Investor Presentation | Q3 & 9M FY25

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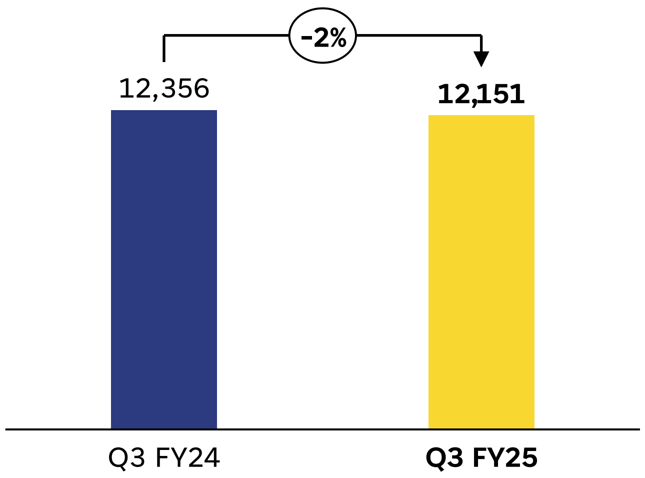
Q3 & 9M FY25 | Result Highlights

Key Highlights

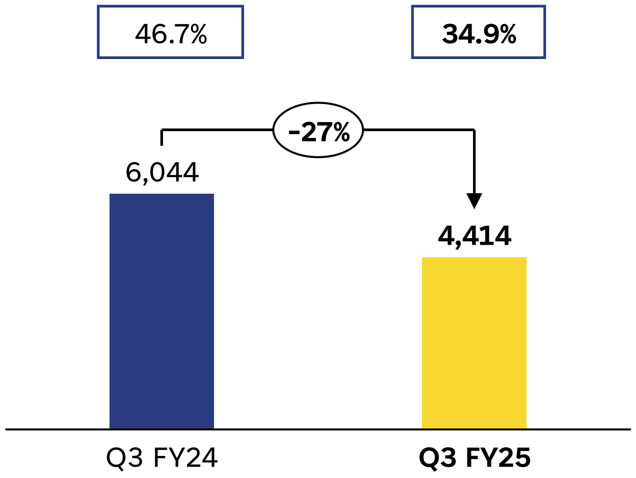
- Successfully completed fund raise of **Rs. 54,000 lakhs** through QIP in the quarter
- Revenue from Operations stood at **Rs. 12,151 lakhs** for the quarter. Hyderabad park recorded highest ever footfalls and revenue since inception
- Footfall for the quarter stood at **9.18 lakhs** across parks
- Park wise footfall for the Q3 FY25: Bengaluru – **2.99 lakhs**, Kochi – **2.57 lakhs**, Hyderabad – **3.28 lakhs,** Bhubaneshwar – **0.34 lakhs**
- Adjusted EBITDA for the quarter stood at **Rs. 4,414 lakhs**, down by **27% YoY**
- ARPU in Q3 FY25 stood at **Rs. 1,272** an increase of **1% YoY.** Recorded SPH of **Rs. 399** in Q3 FY25,a **9% growth YoY**
- Innovative and creative market strategies to boost footfall, complemented by festival and event-focused campaigns
- An enriched customer experience featuring festive-themed decorations and exclusive seasonal food and product offerings across the parks

Q3 FY25 Result Highlights

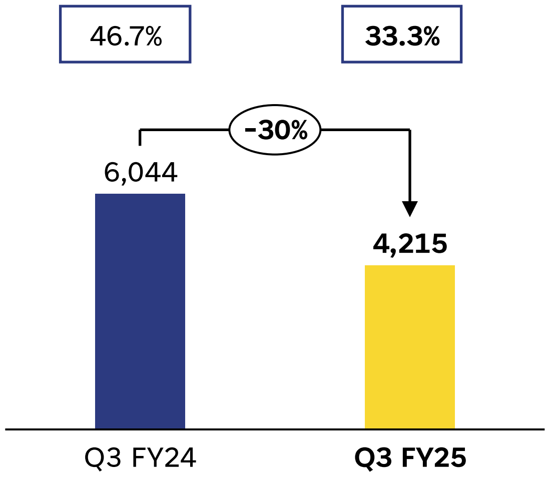
Revenue from Operations



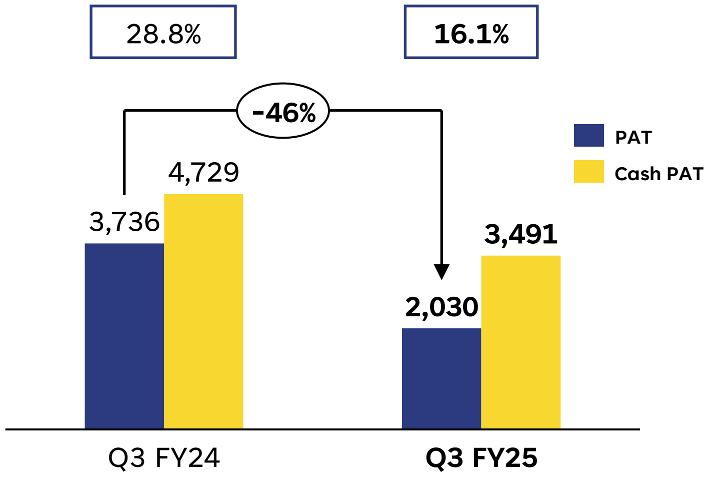
Adj. EBITDA & Adj. EBITDA Margin



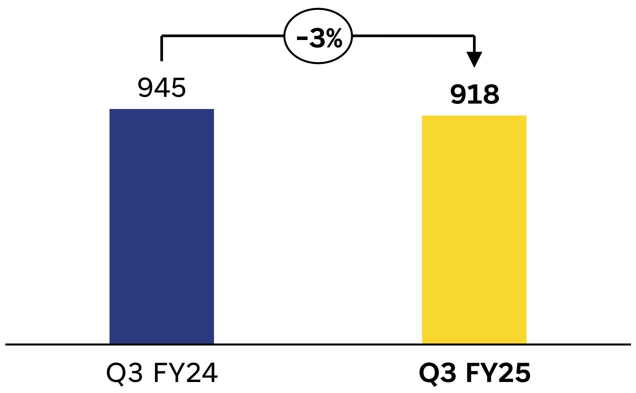
EBITDA & EBITDA Margin



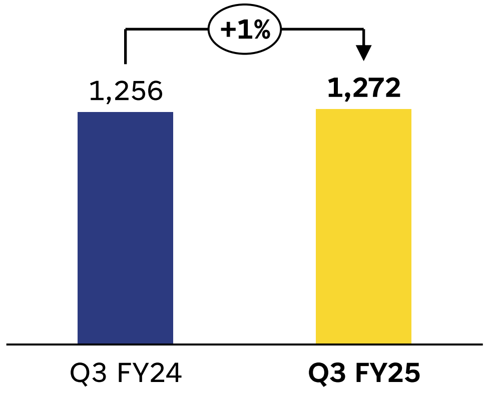
PAT, CASH PAT & PAT Margin



Footfall (in '000)



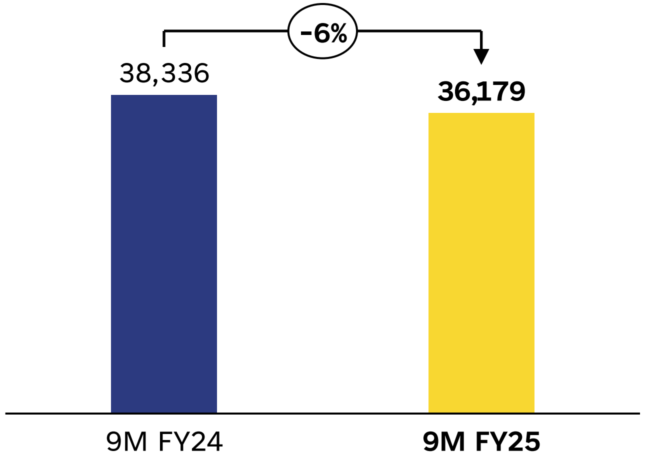
ARPU (in Rs.)



