly profitability.
Capital Allocation	The company shows a moderate RoE of 7.61% and RoA of 2.73%, indicating average returns on equity and assets. RoCE and RoIC are also modest, suggesting potential for better capital efficiency and investment returns.
Holdings	Promoter holding is strong at 74.1%, indicating confidence in the company's prospects. Public holding is 22.8%, reflecting a balanced ownership structure. The number of shares stands at 54.2 Cr, providing liquidity in the market.
Leverage	The debt/equity ratio is low at 0.09, indicating conservative leverage and financial stability. With a debt of 96.1 Cr and cash equivalents of 33.5 Cr, the company maintains a healthy balance sheet, supporting future growth initiatives.

Analyst viewpoint: Imagicaaworld Entertainment Limited is poised for significant growth in the short to mid-term, driven by its robust quarter-on-quarter sales increase of 129.75%. The company's strategic initiatives in digital expansion and diversification of revenue streams, including the introduction of new attractions and themed events, have bolstered its market position. Aided by investor confidence, as evidenced by a trailing P/E of 45.5, the company is not only capturing increased market share but also enhancing visitor experience and satisfaction through a new mobile app offering real-time updates and personalized recommendations. This is complemented by strong promoter holdings at 74.1% and a solid debt-equity ratio of 0.09, ensuring financial stability and capacity for continued strategic investments.

However, despite impressive short-term sales growth, the company faces challenges with profitability as indicated by a negative PAT growth of -142.8% quarter-on-quarter. While the company continues to invest in its core and innovative offerings, it is crucial to maintain efficient cost management strategies to improve net profitability. Overall, Imagicaaworld's focus on sustainable development, enhanced digital presence, and innovative expansion initiatives positions it for promising growth, but a cautious eye on cost control will be fundamental to capitalizing on these opportunities.

Please read detailed disclosure on next page.

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Investment Rating	Expected Return (over 12-month)
BUY	>=15%
SELL	<-10%
NEUTRAL	>-10% to 15%
UNDER REVIEW	Rating may undergo a change
NOT RATED	We have forward looking estimates for the stock but we refrain from assigning recommendation

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