



IPO Note

Connplex Cinemas Limited

Recommendation: **AVOID**

Company Background –

Connplex Cinemas Limited is an entertainment company. Its major source of revenue is from the sale of movie tickets. The company was originally incorporated as “Fohatron Power Limited” on Sept 01, 2015 with its registered office in Ahmedabad.

Objects of the Issue –

| Particulars | Amt. in Lakhs |
|--|---------------|
| Funding capital expenditure requirement for purchase of corporate office. | 1,479.00 |
| Funding capital expenditure requirement of purchase of LED screens and projectors. | 2,444.00 |
| Working capital requirement. | 3,763.00 |
| General corporate purposes. | - |

Promoters Name –

Anish Tulshibhai Patel, and Rahul Kamleshbhai Dhyani.

| Promoter Share Holding Pattern | |
|--------------------------------|----------------------|
| Pre Issue 95.36% | Post Issue 69.90% |

Rationale for recommendation – The company has a post-issue P/E of 17.78 indicating that it is overvalued. The management team of the company is lacking in the number of years of experience they have in the entertainment industry. The financials of the company have unnatural spikes making it unsustainable. The cash flow from operating activities has been decreasing every year. There is also high competition from OTTs and other forms of in-home experiences. Other industry trends include that consumers are displaying a shift away from cinema experience of watching a movie and wait for the movie to be released on OTT platforms unless it is a highly rated movie. Consumers invest in theatre experience only for high rated movies. Consumers in the industry have become very fragmented due to which television channels find it increasingly difficult to monetize films. The company may perform well if it expands to screening of live sports events, documentaries, gaming events, etc. However, investors are advised to **AVOID** this IPO for now.

IPO Details

| | |
|-----------------------|---------------------------|
| Opening Date | Aug 07, 2025 |
| Closing Date | Aug 11, 2025 |
| Allotment Date | Aug 12, 2025 |
| Listing Date | Aug 14, 2025 |
| Stock Exchange | NSE SME |
| Lot Size | 800 Shares |
| Issue Price Per Share | ₹168 to ₹177 per share |
| Issue Size | 90.27 Cr. |
| Fresh Issue | 90.27 Cr. |
| Offer for Sale | - |
| Application Amt | ₹ 2,83,200 (1,600 shares) |

| KPI's | KPIs (In Lakhs) | | |
|------------|-----------------|----------|----------|
| | FY 23 | FY 24 | FY 25 |
| Revenue | 2,536.91 | 6,029.74 | 9,560.96 |
| EBITDA | 262.86 | 619.47 | 2,627.56 |
| Net Profit | 164.84 | 408.75 | 1,900.99 |
| RoCE | 7.88% | 18.01% | 54.61% |
| ROE | 122.79% | 75.28% | 77.78% |
| P/E | 150.00 | 60.62 | 13.03 |

| Particulars | Valuation Parameters | |
|-----------------|----------------------|------------|
| | Pre-Issue | Post Issue |
| EPS | 13.58 | 9.95 |
| BVPS | 17.46 | 12.80 |
| P/E | 13.03 | 17.78 |
| P/BV | 10.14 | 13.83 |
| Mkt Cap (In Cr) | 247.80 | 338.07 |

Lead Managers –

Beeline Capital Advisors Private Limited (56 IPOs in preceding 3 years of which 4 opened at a discount)

Registrar –

MUFG Intime India Private Limited (Link Intime)

Business Overview -

Connplex Cinemas Limited is engaged in the business of development of theatres, entering into franchise agreements specializing for exhibition and distribution of films, sharing revenue of screening of movies, sale of food & beverages, and sharing of revenue from sale of food & beverages & advertisements at various franchised cinema, and other related business under the Brand name “CONNPLEX” and other Brands registered under the name of company.

The company was originally formed as “Fohatron Power Limited” with its registered office in Delhi on Sept 01, 2015. It changed to “VCS Industries Limited” on Feb 16, 2018 and its registered office shifted from Delhi to Gujarat from Nov 18, 2019. Then the name of the company changed to “Connplex Cinemas Limited” on Aug 14, 2024. It is a bit concerning that the company has changed its name multiple times as it indicates that the promoters may not have clarity or a clear vision for the business.

The company has been strategically focusing on under-served markets in tier 2, 3, and 4 cities while also expanding in metropolitan tier 1 cities. In addition to movies, the company has multiple revenue streams that expand beyond selling tickets. The company also has partnership with delivery partners that allows their customers to enjoy cinema-quality popcorn, nachos, beverages and other snacks from their homes. The company also provides advertising solutions within its cinemas.