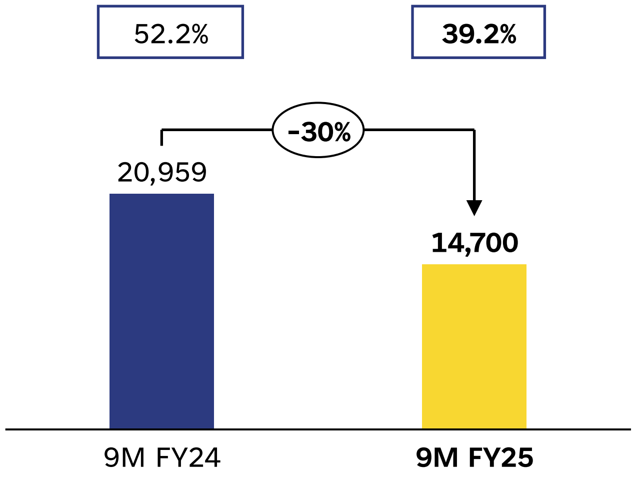
Note – 1. EBITDA includes other income 2. All figures in Rs. Lakhs

9M FY25 Result Highlights

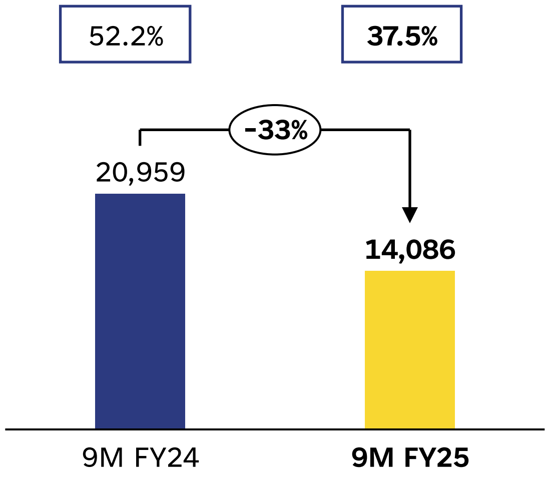
Revenue from Operations



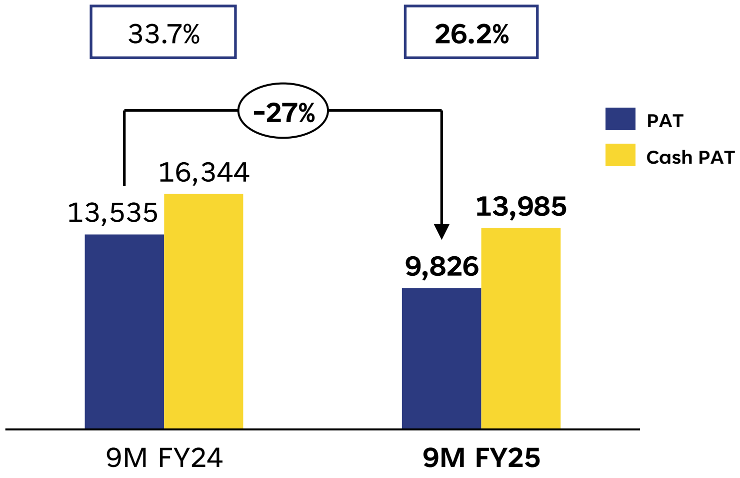
Adj. EBITDA & Adj. EBITDA Margin



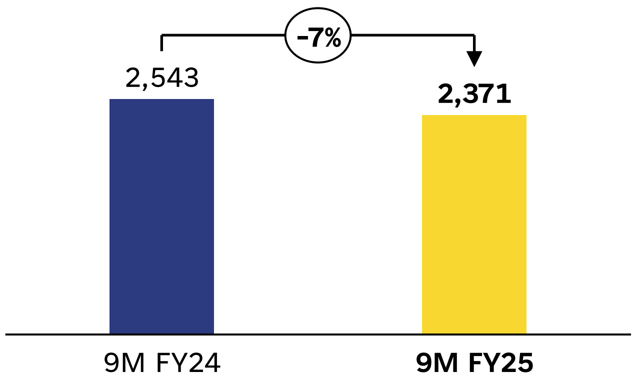
EBITDA & EBITDA Margin



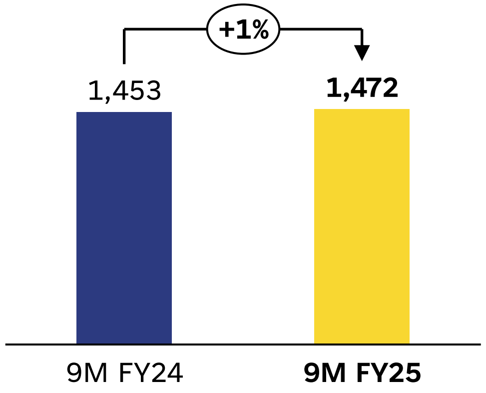
PAT, CASH PAT & PAT Margin



Footfall (in '000)



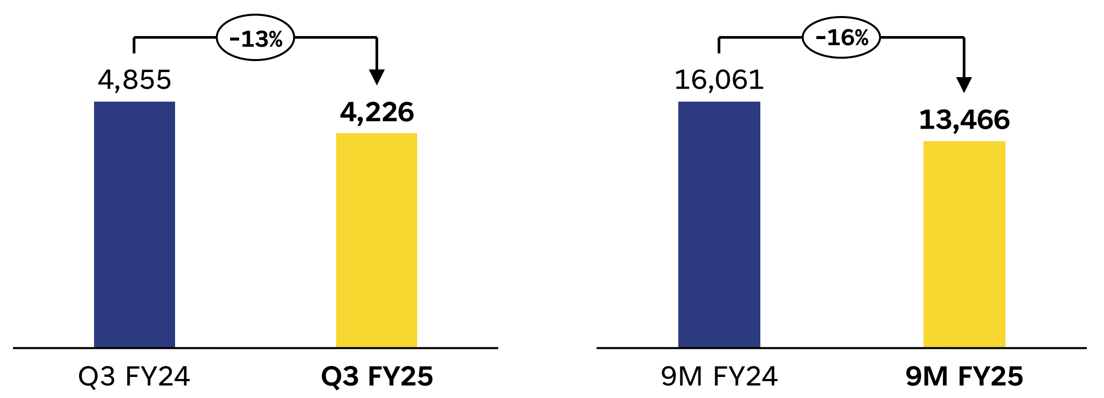
ARPU (in Rs.)



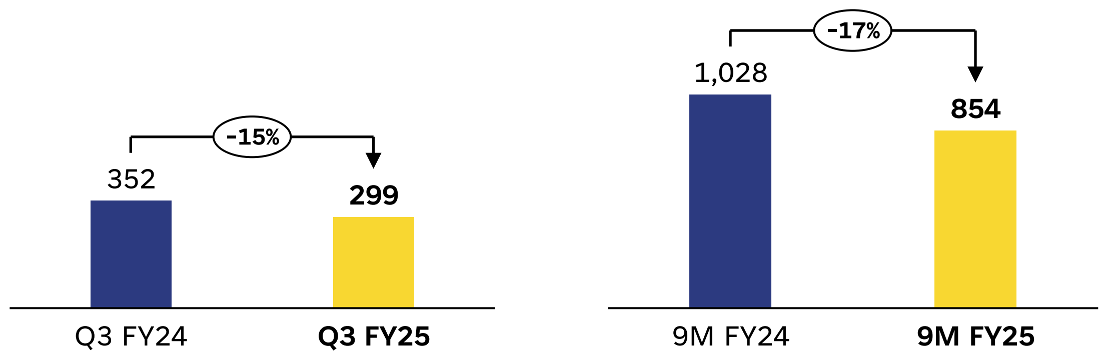
Note – 1. EBITDA includes other income 2. All figures in Rs. Lakhs

Bengaluru Park – Q3 & 9M FY25 Metrics

Revenue (Rs. Lakhs)

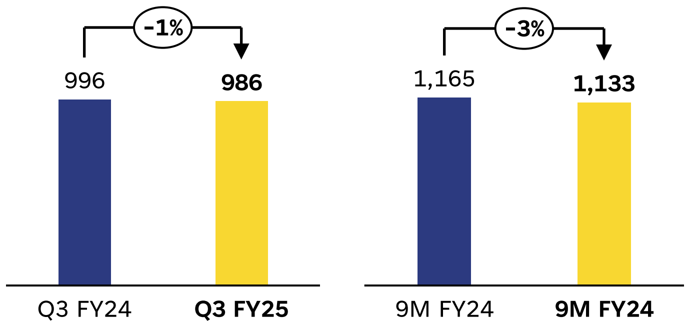


Footfalls (in '000)

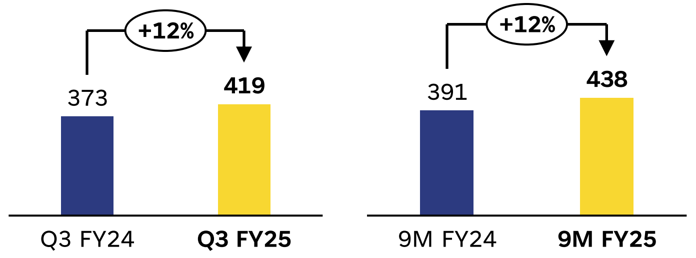


ARPU (in Rs.)

