

December 17, 2024

BSE Limited Phiroze Jeejeeboy Towers Dalal Street, Fort, Mumbai - 400 001 BSE Scrip Code: 539056	National Stock Exchange of India Limited Exchange Plaza, 5 th Floor, Plot no. C/1, G Block, Bandra Kurla Complex, Bandra (E) Mumbai - 400 051 NSE Scrip Symbol: IMAGICAA
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Dear Sir/Madam,

Sub.: Disclosure under Regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 - Credit Rating

Pursuant to Regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, we wish to inform you that India Ratings & Research (Ind-Ra) has rated the Company's Bank facilities as follows:

Instrument Type	Size of Issue (Rs. million)	Rating/Outlook	Rating Action
Fund/non-fund based working capital limit	200	IND A/Stable/IND A1	Assigned
Working capital limit	450	IND A/Stable/IND A1	Assigned
Term loans	3060	IND A/Stable	Assigned
Proposed Fund based and non-fund based working capital limit	40	IND A/Stable/IND A1	Assigned

A copy of press release dated December 17, 2024 issued by India Ratings & Research is enclosed herewith.

This disclosure is also being uploaded on the website of the Company at www.imagicaaworld.com

The above is for your information and records.

Thanking you,

Yours faithfully,

For Imagicaaworld Entertainment Limited

Reshma Poojari
Company Secretary & Compliance Officer

Encl: As above



Imagicaaworld Entertainment Limited

India Ratings Assigns Imagicaaworld Entertainment's Bank Facilities 'IND A'/Stable

Dec 17, 2024 | Amusement Parks/ Other Recreation

India Ratings and Research (Ind-Ra) has rated Imagicaaworld Entertainment Limited's (IEL) bank facilities as follows:

Details of Instruments

Instrument Type	Date of Issuance	Coupon Rate	Maturity Date	Size of Issue (million)	Rating Assigned along with Outlook/Watch	Rating Action
Fund-based/Non-fund-based working capital limit	-	-	-	INR200	IND A/Stable/IND A1	Assigned
Working capital limit	-	-	-	INR450	IND A/Stable/IND A1	Assigned
Term loans	-	-	31 December 2034	INR3,060	IND A/Stable	Assigned
Proposed fund based/non-fund-based working capital limit	-	-	-	INR40	IND A/Stable/IND A1	Assigned

Analytical Approach

To arrive at the ratings, Ind-Ra has fully consolidated IEL's 100% subsidiary Blue Haven Entertainment Private Limited (BHEPL), given the strong operational and strategic linkages between them and a common management team.

Detailed Rationale of the Rating Action

The ratings reflect IEL's established market position along with a healthy consolidated financial profile. IEL's promoters – the Malpani Parks Private Limited – a part of Malpani Group – have consolidated the entire theme park business under IEL in FY25, which has given the company a strong portfolio of assets and enhanced business and geographic diversification. The agency also takes comfort from the promoters' over two decades of experience in the theme park business and the operational performance history of such parks.

The ratings, however, are constrained by the seasonality of theme park and water park revenues and vulnerability of the business to discretionary spending by customers.

IEL's ability to manage its capital structure is a key rating monitorable, given (a) the inherent capital-intensive nature of park operations, (b) the company's ongoing capex plans, and (c) payment consideration towards the promoter group entities for the parks acquired in FY25. IEL ability to achieve the envisaged growth in footfalls and scale of operations thereby improving profitability metrics as well as timely completion of under-construction parks also is a key monitorable.