The company has a total of 66 screens as on Mar 31, 2025. 21 screens in tier 1 city (Ahmedabad), 27 screens in tier 2 cities (Baroda, Rajkot, Gandhinagar, etc.), 16 screens in tier 3 cities (Baddi, Balotra, etc.), and 2 screens in tier 4 cities (Katihar and Bihar). Rationale for setting up of screens in tier 4 cities is that those places have smaller population and limited infrastructure. So people there have to travel to nearby larger cities increasing their entertainment expenses. The company is focused on identifying more cities that have the potential to evolve to tier 3 in the future.

There are 3 types of screens owned by the company: (i) express model that is ideal for compact spaces in densely populated areas, (ii) signature model that has personalized services and caters to customers seeking a high-end immersive environment, and (iii) their flagship luxuriance model that combines technology with luxurious interiors. The company has 22 express model, 28 signature model, and 16 luxuriance models as of Mar 31, 2025.

Product/Service Wise Revenue Breakup:

(in Lakhs)

| Products/Services | FY 2023 | % | FY 2024 | % | FY 2025 | % |
|--|-----------------|---------------|-----------------|---------------|-----------------|---------------|
| Sale of Products: | | | | | | |
| Sales Ticket | 1,306.73 | 51.51% | 2,631.22 | 43.64% | 3,497.50 | 36.58% |
| Sales Food & Beverages | 403.09 | 15.89% | 379.00 | 6.29% | 365.54 | 3.82% |
| Screening charge | 23.89 | 0.94% | 27.78 | 0.46% | 4.37 | 0.05% |
| Income from setting up cinema | 725.14 | 28.58% | 2,719.05 | 45.09% | 4,895.89 | 51.21% |
| 3D Glasses Sale | 6.42 | 0.25% | 16.81 | 0.28% | 32.29 | 0.34% |
| Space Rental | 9.25 | 0.36% | 12.03 | 0.20% | 12.66 | 0.13% |
| Design Income | 1.50 | 0.06% | - | - | 12.00 | 0.13% |
| Total Sale of Products | 2,476.02 | 97.60% | 5,785.89 | 95.96% | 8,820.25 | 92.25% |
| Other Operating Revenue | | | | | | |
| Advertisement Revenue | 13.01 | 0.51% | 69.28 | 1.15% | 134.51 | 1.41% |
| Revenue Share-Income | 32.62 | 1.29% | 79.26 | 1.31% | 245.13 | 2.56% |
| VPF Revenue Share | 15.26 | 0.60% | 42.75 | 0.71% | 115.16 | 1.20% |
| Income from Sublease cinema properties | - | - | 137.41 | 2.28% | 284.07 | 2.97% |
| Total Other Operating Revenue | 60.89 | 2.40% | 328.70 | 5.45% | 778.87 | 8.15% |
| Less: Branch Transfer | - | - | 84.85 | 1.41% | 38.17 | 0.4% |
| Total Revenue From Operations | 2,536.91 | 100% | 6,029.74 | 100% | 9,560.95 | 100% |

| Particulars | FY 2023 | % | FY 2024 | % | FY 2025 | % |
|------------------|-----------------|----------------|-----------------|---------------|-----------------|---------------|
| Revenue From B2B | 831.71 | 32.78% | 3,162.13 | 52.44% | 5,672.67 | 59.33% |
| Revenue From B2C | 1,705.20 | 67.22% | 2,815.05 | 46.69% | 3,642.38 | 38.10% |
| Total | 2,536.91 | 100.00% | 5,977.18 | 99.13% | 9,315.05 | 97.43% |

State-Wise Bifurcation of Screens:

| Products/Services | FY 2023 | FY 2024 | FY 2025 |
|-------------------|---------|---------|---------|
| Gujarat | 11 | 31 | 35 |
| Bihar | 6 | 10 | 19 |
| Maharashtra | 3 | 3 | 3 |
| Chhattisgarh | 0 | 0 | 4 |
| Telangana | 2 | 2 | 2 |
| Himachal Pradesh | 2 | 0 | 0 |
| Odisha | 0 | 2 | 2 |
| Rajasthan | 0 | 1 | 1 |

Business Strategies -

-The company intends to expand its network of screens across tier 1, 2, 3, and 4 cities and have a wider range of content to include not only blockbuster films but also regional films, foreign films, documentaries, independent films, sports screenings, etc.

-Focus on premium offerings and experience offerings through more recliner seats, gourmet food and beverage options, immersive sound systems, etc.

-Focus on improving revenue from ancillary revenue streams such as food and beverage sales, in-cinema advertising, private events, etc. This will be done through offering regionally tailored food and beverage options, dynamic pricing, on-screen and off-screen promotional opportunities, etc.

-Continue to maximize revenue from existing cinemas by upgrading cinemas, customer loyalty programs, personalized marketing campaigns, live sports screenings, etc.

-Rationalize near-term costs, enhance liquidity, and optimize cash flows. This will be done through renegotiating supplier contracts, reducing energy consumption through sustainable technologies, pre booking incentives, securing favourable financing terms for new projects, etc.