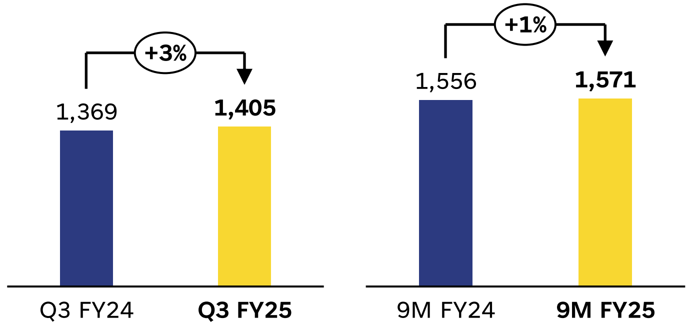
Average Ticket Price



Average Non-Ticket Price

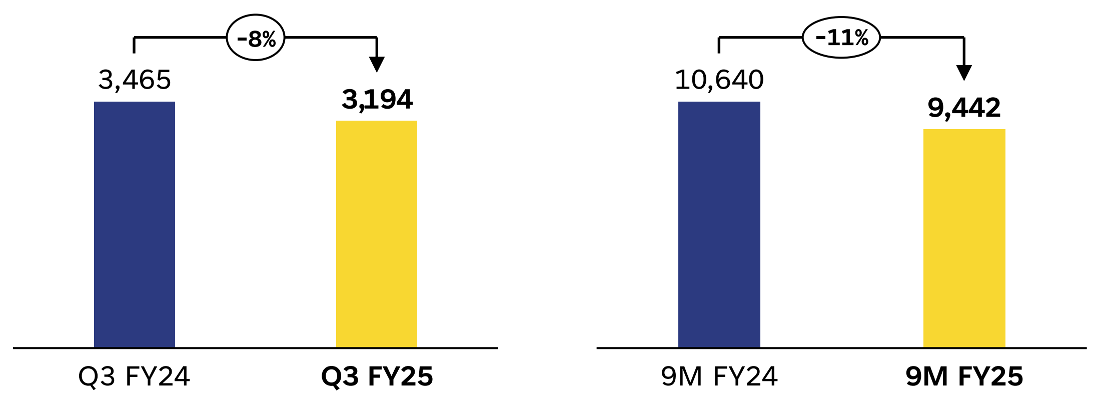


ARPU

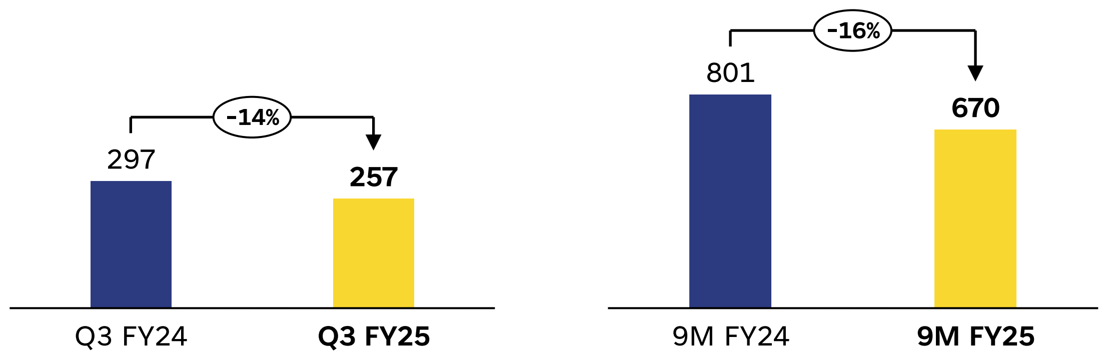


Kochi Park – Q3 & 9M FY25 Metrics

Revenue (Rs. Lakhs)

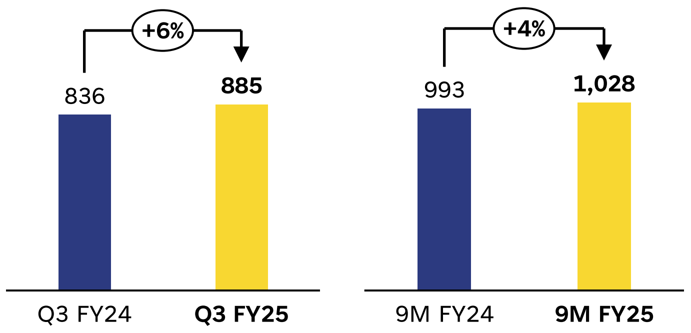


Footfalls (in '000)

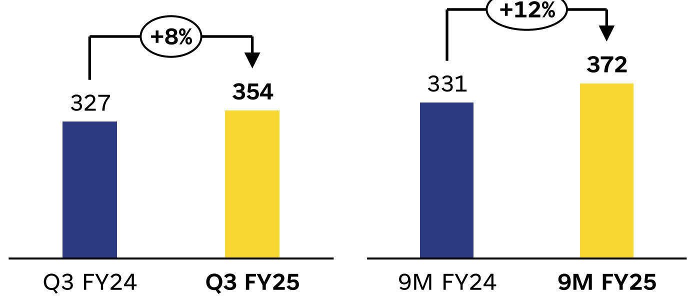


ARPU (in Rs.)

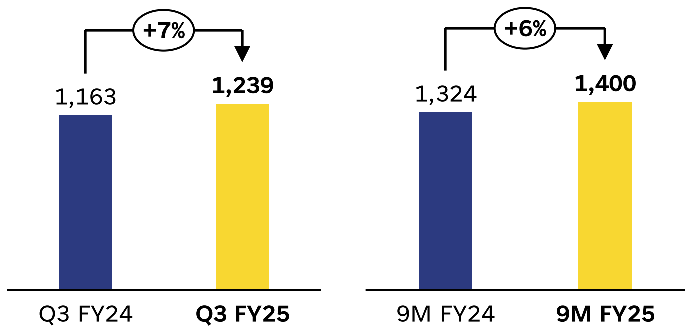
Average Ticket Price



Average Non-Ticket Price

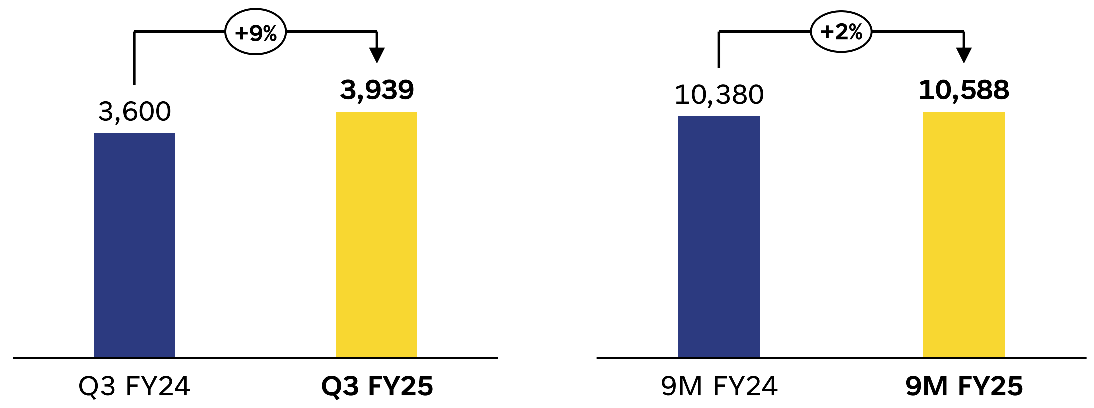


ARPU

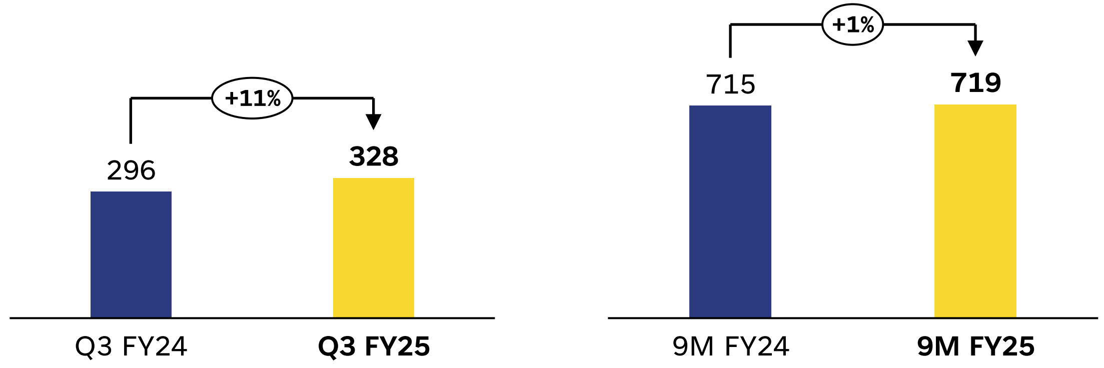


Hyderabad Park – Q3 & 9M FY25 Metrics

Revenue (Rs. Lakhs)

