

Apr-Jun'24 Earnings Preview

July 8, 2024

Exhibit 1: PL Universe

Companies	Rating	CMP (Rs)	TP (Rs)
Imagicaaworld Entertainment	BUY	76	112
Nazara Technologies	HOLD	919	878
PVR Inox	HOLD	1,469	1,480
Zee Ent. Enterprises	HOLD	151	160

Source: PL

Top Picks

Imagicaaworld Entertainment

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

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

Dhvanit Shah
dhvanitshah@plindia.com |

Seasonality to benefit parks, but media subdued

Media: Industry-wide BO collections increased 4.1% YoY to ~Rs19.4bn in 1QFY25 led by Kalki 2898 AD and Munjya. Given the modest growth in collections, we expect PVR-Inox to report footfalls of 30mn, resulting in a pre-IND AS EBITDA loss of Rs719mn. On the broadcasting side, ZEEL's performance is likely to be impacted by diversion of ad-spends to sports/news genre due to IPL, CWC T20 and general elections. However, we expect EBITDA margin to improve to 11.6% amid ongoing cost rationalization efforts on content, technology, marketing and manpower.

Entertainment: Persistent headwinds in Kiddopia, Real Money Gaming & Ad-Tech businesses is likely to slow down the growth trajectory for Nazara. However, recent acquisition of Freaks is likely to re-ignite growth prospects of the Esports segment, and we expect further inorganic opportunities to materialize given Nazara has Rs14.5bn of cash on books. For Imagicaa, given this is a maiden quarter of consolidation of 4 assets at Lonavala and Shirdi and a seasonally strong quarter for water parks, we expect topline growth of 78% YoY with an EBITDA margin of 51.9%. In addition, the new park at Indore is likely to begin operations in FY25E, acting as a new catalyst for growth.

Top picks: We believe Imagicaa is on a strong growth path led by the consolidation of parks at Lonavala, Shirdi and Indore from FY25E, and it is our preferred pick in the media & entertainment universe with a TP of Rs112.

Multiplex: Industry-wide BO collections increased 4.1% YoY to ~Rs19.4bn aided by Kalki 2898 AD, Bade Miyan Chote Miyan, Maidaan, Srikant, Chandu Champion, Munjya, Maharaja and Aavesham. In addition, movies like Crew (NBOC of ~Rs820mn) and Godzilla X Kong (NBOC of ~Rs1.1bn) that released on 29th March have led to some spill-over in collections to 1QFY25.

Considering sluggish growth in collections, we expect PVR-Inox to report 11.5% YoY decline in footfalls to 30mn, leading to a pre-IND AS EBITDA loss of Rs719mn. Given modest performance in 1QFY25 and weak content pipeline for 2QFY25E (Pushpa 2 and Singham Again have been delayed), we cut our pre-IND AS EBITDA estimates by 9.8%/8.4% for FY25E/FY26E. We downgrade the stock to 'HOLD' (earlier 'ACCUMULATE') with a revised TP of Rs1,480 (earlier Rs1,431) as we roll forward our valuation to FY26E (12x FY26E EBITDA; no change in target multiple).

Broadcasting: We expect ZEEL to report 6.9% YoY growth in top-line to Rs21.2bn aided by the movie business and syndication deals. Ad-revenue is expected to report a modest growth of 3.0% YoY amid diversion of spends to the sports as well as news genre due to IPL, CWC T20 and general elections in 1QFY25. We await impact of several cost cutting initiatives and structural changes outlined by management to improve the margin trajectory and maintain our 'HOLD' rating on ZEEL with a TP of Rs160 (12x FY26E EPS; no change in target multiple).

Entertainment: We expect Nazara's top-line to increase by 1.6% YoY to Rs2,586mn given persistent growth challenges in Kiddopia, Ad-Tech and Real Money Gaming businesses. We expect EBITDA margin to decline 270bps YoY to 10.3% and maintain our 'HOLD' rating on the stock with a DCF-based TP of Rs878. Post-acquisition of Freaks, growth momentum is likely to return in the Esports business, and re-rating from hereon will hinge on capital allocation decisions, as Nazara has a cash balance of Rs14.5bn.