List of Key Rating Drivers

Strengths

- Strengthening of market position post recent acquisitions
- Healthy operating performance

- Comfortable financial credit metrics

Weaknesses

- Ongoing capex plans
- Footfalls vulnerable to exogenic shocks, discretionary spends and seasonality

Detailed Description of Key Rating Drivers

Strengthening of Market Position Post Recent Acquisitions: IEL is one of the leading amusement park operators in India, with a portfolio of eight parks (four water parks, one theme park, one amusement park, one snow park and one devotional park) and one five-star hotel. IEL's market position has strengthened after the recent acquisition of four parks, two each in Lonavala (namely Wet'n Joy Waterpark and Amusement park) and Shirdi (namely Sai Teeth Devotional Park and Wet'n Joy Waterpark), from the promoter Malpani Group's flagship firm namely Giriraj Enterprises effective 1 April 2024. Even before this transaction, IEL had a strong market position and strong brand recall of its Imagicaa brand wherein it operates four parks and a five-star hotel. IEL existing parks include its (a) flagship parks in Khopoli, covering 110 acres which includes a theme park, a water park, and a snow park, and (b) a waterpark in Surat.

Malpani Parks Private Limited (a part of Malpani Group) has become the promoter of the company with effect from June 2022, and now the group is consolidating its entire parks business under IEL. Ind-Ra believes the consolidation has improved IEL's portfolio diversification and thus, strengthened its business profile and market position. All the new parks planned by the Malpani group in Indore and Ahmedabad will also be housed under IEL. The agency also takes comfort from the promoters' over two decades of experience in managing the parks business and established operational track record of the parks.

Healthy Consolidated Operating Performance: IEL's operating performance remained healthy over FY23-FY24, owing to the footfall recovery post COVID-19. Post reporting strong revenue growth in FY23, the company's revenue grew 3.8% yoy in FY24 to INR2,600 million (FY23: INR2,506 million; FY22: INR720 million). This was largely led by the (a) incremental revenue from the Acquaimagicaa Water Park in Surat, which was acquired in March 2023, and (b) around 9% yoy revenue growth in the hotel segment, which contributed almost 20% to the overall topline. The footfall stood at around 1.3 million in FY24 and FY23 (FY22: 0.3 million). IEL's absolute EBITDA increased to INR963 million in FY24 (FY23: INR850 million), with the EBITDA margin rising to 37% (34%), mainly on account of cost optimisation. For FY20 and FY21, the company reported negative EBITDA levels primarily on account of the COVID-19 impact across the industry.

In 1HFY25, the company reported a revenue of INR2,240 million, led by a footfall of 1.47 million, and an EBITDA of INR1,067 million (EBITDA margins: 47%). The revenue growth was supported by the addition of four new parks acquired from Giriraj Enterprises, and the higher EBITDA was driven by an increased contribution of the high profit-making water park business from the acquired parks. While majority of the revenue and profitability in 1HFY25 came in by 1QFY25, owing to 2Q being seasonally weak, Ind-Ra expects the financial performance to remain in line with the agency's expectations on an annual steady-state basis.

The revenue and profitability growth in the medium term is likely to be supported by (a) a growing contribution from the recently acquired parks, (b) incremental profitability from the new parks in Indore (to be operational in 4QFY25) and Ahmedabad (to be operational in next two years), (c) a higher footfall for the existing parks owing to the addition of attractions (such as six new rides, fountain show, trampoline parks in the Khopoli), and (d) an increase in the non-ticketing revenue from the current level of 30%-40% of the ticketing revenue. Any lower-than-expected growth rate in the footfall, revenue and profitability will be a key monitorable.

Comfortable Consolidated Credit Metrics: On a consolidated basis, the net leverage (net debt/EBITDA) improved to 1.58x in FY24 (FY23: 8.78x) and the gross interest coverage increased to 61.6x (1.6x), on account of the successful implementation of a debt resolution plan and conversion of part of the convertible preference shares into equity. At end-FY24, the company's debt reduced to INR2,521 million (end-FY23: INR8,057 million), mainly because the debt resolution led to a debt write-off to the extent of INR5,728 million. The remaining debt primarily consisted of convertible preference shares (INR2,203 million) held by the promoters of the company, acquired as a part of the debt resolution plan

implemented during FY23. The convertible preference shares were converted into common equity in April 2024, which resulted in the promoter shareholding increasing to 74.09% from 70.86% as on 31 March 2024. The gross adjusted debt post the conversion of these preference shares stood at INR961 million at end-1HFY25.