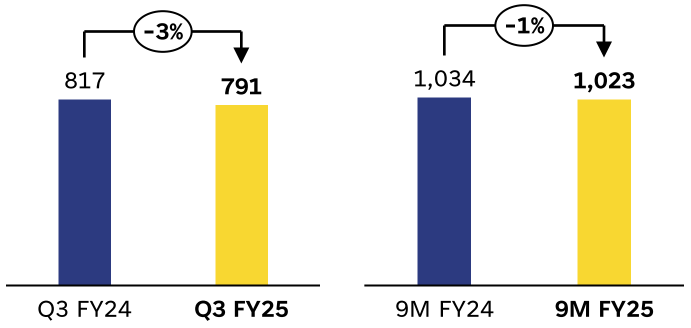


Footfalls (in '000)

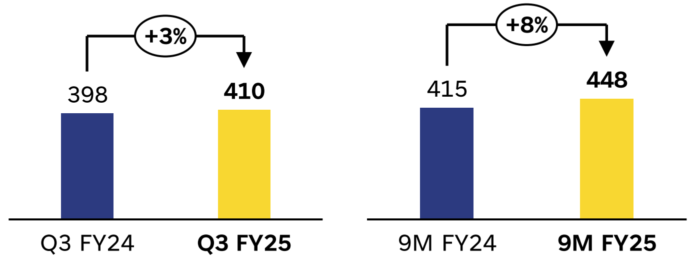


ARPU (in Rs.)

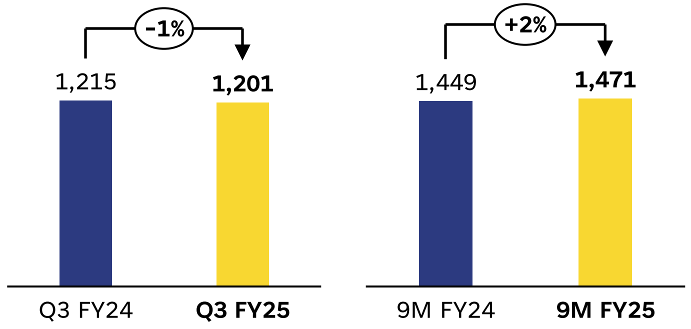
Average Ticket Price



Average Non-Ticket Price

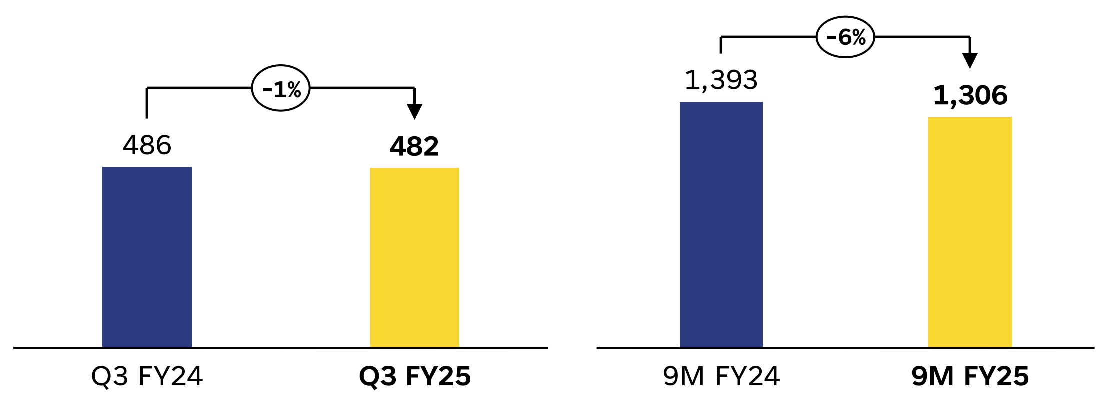


ARPU

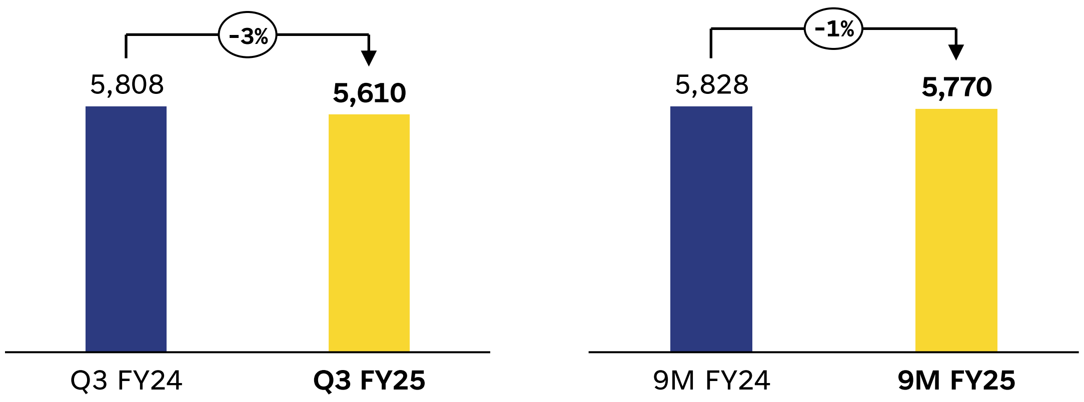


Wonderla Resort, Bengaluru – Q3 & 9M FY25 Metrics

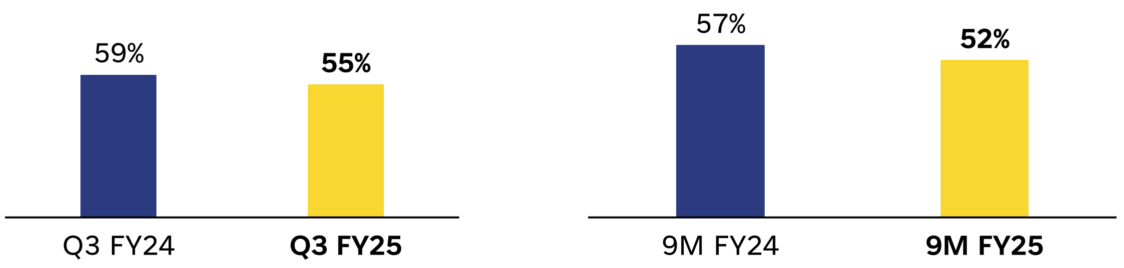
Total Revenue (Rs. Lakhs)



Average Room Rental (in Rs.)



Occupancy (%)