Risk Factors -

-Although cash flow from operating activities has been positive every year, it has been decreasing.

-There are 3 outstanding tax litigations against the company worth ₹0.75 Lakhs.

-There is seasonal variation in customer footfall resulting in fluctuating revenue patterns.

-There is strong competition from the rise of OTT platforms and other home entertainment media.

Key Management

-The management consists of **Anish Tulshibhai Patel (Managing Director)**, and **Rahul Kamleshbhai Dyani (Joint Managing Director)**. Anish Patel has a bachelor's and master's degree in IT & computer science. He has 6 years of experience in entertainment industry. Rahul Dyani has a bachelor's degree of commerce and 6 years of experience in entertainment industry.

-**Parshwa Bhavikbhai Shah, Ronak Ashokbhai Mehta, and Amisha Fenil Shah** are **independent directors**. All are members of ICSI with 6 years of experience on average.

-**Pujan Ashvinbhai Thakkar (CFO)** has a bachelor's degree in commerce with 2.5 years of experience. **Ratika Khandelwal (CS & CO)** is a member of ICSI with 3 years of experience.

The management team is lacking in the experience they have in entertainment industry.

Industry Overview -

India's filmed entertainment industry recorded robust growth in 2023, expanding 15% year-on-year to reach an all-time high of INR 197 billion. The largest contributor was domestic theatricals, which crossed INR 120 billion for the first time, up 14% from 2022, driven by higher ticket prices and a revival in Hindi cinema. Overseas theatricals contributed INR 19 billion, while broadcast rights stood at INR 15 billion, digital/OTT rights at INR 35 billion, and in-cinema advertising at INR 8 billion—marking a 50% recovery in the latter category. A total of 1,796 films were released during 2023, 11% higher than in 2022, across multiple languages and dubbed versions. Telugu led with 317 releases,

followed by Tamil (271), Kannada (241), Malayalam (218), and Hindi (218). International reach also expanded, with 339 Indian films released in 38 countries, compared to 33 countries the previous year. Screen count increased 4% to 9,742, with growth led by the north-east (adding 10% more screens) and Hindi-speaking markets (adding 6%). Despite these expansions, footfall fell 5% from 944 million to just over 900 million.

Theatrical performance by language showed Hindi cinema regaining momentum, generating INR 53 billion in box office revenues, narrowly surpassing South Indian languages at INR 52 billion, while English films grossed INR 10 billion and other languages INR 6 billion. A notable trend was the shift in consumer behaviour: audiences increasingly waited for reviews before deciding whether to watch a film in theatres or wait for its OTT or television release. Thirty-six films grossed INR 1 billion or more at the box office in 2023, up from 31 in 2022 and just 13 in 2021, with South Indian films continuing to dominate high-grossing categories. Broadcast rights, while still significant at 26% of total TV viewership, struggled with monetization due to declining ratings per new movie.

Digital and OTT platforms saw significant structural changes in 2023. Over 400 films were released on digital platforms, a 30% increase over 2022, but the number of direct-to-digital releases almost halved from 105 to 57. The bulk of OTT releases—359 titles—were films that had first been released theatrically. With the subscription model expected to remain the primary driver of OTT growth, the demand for digital rights is anticipated to remain strong in the near future. Looking ahead, the filmed entertainment segment is projected to grow at a CAGR of 7% to INR 238 billion by 2026, fueled by rising affluence, high-quality mass content, and continued innovation in pricing, and infrastructure.

Peer Analysis

| Particulars | Connplex Cinemas Limited | | | PVR Inox Limited | | |
|---------------|--------------------------|--------|--------|------------------|---------|--------|
| | FY 23 | FY 24 | FY 25 | FY 23 | FY 24 | FY 25 |
| NP Margin | 6.50% | 6.78% | 19.88% | -8.75% | -0.51% | -4.70% |
| EBITDA Margin | 10.36% | 10.27% | 27.48% | 29.14% | 31.40% | 28.81% |
| RoCE | 7.88% | 18.01% | 54.61% | 2.51% | 5.17% | 3.16% |
| ROE | 122.79% | 75.28% | 77.78% | -4.57% | -0.44% | -3.97% |
| EPS (INR) | 1.18 | 2.92 | 13.58 | -42.16 | -3.26 | -28.48 |
| P/E | 150.00 | 60.62 | 13.03 | -36.39 | -422.07 | -31.60 |

While PVR Inox offers industry context, its loss-making position in FY23–FY25 limits comparability on profitability and return metrics. Connplex Cinemas shows stronger NP margins, improving RoCE, and a sharp drop in P/E by FY25E, reflecting earnings growth and improving operating leverage relative to the peer.