Additionally, while the company has a considerable cash outgo over the next two years for capex and recent acquisitions, the agency believes IEL's strong cash accruals and part funding of the cash outgo through a qualified institutional placement (QIP) will not lead to any major increase in debt and thus the credit metrics will remain comfortable, which will be a key monitorable.

Ongoing Capex Plans: While the capex-heavy model of the parks business acts as a strong entry barrier, benefiting the already established players, Ind-Ra believes the successful execution of the ongoing capex plans without impacting the capital structure is a monitorable for IEL. The cash outgo for the acquisitions and capex for IEL over FY25 and FY26 would be around INR11,000 million, to be incurred towards (a) the acquisition of four parks from Giriraj Enterprises for a total cost of around INR6,300 million, (b) development of the park in Indore for around INR2,000 million, (c) payout for the park in Surat of around INR600 million, (d) installation of a solar plant for around INR400 million, and (e) remaining for Ahmedabad park and others. While the agency believes the capital raise through the QIP and internal accruals will help part fund this cash outflow. However, any major deviation from the agency's expectations will be a key monitorable. Additionally, any other major debt-funded capex impacting the financial credit profile of the company will be a key monitorable.

Footfalls Vulnerable to Exogenic Shocks, Discretionary Spends and Seasonality: Footfalls at Imagicaa parks are susceptible to exogenic shocks, discretionary nature of consumer spending and seasonality. The footfalls had declined significantly over FY20-FY22 due to the COVID-19 pandemic but recovered in FY23-FY24. Moreover, IEL's revenue is seasonal in nature, with 1Q and 3Q of a fiscal typically being the strongest quarters, and 2Q and 4Q being a lean period. Any material impact on IEL's credit and liquidity profile because of susceptibility to exogenic shocks and earning seasonality would be a key rating monitorable for Ind-Ra.

Liquidity

Adequate: On a consolidated basis, the company's liquidity is supported by cash and equivalents of INR1,000 million at FYE24 (FYE23: INR605 million). Its average monthly utilisation of the overdraft limit was at about 41% during the 12 months ended September 2024. The liquidity is also augmented by positive cash flow from operations of about INR1,070 million generated in FY24 (FYE23: INR1,176 million). The company has scheduled debt repayments of INR142 million in FY25 and INR432 million in FY26. Additionally, the company has recorded deferred tax assets amounting to around INR1,900 million, which provided liquidity cushion since there will not be a major cash tax outgo over the next few years till the deferred tax asset is fully exhausted. While the company has huge expansion plans over the next 12-18 months, it could adequately be funded through a sanctioned debt of around INR3,060 million, equity raised through QIP and positive cash flow from operations. Therefore, Ind-Ra believes the capex will have limited impact on the liquidity profile of the company.

Rating Sensitivities

Positive: Future developments that could, collectively, lead to a positive rating action include:

- successful track record of managing operations of the recently acquired parks especially with respect to realisation of synergy benefits such as an improvement in margin structure and growing footfalls, and
- sustained growth in the revenues and profitability, leading to visibility on the net debt to EBITDA remaining below 2.5x on a sustained basis.

Negative: Future developments that could, individually and collectively, lead to a negative rating action include:

- lower-than-expected growth in the operational parameters (footfalls and ARPU) leading to weaker growth in the overall revenue and/or profitability, and

- higher-than-expected debt-funded capex or weaker cash flow generation leading to the net leverage exceeding 3.5x, on a sustained basis.

Any Other Information

Standalone Performance: At a standalone level, the company's operating revenue was INR2,600 million in FY24 (FY23: INR2,506 million) and the EBITDA margins were 37% (34%). The total debt stood at INR2,521 million at FYE24 (FYE23: INR8,057 million), against cash and equivalents of INR1,000 million (FYE2023: INR605 million), resulting in a net leverage ratio (net debt/EBITDA) of 1.58x (FY23: 8.77x) and a gross interest coverage of 61.6x (1.6x).