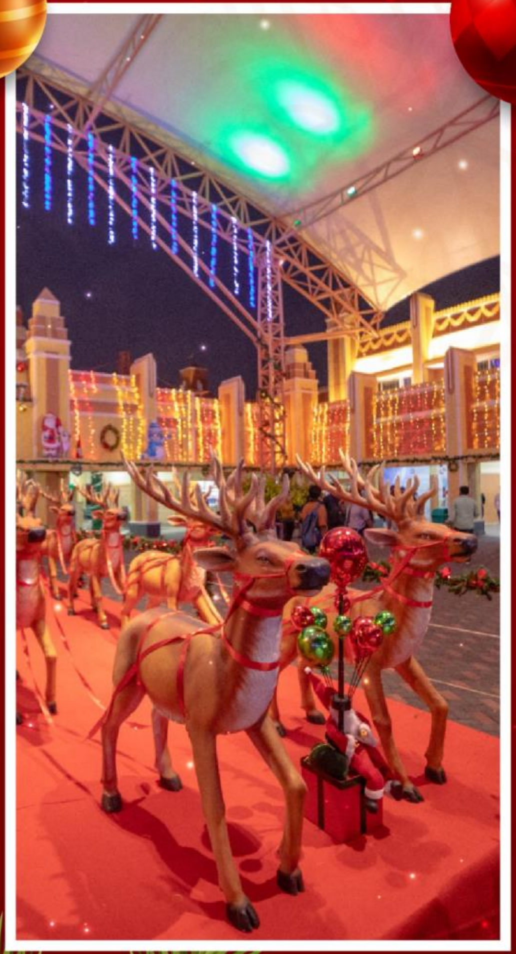


Consolidated Profit & Loss Statement

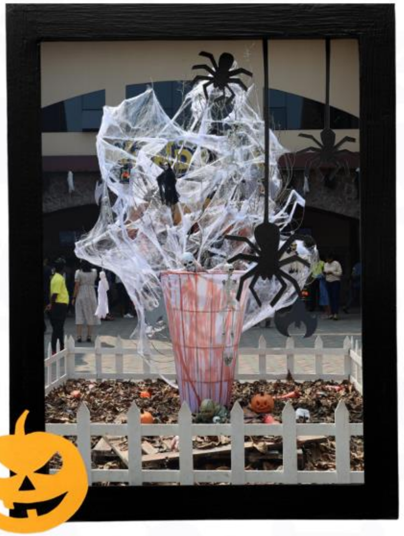
Particulars (Rs. Lakhs)	Q3 FY25	Q3 FY24	YoY%	9M FY25	9M FY24	YoY%
Revenue from Operations	12,151.0	12,355.7	**-1.7%**	36,178.9	38,335.9	**-5.6%**
Other Income	498.8	596.41		1340.3	1783.5	
Total Income	**12,649.8**	**12,952.1**	**-2.3%**	**37,519.2**	**40,119.4**	**-6.5%**
Cost of materials consumed	934.2	823.5		2289.7	2099.6	
Purchase of stock-in-trade	444.0	553.9		1554.7	1625.6	
Changes in inventories of stock-in-trade	81.4	-0.9		51.0	-22.8	
Employee Expenses	2096.5	1489.6		6137.7	4555.9	
Other Expenses	4878.9	4041.9		13400.2	10901.7	
EBITDA	**4,214.8**	**6,044.1**	**-30.3%**	**14,085.9**	**20,959.5**	**-32.8%**
EBITDA Margin (%)	**33.3%**	**46.7%**		**37.5%**	**52.2%**	
Depreciation	1460.9	992.9		4158.2	2809.2	
Finance Cost	16.3	18.4		51.4	47.0	
PBT	**2,737.6**	**5,032.8**		**9,876.3**	**18,103.3**	
Tax	707.2	1297.0		49.9	4,568.0	
PAT	**2,030.4**	**3,735.8**	**-45.6%**	**9,826.5**	**13,535.3**	**-27.4%**
PAT Margin (%)	**16.1%**	**28.8%**		**26.2%**	**33.7%**	
EPS	3.4	6.6		17.1	23.9	
Adjusted EBITDA	**4,414.0**	6,044.1	**-27.0%**	**14,700.0**	20,959.5	**-29.9%**
Adjusted EBITDA Margin (%)	**34.9%**	46.7%		**39.2%**	52.2%	

Marketing Initiatives & Events

Marketing Initiatives



Merry Christmas

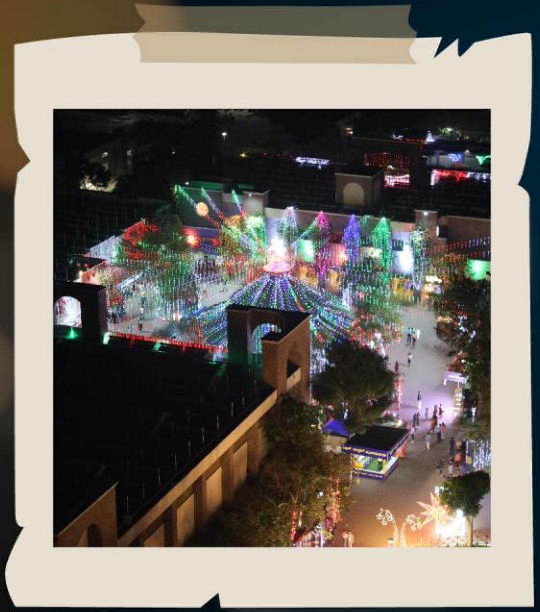
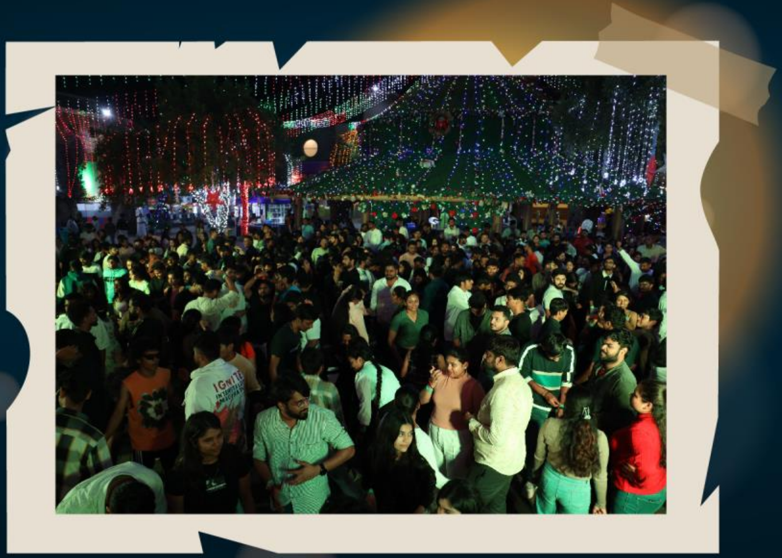


HAPPY HALLOWEEN

HAPPY CHILDREN'S DAY

Dussehra


SATURNIGHT
SATURNIGHT
SATURNIGHT
MISSION INTERSTELLAR
WONDERLA


HAPPY NEW YEAR

Launching of Adventures of Chikku Wild Ride at Kochi Park

WONDERLA
PARKS AND RESORTS

Food & Beverages

Aamras Festival was organized across parks

Momo Mania
Launched across parks which includes Momo Burger, Rice Bowl, Fried Momos

- Started a new counter in Bengaluru Park - **Ola Mexicana**
- Menu has Nachos, Tacos, Quesadilla and Bowls

Slurp & Munch - New Food offerings introduced across parks

Introduced **Kuluki Sharbat** across our parks

Oktober Fest was organized across parks

Attractive Food Offerings at **Wonderla Food Festival** across parks

Company Overview

Wonderla - India's most loved amusement park

Vision

Adding 'Wonder' to lives and bringing people closer.

Mission

Build and operate resource efficient amusement spaces to deliver a fun, thrilling, and hygienic experience to our guests.

- **One of the Most visited parks in India:**
  Wonderla parks have been visited by over ***43 million**** **visitors since 2000**, making us the most visited amusement park in India
- **Two decades of experience (since launch of first park) in running parks in 4 different cities:**
  Kochi, Bengaluru, Hyderabad and Bhubaneshwar

4	**189**	**18**	**5**	**6**	**2#**
Amusement Parks	Fun Rides	Restaurants	Banquet Halls	Food courts	Lounge bars

* - as on 30th Sept 2023 # - inclusive of Caribbean Theme Bar

A Complete Family Entertainment Destination…

Wonderla parks provide a rare avenue for families and friends to bond together in a wonderful outdoor environment. The parks deliver a safe, out-of-the-ordinary and highly memorable experience.