We expect Imagicaa's top-line to increase by 78.0% YoY to Rs1,786mn in 1QFY25E on the back of consolidation of 4 parks at Lonavala and Shirdi. Further, footfalls are likely to increase 92% YoY to 1.07mn with 210bps improvement in EBTDA margin as parks at Lonavala and Shirdi have better profitability as compared to the legacy park in Khopoli. Beyond the inorganic growth booster led by consolidation impact, plans to raise Rs6,000mn indicate that organic growth journey is likely to be equally strong. We increase our FY25-FY26E EPS estimates by ~1% and maintain 'BUY' with a TP of Rs112 valuing the parks/hotels business at 23x/21x FY27E EBITDA (no change in target multiple).

Exhibit 2: Q1FY25 Result Preview (Rs mn)

Company Name		Q1FY25E	Q1FY24	YoY gr. (%)	Q4FY24	QoQ gr. (%)	Remark
Imagicaaworld Entertainment	Sales	1,786	1,003	78.0	566	215.3	Revenue is expected to increase 78% YoY to Rs1,786mn, led by consolidation of 4 parks at Lonavala & Shirdi. We expect footfalls of ~1.07mn while blended ARPU is expected to remain more or less flat. We expect EBITDA margin to improve to 51.9% as parks at Lonavala and Shirdi have better margin profile. Adjusted PAT is expected to climb to Rs509mn with a margin of 28.5%.
	EBITDA	927	500	85.4	172	437.6	
	Margin (%)	51.9	49.8	208 bps	30.4	2146 bps	
	PBT	679	330	105.3	53	1,185.4	
	Adj. PAT	509	247	105.8	103	391.9	
Nazara Technologies	Sales	2,586	2,544	1.6	2,662	(2.9)	Headwinds in Kiddopia, Ad-Tech and Real Money gaming segment continue to persist. However, we expect revenue from Esports business to increase 18.6% YoY led by SportsKeeda. EBITDA is expected to decline by 19.5% YoY, while EBITDA margin is likely to decrease by 270bps YoY to 10.3%.
	EBITDA	266	331	(19.5)	292	(8.9)	
	Margin (%)	10.3	13.0	(271 bps)	11.0	(68 bps)	
	PBT	282	283	(0.3)	189	48.8	
	Adj. PAT	167	195	(14.4)	86	95.3	
PVR Inox	Sales	11,754	13,049	(9.9)	12,564	(6.4)	We expect PVR-Inox to report revenues of Rs11.7bn with footfalls of 30mn (down 11.5% YoY) in 1QFY25E. Apart from Kalki 2898 AD and Munjya most big budget movies like Bade Miyan Chote Miyan, Madaan etc have failed to impress audiences leading to a suboptimal performance. We expect ATP/SPH of Rs233/Rs134 with an occupancy of 19.9%. Given modest growth of 4.1% YoY in industry-wide BO collections, we expect PVR-Inox to report pre IND-AS EBITDA loss of Rs719mn for the quarter.
	EBITDA	2,186	3,525	(38.0)	2,784	(21.5)	
	Margin (%)	18.6	27.0	(841 bps)	22.2	(356 bps)	
	PBT	(2,619)	(1,079)	NA	(1,752)	NA	
	Adj. PAT	(1,964)	(816)	NA	(1,295)	NA	
Zee Entertainment Enterprises	Sales	21,215	19,838	6.9	21,699	(2.2)	We expect domestic ad-revenue to report modest growth amid diversion of ad-spends to sports and news genre given there was IPL, CWC T-20 and elections in 1QFY25. However, domestic subscription revenue is expected to increase by 7.5% YoY. Overall, we expect revenues to increase by 6.9% YoY led by movie business and syndication deals. We expect EBTDA margin to be at 11.6% while adjusted PAT is expected to increase 94.2% YoY to Rs1,372mn.
	EBITDA	2,461	1,549	58.8	2,103	17.0	
	Margin (%)	11.6	7.8	379 bps	9.7	191 bps	
	PBT	1,867	713	161.9	1,415	31.9	
	Adj. PAT	1,372	707	94.2	398	244.7	