Change in Promoter Group: Until June 2022, IEL was promoted by Thrill Park Limited and Manmahon Shetty. As per the resolution plan, effective June 2022, IEL is owned by Malpani Parks Private Limited, a Malpani group entity. Malpani Group is a well-diversified business house active in renewable energy, fast moving consumer goods, amusement and water Park, real estate, schools, hotels etc. Giriraj Enterprises is a partnership firm based in Sangamner, Maharashtra mainly engaged in FMCG trading, renewable power generation, hospitality and real estate.

About the Company

IEL, previously known as Adlabs Entertainment Limited, has undergone significant transformation since its inception in 2009 as a partnership firm M/s. Dream Park. It became a private limited company in February 2010 under the name Adlabs Entertainment Private Limited, and later in April 2010, it was converted into a public limited company.

The company operates a large amusement park in Khopoli, covering 110 acres which includes a combination of theme park, water park, snow park, and Novotel, a five-star hotel. In March 2023, the company acquired Acquaimagicaa Water Park in Surat to increase its geographical presence. In FY23, Malpani Parks, a Malpani Group company acquired IEL. Malpani Group has a diversified portfolio of businesses. Post the acquisition by the Malpani Group, IEL has acquired four operational parks, two each in Lonavala and Shirdi each, which were previously managed by Giriraj Enterprises (Malpani group company). IEL has further planned to build a water park in Indore and a recreational park in Ahmedabad.

Key Financial Indicators

Particulars (Consolidated)	FY24	FY23
Operating revenue (INR million)	2,600	2,506
Operating EBITDA (INR million)	963	849
Operating EBITDA margin (%)	37	34
Interest coverage (x)	61.6	1.6
Net leverage (x)	1.6	8.8
Source: IEL, Ind-Ra		

Status of Non-Cooperation with previous rating agency

Not applicable

Rating History

Instrument Type	Current Rating/Outlook		
	Rating Type	Size of Issue (million)	Rating/ Outlook
Fund-based/Non-fund-based working capital limit	Long-term/ Short-term	INR240	IND A/Stable/IND A1
Working capital limit	Long-term/ Short-term	INR450	IND A/Stable/IND A1
Term loan	Long-term	INR3,060	IND A/Stable

Bank wise Facilities Details

The details are as reported by the issuer as on (17 Dec 2024)

#	Bank Name	Instrument Description	Rated Amount (INR million)	Rating
1	HDFC Bank Limited	Fund/Non-Fund Based Working Capital Limit	200	IND A/Stable/IND A1
2	HDFC Bank Limited	Term loan	3060	IND A/Stable
3	NA	Proposed Fund/Non-Fund Based Working Capital Limit	40	IND A/Stable/IND A1
4	HDFC Bank Limited	Working capital limit	450	IND A/Stable/IND A1

Complexity Level of the Instruments

Instrument Type	Complexity Indicator
Fund-based/Non-fund-based working capital limit	Low
Working capital limit	Low
Term loan	Low

For details on the complexity level of the instruments, please visit <https://www.indiaratings.co.in/complexity->

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Ind-Ra currently maintains coverage of corporate issuers, financial institutions (including banks and insurance companies), finance and leasing companies, managed funds, urban local bodies and project finance companies.

Headquartered in Mumbai, Ind-Ra has seven branch offices located in Ahmedabad, Bengaluru, Chennai, Delhi, Hyderabad, Kolkata and Pune. Ind-Ra is recognised by the Securities and Exchange Board of India, the Reserve Bank of India and National Housing Bank.

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APPLICABLE CRITERIA AND POLICIES

Parent and Subsidiary Rating Linkage

Evaluating Corporate Governance

Short-Term Ratings Criteria for Non-Financial Corporates

Corporate Rating Methodology

The Rating Process

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