... with Signature Rides across Parks

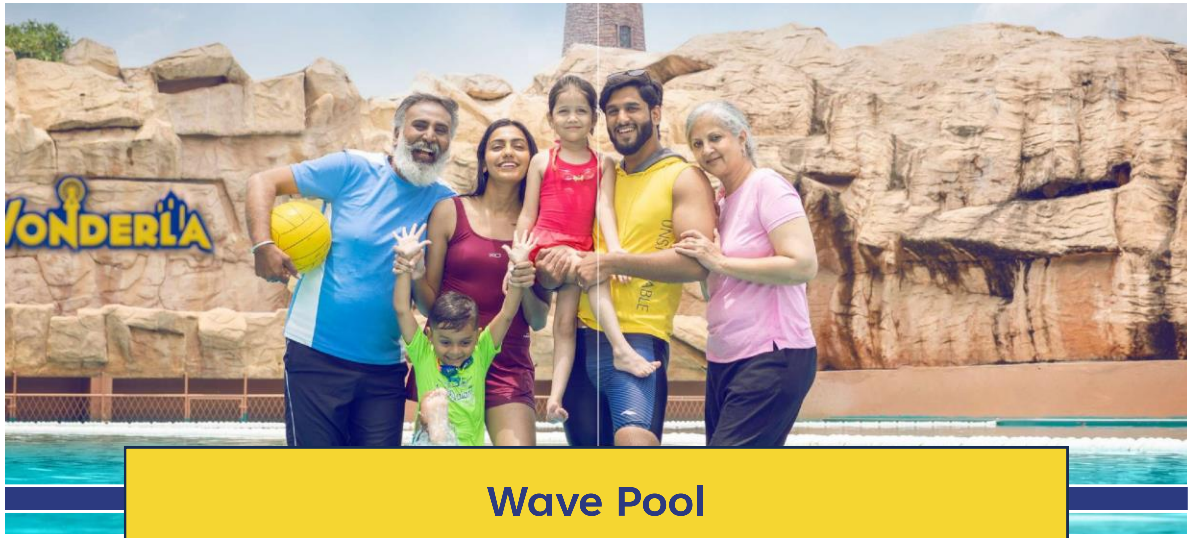
Recoil

Equinox

Wonder Splash

Wonderla Bamba

... with Signature Rides across Parks



Wave Pool

Play Pool

Tarantula

Sky Wheel

Key Milestones

1998 – Veega Holidays were incorporated to build the first park in Kochi

2000 – Kochi Park commenced its operations under the brand name **"Veegaland"**

2002 – "Wonderla Holidays Limited." incorporated to build the second park at Bengaluru

2005 – Bengaluru Park commenced its operations under the brand name **"Wonderla"**

2008 – Veega Holidays merged with Wonderla Holidays Limited and Kochi park was renamed as **"Wonderla"**

2012 – Three star rated leisure resort adjutant to Bengaluru Park started operations with 84 luxury rooms

2014 – Company went public by listing at both NSE and BSE.

2016– Hyderabad park commenced its operations

2023 – Company got Local Body Tax exemption for 10 years for the proposed Chennai Park.

2024 – Bhubaneswar Park commenced its operations, Construction of Chennai Park is in progress

Experience at Helm – Board of Directors & Senior Management Team

Mr. Kochouseph Chittilappilly

Chairman Emeritus

Mr. Arun K. Chittilappilly

Executive Chairman & Managing Director

Mr. R. Lakshminarayanan

Non-Executive Vice-Chairman

Ms. Priya Sarah Cheeran Joseph

Non-Executive Director

Mrs. Anjali Nair

Independent Director

Mr. Kasaragod Ullas Kamath

Independent Director

Mr. Madan Padaki

Independent Director

Mr. Saji K Louiz

Chief Financial Officer

Mr. Dheeran Choudhary

Chief Operating Officer

Mr. Srinivasulu Raju Y

Company Secretary & Compliance Officer

Awards and Recognition

Wonderla won awards in different categories at 22nd IAAPI Amusement Expo

Wonderla Bengaluru: Won award for Innovative Tourism through Media – Digital Marketing

Wonderla Kochi: Won award for Most Innovative Rides

Wonderla Hyderabad: Won award for organizing different Events at Facility

Key Strengths

Strategic Location

All the three parks have **good connectivity** to major cities making it attractive tourist destination for pan India

In-house ride designing and manufacturing capabilities

Leverages specific cost efficiencies and enhances **maintenance efficiency** of rides. This capability allows for the **customization and modification** of purchased rides

Prudent Capital allocation

Disciplined capital allocation over the decades. Focus on generating substantial cash flows & maintaining **debt free balance sheet**

Superior Brand Recall

Established as strong brand amongst visitors evidenced by better customer ratings & reviews, arises from its ability to provide memorable experiences and consistently **introduce innovative attractions**

Experienced Management Team

Experienced **Promoters** supported by professional senior management team

WHAT’S NEXT

Strategy to Build Future Growth

Expansion through adding new Parks

Diversifying its portfolio by undertaking the construction of new park in Chennai, as well as actively exploring opportunities to establish parks in other strategic geographies.

Leveraging digital and marketing expertise

Boost revenues by offering value-added services on entry tickets. Focus on leveraging digital platforms and enhance social media presence

Makeover of existing parks

Analyze customer preferences to drive innovation in attractions. Additionally, optimize operational capacity by developing undeveloped land within existing parks

Enhance in-house designing capabilities

Introduce new rides and attractions based on research and customer preferences at all parks

Enhance customer experience by integrating Resorts with Parks

Elevating overall experience of the visitors by integrating resorts at all the other parks thereby creating a seamless and enhanced recreational environment

New Portfolio Additions

Chennai Park

Current Park Progress

- Active discussions with Madhya Pradesh, Uttar Pradesh, Punjab and Goa State Governments is on track.
- Signed MoU with Gujarat Government during Vibrant Gujarat Summit.

For Further Queries:

Wonderla Holidays Ltd.

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masoom.rateria@linkintime.co.in

Thank you !

“Wonderla Holidays Limited

3Q and FY25 Earnings Conference Call”

January 28, 2025

MANAGEMENT: MR. ARUN CHITTILAPPILLY – MANAGING DIRECTOR – WONDERLA HOLIDAYS LIMITED
MR. SAJI LOUIZ – CHIEF FINANCIAL OFFICER – WONDERLA HOLIDAYS LIMITED
MR. DHEERAN CHOUDHARY – CHIEF OPERATING OFFICER – WONDERLA HOLIDAYS LIMITED

MODERATOR: MR. KARAN KHANNA – AMBIT CAPITAL

Moderator: Ladies and gentlemen, good day, and welcome to Wonderla Holidays Limited 3Q and FY25 Earnings Conference Call hosted by Ambit Capital. As a reminder, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing star then zero on your touch-tone phone. Please note that this conference is being recorded.

I now hand the conference over to Mr. Karan Khanna from Ambit Capital. Thank you, and over to you, Mr. Khanna.

Karan Khanna: Thank you, and good afternoon, everyone. On behalf of Ambit Capital, I would like to welcome you all to 3Q and 9MFY25 Earnings Call for Wonderla Holidays Limited. From the management, we have with us Mr. Arun Chittilappilly, Managing Director; Mr. Saji Louiz, CFO; and Mr. Dheeran Choudhary, Chief Operating Officer of the company.

We would like to now begin the call with opening remarks from the management, following which we will have the forum open for an interactive question-and-answer session. Thank you, and over to you, Arun and Saji.

Arun Chittilappilly: Thank you, Karan. Good afternoon, everyone. This is Arun, Chairman and Managing Director of Wonderla Holidays. We are happy to present the 3Q and 9MFY25 financial results. We are, first of all, pleased to announce the successful completion of our recent fundraise through a QIP process, which generated significant interest and support from marquee investors. We appreciate the trust and confidence shown by the investor community in our growth strategy and long-term vision.

This quarter was encouraging, but also challenging for Wonderla, signalling some recovery that we've seen in -- especially in our Hyderabad Park. We have seen the best ever Q3 for Hyderabad since about 8 years of operations. Revenue for the quarter was INR121.5 crores, a degrowth of 2% compared to the previous year. The dip in revenues were mainly due to lower turnout in some of the key locations like Bhubaneswar and Cochin.

Our footfall for the quarter stood at INR9.18 lakhs. In terms of strategic initiatives, we've made significant strides across several key areas. We are on a digital transformation path and recently, our website has been revamped. And we are also in the process of doing many other initiatives, including ticket booking and POS. This initiative blends for both in-park and digital engagement.

So we've also relaunched our Mascot Chikku with the new attraction in our Kochi Park, also will be rolled out to our other parks. We also hosted some vibrant events such as our -- as WonderCon Bhubaneswar, Halloween in Bangalore and festive celebrations like Christmas and New Year. These events, combined with special promotions have played a key role in maintaining footfall and enhancing overall guest experience.

Additionally, we continue to see a rise in online bookings, particularly across our established parks like Kochi, Bangalore and Hyderabad, reflecting our successful efforts to adapt to a shifting customer preferences and expand our online presence. With our continued focus on growing non-ticket revenue, our customer spend per head has grown by 9% and 12% for Q3 and 9 months, respectively.

On the expansion front, we are excited to share that our Chennai Park is slated to begin operations towards the end of the next financial year, most likely open -- will be open for commercial operations from December. The extension of our resort at Bengaluru is also proceeding at the right direction, and we expect to launch this by the beginning of next financial year.

All other sustaining capex activities across the parks are progressing as per schedule. We are excited by a lot of -- the tremendous opportunities that lie ahead to broaden our past portfolio and strengthen our position in the industry. Our outlook for growth is positive, especially long term, and we are confident of the industry growth, especially in India, which has a young population, etc.