| FINANCIAL SNAPSHOT | | | | | | | |
|--|----------|----------|----------|----------------------|---------|--------|--------|
| Key Performance Indicators: (in Lakhs) | | | | Key Ratios: | | | |
| Particulars | FY 23 | FY 24 | FY 25 | Particulars | FY 23 | FY 24 | FY 25 |
| P&L Statement | | | | Per Share Data | | | |
| Total Income | 2,560.81 | 6,083.27 | 9,678.18 | Diluted EPS | 1.18 | 2.92 | 13.58 |
| Total Expenses | 2,342.28 | 5,531.80 | 7,100.54 | BV per share | 26.85 | 108.60 | 17.46 |
| EBITDA | 262.86 | 619.47 | 2,627.56 | Operating Ratios | | | |
| EBIT | 198.57 | 503.59 | 2,471.56 | EBITDA Margins | 10.36% | 10.27% | 27.48% |
| PBT | 218.53 | 551.47 | 2,577.64 | PAT Margins | 6.50% | 6.78% | 19.88% |
| Tax Expenses | 53.69 | 142.72 | 676.65 | Inventory days | 29.17 | 26.57 | 28.16 |
| Net Profit | 164.84 | 408.75 | 1,900.99 | Debtor days | 17.88 | 22.88 | 50.17 |
| Balance Sheet | | | | Creditor days | 28.49 | 42.18 | 39.39 |
| Total Equity | 134.25 | 543.00 | 2,443.98 | Return Ratios | | | |
| Assets | | | | RoCE | 7.88% | 18.01% | 54.61% |
| Non-Current Assets | 1,271.81 | 1,636.80 | 2,039.19 | RoE | 122.79% | 75.28% | 77.78% |
| Current Assets | 1,523.83 | 2,002.87 | 4,073.03 | Valuation Ratios (x) | | | |
| Total Assets | 2,795.64 | 3,639.67 | 6,112.22 | EV/EBITDA | -0.83 | 0.37 | 0.89 |
| Liabilities | | | | Market Cap / Sales | 0.35 | 0.15 | 2.59 |
| Non-Current Liabilities | 2,384.40 | 2,253.83 | 2,082.86 | P/E | 150.00 | 60.62 | 13.03 |
| Current Liabilities | 276.99 | 842.84 | 1,585.38 | Price to Book Value | 6.59 | 1.63 | 10.14 |
| Total Liabilities | 2,661.39 | 3,096.67 | 3,668.24 | Solvency Ratios | | | |

| Cash Flow Statement | | | |
|---------------------|---------|---------|---------|
| CFO | 882.68 | 402.46 | 280.29 |
| CFI | -616.41 | -439.26 | -460.89 |
| CFF | 23.47 | -10.66 | 33.63 |

| | | | |
|-------------------------|-------|-------|--------|
| Debt / Equity | 0.24 | 0.05 | 0.03 |
| Current Ratio | 5.50 | 2.38 | 2.57 |
| Quick Ratio | 4.77 | 1.86 | 2.10 |
| Asset Turnover | 0.91 | 1.66 | 1.56 |
| Interest Coverage Ratio | 50.40 | 89.13 | 221.86 |

Financial Analysis

-Revenue from operations increased by 137.86% and 59.56% in FY 24 and 25 respectively. Total revenue increased by 137.55% and 59.1% during the same time period. The increase in revenue in 24 was due to higher sale of its products. In 25, notable reason have been higher income from setting up of cinema operations including franchise fees which increased from ₹2,719.05 lakhs to ₹4,895.89 lakhs.

-Purchase of stock-in-trade increase by 230.85% in FY 24 due to increase in purchases and distribution charges. The same increased in 25 by 15.91% due to increase in distributor charges

-Professional charges & direct expenses, and purchase of stock-in-trade combined form a major portion of total expenses incurred by the company. Professional charges includes franchisee share, right to use server expense, professional fees movie distributor, etc.

-Despite the spike in revenue, EBITDA margin of the company decreased in FY 24. This was primarily due to the unproportionate increase in purchase of stock-in-trade by 230.85%. EBITDA margin then spiked in FY 25 because while revenue increased during that year by 59.56%, all expenses recorded an increase of 44.83% only on average with purchase of stock-in-trade being the lowest as it increased by only 15.91%.

-PAT margin increased only marginally in FY 24. The same then spiked in FY 25. The reason for that is while revenue of the company increased, total expenses grew by only a modest amount. This led to an increase in PBT by 367.41%. Compared to this, the total tax expense paid by the company rose by only ₹533.93 Lakhs bringing an overall increase in PAT and PAT margin.

-The non-current liabilities of the company have been shrinking every year because the company has been steadily repaying its other long-term liabilities.

-While the inventory days are staying constant, the debtor days are increasing every year due to an increase in trade receivables. There is also fluctuation in creditor days. The cash flows from operating activities have been decreasing every year.

IPO Note – Connplex Cinemas Limited

Recommendation: **AVOID**

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