Source: Company, PL



Exhibit 3: Valuation Summary

Company Names	S/C Rating	CMP (Rs)	TP (Rs)	MCap (Rs bn)	Sales (Rs mn)				EBITDA (Rs mn)				PAT (Rs mn)				EPS (Rs)				RoE (%)				PE (x)			
					FY23	FY24E	FY25E	FY26E	FY23	FY24E	FY25E	FY26E	FY23	FY24E	FY25E	FY26E	FY23	FY24E	FY25E	FY26E	FY23	FY24E	FY25E	FY26E	FY23	FY24E	FY25E	FY26E
Imagicaaworld Entertainment	C BUY	76	112	36.7	2,506	2,600	4,601	5,153	850	963	2,000	2,308	248	318	554	726	0.6	0.7	1.0	1.3	-7.9	6.2	5.9	6.5	126.4	115.5	74.6	57.0
Nazara Technologies	C HOLD	919	878	70.3	10,910	11,383	14,898	17,425	1,098	1,279	2,039	2,694	414	713	1,177	1,514	6.3	9.3	15.4	19.8	3.9	4.6	5.7	6.9	146.9	98.7	59.7	46.5
PVR Inox	C HOLD	1,469	1,480	143.8	37,507	61,071	67,136	74,777	10,477	18,101	21,378	24,690	-3,243	-320	1,671	3,892	-33.1	-3.3	17.0	39.7	-4.6	-0.4	2.2	5.0	-44.3	-450.3	86.2	37.0
Zee Entertainment Enterprises	C HOLD	151	160	145.1	80,879	86,372	92,909	1,01,550	11,011	9,071	15,330	19,498	5,811	4,738	9,595	12,786	6.0	4.9	10.0	13.3	5.4	4.4	8.5	10.6	25.0	30.6	15.1	11.4

Source: Company, PL

S=Standalone / C=Consolidated

Exhibit 4: Change in Estimates

	Rating		Target Price			Sales						PAT						EPS					
						FY24E			FY25E			FY24E			FY25E			FY24E			FY25E		
	C	P	C	P	% Chng.	C	P	% Chng.	C	P	% Chng.	C	P	% Chng.	C	P	% Chng.	C	P	% Chng.	C	P	% Chng.
Imagicaaworld Entertainment	BUY	BUY	112	111	0.5%	4,601	4,585	0.4%	5,153	5,131	0.4%	554	548	1.3%	726	716	1.3%	1.0	1.0	1.3%	1.3	1.3	1.3%
Nazara Technologies	HOLD	HOLD	878	878	0.0%	14,898	14,898	0.0%	17,425	17,425	0.0%	1,177	1,177	0.0%	1,514	1,514	0.0%	15.4	15.4	0.0%	19.8	19.8	0.0%
PVR-Inox	HOLD	Acc	1,480	1,431	3.4%	67,136	69,442	-3.3%	74,777	77,371	-3.4%	1,671	2,517	-33.6%	3,892	4,831	-19.4%	17.0	25.7	-33.6%	39.7	49.2	-19.4%
Zee Ent. Enterprises	HOLD	HOLD	160	160	0.0%	92,909	92,909	0.0%	1,01,550	1,01,550	0.0%	9,595	9,595	0.0%	12,786	12,786	0.0%	10.0	10.0	0.0%	13.3	13.3	0.0%

Source: Company, PL

Acc=Accumulate / C=Current / P=Previous



Analyst Coverage Universe

Sr. No.	Company Name	Rating	TP (Rs)	Share Price (Rs)
1	Chalet Hotels	Accumulate	830	789
2	Imagicaaworld Entertainment	BUY	111	78
3	Indian Railway Catering and Tourism Corporation	Reduce	811	1,025
4	Inox Leisure	BUY	587	502
5	InterGlobe Aviation	Accumulate	4,667	4,257
6	Lemon Tree Hotels	BUY	155	140
7	Navneet Education	Accumulate	167	155
8	Nazara Technologies	Hold	878	913
9	PVR Inox	Accumulate	1,431	1,285
10	S Chand and Company	BUY	307	238
11	Safari Industries (India)	BUY	2,225	2,019
12	V.I.P. Industries	Hold	557	528
13	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