With that, I would like to conclude my remarks and hand over to Saji, our CFO, for a detailed financial analysis.

Saji Louiz: Thank you, Arun. Good afternoon, everyone, and thank you for joining the earnings call for Q3 and 9 months period ended FY '25. I'm happy to provide a comprehensive overview of financial performance for the quarter. Revenues for the quarter stood at INR121.5 crores compared to INR123.6 crores in the same period last year, reflecting a year-on-year minor degrowth of 1.7%.

Our EBITDA, including other income for the quarter was INR42.2 crores, down by 30.3% on a year-on-year basis. EBITDA margin for the quarter stood at 33.3%. Additionally, our profit after tax for the quarter amounted to INR20.3 crores, representing a degrowth of 45.7% compared to the previous year. PAT margins for the quarter stood at 16.1%.

Moving to the 9 months financial performance. Our turnover -- revenue reached INR361.8 crores, down by 5.6 percentage on Y-o-Y basis. EBITDA, including other income for the 9 months stood at INR140.9 crores, down by 32.8% on Y-o-Y basis. EBITDA margin stood at 37.5%. The profit after tax stood at INR98.3 crores and the margins are at 26.2% for the 9 months ended FY '25. In terms of our average revenue per user, our Q3 FY '25 stood at INR1,272 and for the 9 months, it stood at INR1,472.

Now moving on to our footfall metrics for our parks. For the quarter, our Bangalore Park recorded a footfall of 2.99 lakhs. Cochin Park welcomed about some 2.57 lakh visitors. Hyderabad Park achieved a footfall of 3.28 lakhs and then the newly launched Bhubaneswar Park recorded a quarterly footfall of about 34,000.

For the 9 months period, Bangalore at 8.54 lakhs, Cochin at INR6.7 lakhs, Hyderabad at 7.19 lakhs and then Bhubaneswar at 1.28 lakhs of visitors. Our average room rent at our Wonderla Resort as on -- for 9 months period stood at INR5,770 while occupancy stood at 52 percentage.

With that, I would like to conclude my remarks and open the floor for Q&A session. Thank you for your attention and then continued support.

Moderator: Thank you very much. We will now begin the question-and-answer session. We have our first question from the line of Himanshu Upadhyay: from BugleRock PMS.

Himanshu Upadhyay: Can you give some idea why the Q3 numbers were -- footfall was significantly bad for Bangalore and Kochi. And generally, Q3 is the 30% of the footfalls in a year. So some thoughts on that. And because in the last conference call, we stated that Diwali and Dussehra have been very good. So what happened in December? Some thoughts on that will be helpful?

Dheeran Choudhary: Yes. This is Dheeran here. So what happened in Bengaluru was we had a great Dussehra, but the second half, which is also a critical part in October, there was the sudden unexpected monsoon. In fact, you would have read news about Bangalore being under the flood. So it kind of derailed our entire revenue for 2 weeks, which kind of caused the dip. And in Cochin, we saw good growth in our retail footfall, but this was a big year for groups.

And unfortunately, due to certain health concerns, there was this whole meningitis issue that was playing in Cochin, a lot of school groups refrained from coming this year to the park. So that's why Cochin dipped. And Cochin also had -- the Kerala area also sent some groups closer to the Bangalore Park. So these were the 2 large challenges and concerns that caused the dip in Cochin and Bangalore.

Himanshu Upadhyay: Okay. And one thing. In Bhubaneswar, last quarter, we were at 93,000 footfalls, okay? And Q3, again, which was a festival, it fell down to 35,000 footfalls. And we are expecting that to do 3 lakh to 4 lakh footfall in first year. And we also stated that if we are seeing that footfalls are low, we can offer discounts and have good footfalls as the ARPU is still better than what we were expecting. So can you throw some light on what are the situation or what happened in Bhubaneswar means?

Dheeran Choudhary: So your numbers are not correct. Overall, for the first half of the year was 93,000. But last quarter, we had roughly about -- quarter 2, we had 24000 footfalls. So we actually, in quarter 3 versus quarter 2, grew our footfall by 42% quarter-on-quarter basis.

Arun Chittilapilly: (12:01) But the issue, I think weather is one of the issues we had. We had 2 cyclone events there. And also, I think because it's the first year.

And we don't -- I mean, we are new in the category actually in Bhubaneswar, most of the water parks that are existing in that area, they are operational mostly during summer only. And so the whole idea of going out to an amusement park during a winter season doesn't exist there. So we have to create the category. So I think that these are the 2 issues that we faced in Bhubaneswar.

Mostly the inclement weather like during Christmas also, which would have been a nice -- it would have been a nice season for us. There was a cyclone in Bhubaneswar, if you recall. So I think that's -- those are the 2 issues. I think going forward, especially from March onwards, I think we should be able to see good footfalls in Bhubaneswar.

Himanshu Upadhyay: Okay. Because in Hyderabad also when we launched in the first year, we were expecting -- we did around 6 lakhs plus footfalls. And here, even it seems 2 lakh could be...

Arun Chittilappilly: Yes. This year, we didn't have the whole year in Bhubaneswar. I think like the majority of the summer was already over by the time we opened. So it's not really an ideal time. We just got like 1 month, I think, for summer. So I think summer is the main season in Bhubaneswar. So March, April, May, June seems to be the biggest footfall driving month in Bhubaneswar, and we missed most of it. We only got June. And then we opened, I think, on May 27, if I'm not mistaken.

So I think going forward, I think we'll get that. But I think Q3 also, there is a chance for us to get good footfall, but I think we will have to now -- this Q3, we couldn't get because there was a lot of warnings and cyclone warnings and all that. And so when that happens, especially in Orissa, they are prone to cyclones, People don't go out. So I think that's the main issue. I think we should be able to get back that in the next year.

Himanshu Upadhyay: And any lessons to learn from this market on 9 months since what we have operated for smaller theme parks like Bhubaneswar, where we were -- we would like to build a park in INR200 crores plus. So what has been the experience? And do you think the business model makes still sense and...?

Arun Chittilappilly: See, we still haven't finished 1 year as it's only been -- officially, the park was opened in September, and we had a soft launch phase from June to September. So I mean, we are -- technically, we are open only -- I mean, officially opened from September onwards because the park itself was not fully complete. So I think this financial year -- I mean, next financial year -- if you ask me, that is when we'll have a full idea of it. So I would say that it's -- I mean, I'm too early to say anything.

We are still bullish on the market because if you look at our ARPUs and spends and all that are very high. So that gives us a lot of confidence that there is -- and also if you -- I don't know whether you remember, but when we opened, the first 40 days was extremely crowded. In fact, we had to return a lot of people, and we couldn't accommodate all the people that came to the park.

So definitely, there is scope to do this. But I think it's highly seasonal in that market. So we will need to work accordingly. So that's -- so far, that's the learning. The potential is there, but I think it's also a highly seasonal market. And that tends to happen in a new park, especially in a place like Bhubaneswar where there are no existing amusement parks. So I think you can expect that.

Himanshu Upadhyay: And one last question. Any progress on new projects? Or where are we stuck up with new projects? Now we have...

Arun Chittilappilly: These are all with the government. So I mean, it's in the government's table. So we are waiting for some kind of closure on the deal. I think we should be able to announce something soon. We will keep you updated. Nothing has changed from our side. We are still -- as far as we are concerned, we are going ahead. But I think, of course, we are focusing mostly to kind of finish our Chennai project now. But I think we will announce one -- at least we should be able to announce one more occasion soon. We will keep you posted.

Himanshu Upadhyay: (15:30) Okay thanks, I'll join back in the queue.

Moderator: We have our next question from the line of Naman Shah from Monarch Networth Capital.

Naman Shah: Just one question from my side. Just wanted to understand on what are we doing to kind of increase our revenue and footfalls in existing parks? Because there, we are kind of seeing a lot of decline. So are we doing any incremental capex to kind of enhance our experience in the existing parks?

Arun Chittilappilly: Yes, yes. So we are doing a lot of incremental capex, especially in the older parks like Cochin and Bangalore. We are opening a new attraction. We have just opened a new attraction in Cochin at end of December, which is our Adventures of Chikku, right? And that will be rolled out to Bangalore and Hyderabad as well. I think it will be done as we speak. Then we are also launching a large attraction in Bangalore virtual attraction, which is already there in Hyderabad, but it's not there in the other parks.

So -- and then also, we are probably adding some big rides to Bangalore and Cochin as well going forward because they are all much older parks. But we have also incrementally done capex, and we are also looking at adding some new restaurants to our older parks. So these things are happening. But the issue -- what has happened in the last quarter has nothing to do with that. I think we already -- the main issue was inclement weather and some group footfall that got diverted. I mean, we didn't get the group footfalls in Cochin.

So these are the 2 main issues. But if you look at our general footfalls have been growing. So I think that gives us confidence that once the season kind of stabilizes, it should be fine. And Q4 anyway is not a very big quarter for us in terms of footfall. So far, I think we are flattish. Like I said, we are not expecting growth in this year. But going into the next financial year, we can definitely see growth, and that's how we are looking at it.

Naman Shah: Okay. Okay. And what led to such -- I mean, the footfalls in Hyderabad have been impressive this quarter. Is there any marketing or advertisement spend that led to such an outcome?

Arun Chittilappilly: No. Actually, the footfalls growth in Hyderabad has happened mostly from groups, which actually like we've not had huge group footfalls in Hyderabad from the beginning. But this year, we've been able to crack that. And so I think group footfall has disproportionately increased our Hyderabad footfalls. And I think we want to see a similar effect coming in our other markets also. We will expect to see that -- Dheeran will talk about it.

Dheeran Choudhary: It's also, if you see operationally, it's only 8 years old. So it's a newer market, and we definitely see a lot more potential. So that's something that we've been actually able to juice out in the last quarter. And we continue to stay bullish on Hyderabad being a big growth driver for us in the coming years.

Naman Shah: Right. So how much did group contribute to the revenue?

Dheeran Choudhary: Group footfall was about 42% to 45% of the overall.

Arun Chittilappilly: But that is annually, but this quarter it will be higher.

Dheeran Choudhary: This quarter is about 42% to 45%, which is -- last year, it was at about 36%, 37% because groups outgrew general footfall, we've been able to increase the SKU. But this is only for this quarter because it's usually the quarter when the school picnics happen.

Naman Shah: Right. And last question, sir. Just wanted to know the ARPU for Bhubaneswar for this quarter.

Dheeran Choudhary: For the year basis, it's about INR1,200 plus.

Naman Shah: Yes. And for this quarter?

Dheeran Choudhary: This quarter because...

Arun Chittilappilly: INR900 I think.

Saji Louiz: It's about INR1,030.

Dheeran Choudhary: INR1,030 because you get school groups, again, in Bhubaneswar also, we've been able to -- almost 45% to 50% of the footfalls in normal groups grew and groups usually because these are bulk deals, they come at a lesser average ticket price. That's why the difference in ARPU. But on a year basis so far, it's INR1,200.

Naman Shah : Okay that’s it from my side.

Moderator: The next question is from the line of Angad Katdare from Sameeksha Capital.

Angad Katdare: My first question is regarding -- we have appointed a business head for tours and travels in the last quarter. Is this a new division? Like just wanted some rationality on the same. And if you could throw some light on the same.

Dheeran Choudhary: So we always had a business head for our tourism business. It comes under our overall group's business. We always had a business head managing the tour operator business. And obviously, now because we are -- we scale Bhubaneswar, we scale Chennai, we definitely feel that with also the government investing on tourism, we definitely feel in the mid- to long term, there is a good opportunity to work with large OTAs, tour operators to bring in the incoming FIT tourists across all our locations.

So we want to build that business robustly. So that's something more of a midterm strategic initiative.

Angad Katdare: Okay. One bookkeeping question on the other expenses have increased to INR49 crores this quarter, a substantial jump. What has driven that?

Saji Louiz (21:35): There are a couple of things in the expenses front. If you can see we have this employee stock option plan release in last year, which is having an expense of about INR2 crores in every quarter. And then apart from that, we spend about INR3 crores, INR3.5 crores for our marketing, almost for onetime expenses. This is for the video shoots for Dussehra activities and all. Apart from these exceptions, there are no more additional spend during the quarter.

And then we have made a little bit of staff expansion compared to the last year. We have made about some 67 number of people joined our company when you compare with the previous quarter.

Angad Katdare: Okay. And if I look at the 9 months period, our average ticket price has fallen by 2%. So for this year, -- is it safe to say that going forward, our focus will be on increasing footfall, so that will like.

Dheeran Choudhary: Yes.

Arun Chittilappilly: Yes. So I think, see, the way we look at ticket prices, it's also a function of demand. So whenever we see demand weakening maybe because of weather or other issues and we see intent to visit is low, we play with pricing. So we are slowly going towards a dynamic pricing kind of a model that we use discounts and other methods, mostly for online footfall. So that's why you'll see ATPs will keep fluctuating a little bit, especially in Q2, Q3 and Q4.

Angad Katdare: Any comments on the guidance for FY '26 on the ARPU and footfall side?

Arun Chittilappilly: We don't give guidance, but we are hoping that Q1 of FY '26 should be stronger because that's the first time we will have an entire Q1 for Bhubaneswar. And also, I think Bhubaneswar, we are still in the kind of a launch -- semi-launch phase in the last year. So I think this is the first time. I think next financial year, we hopefully -- March onwards, we can see Bhubaneswar numbers pick up. Other than that,

I think our footfalls in the existing other markets like Bangalore, especially and Cochin were lower last year summer. So hopefully, we can see a recovery in that also.

Angad Katdare: Thankyou, I ‘ll get back in the queue.

Moderator: The next question is from the line of Prolin Nandu from Edelweiss Public Alternatives.

Prolin Nandu: Just on the footfall side, right? I mean, this year has been quite peculiar in sense that there have been a lot of weather-related issues, exigencies, which have probably related to lower footfall. But I just wanted to understand that one of the reasons why we embarked upon, we raised money was to probably grow aggressively, and we could see demand after COVID had shot up, right?

Does the experience this year anyway change our long-term outlook in terms of a mature park being able to generate a footfall of, let's say, 10 lakhs per year or that assumption still holds true?

Arun Chittilappilly: Yes, yes. It still holds. It still holds. See, inclement weather is always going to be an outlier, and it's not going to -- you can throw off any number for any kind of discretionary spend, especially wherein you want people to actually travel to a location and experience that any kind of tourist places is susceptible to inclement weather. So that is the one wildcard that we will not be able to predict for.

But other than that, I think we are not seeing any kind of -- we are not changing our strategy because we feel that there is demand. ARPUs are strong. So I mean, in that sense, we are not worried about it. And also the lack of other amusement parks also. So there are not too many direct comparisons for us. Most of the markets that we operate, we are the #1 player. So I don't see any other long-term issues.

Prolin Nandu: Sure. So let's say, if we remove some of these days or one of these -- some weather-related issues, do we continue to see the trend of, let's say, pent-up demand, which we had seen post-COVID.

Arun Chittilappilly: There's no pent-up demand anymore. I think demand has normalized. So that pent-up demand phenomenon happened only in '22 and '23. So now I think we are coming to a more of a normal situation. But I think some of these weather events, if you can remove, I think we'll see -- I mean, we can look at a better footfalls from that perspective, I think.

Prolin Nandu: Understood. So that 1 million still holds, right? I mean, on an average...

Arun Chittilappilly: Yes. No, we want more than that. 1 million is not good enough for us anymore. So...

Prolin Nandu: Great. That's good to know. Good to know. So and some of -- you have made some investments also, right, made some changes also, right? So let's say, in '26, you mentioned that some of the parks are older, you are adding new rides there. So does it mean that, let's say, when we enter Q1 of FY '26, we will have dual levers of having these changes also which we have made and then footfall should also normalize.

And because demand comes back, we will be comfortable in getting back to our long-term 5% kind of ARPU increases. Is that a right way to probably summarize how you look at FY '26 right now?

Arun Chittilappilly: Yes. I think last year, like I said, this financial year has been tough for footfall growth. In fact, our footfalls have degrown in especially the older markets and even in Bangalore, which is our biggest park. So we have done a substantial investment in new rides in all these parks. So I think these will kick in by the end of this -- by March, I think we'll be opening the latest attraction.

We are opening a new attraction in Bhubaneswar also because Bhubaneswar, what has happened is when the people come, they all come -- seem to come in that very 3, 4-month window, we have huge footfalls coming. And last year, what happened was we were not ready and we were not able to accommodate a lot of those visitors. So I think we are doing some corrective action there.

So I think for summer, we'll be ready with some new attractions even in Bhubaneswar also. So Bhubaneswar, Cochin, Bangalore, even Hyderabad, all 4 parks will have new attractions going into summer. So I think we should be able to accommodate more footfalls, and we should be able to market it more effectively as well.

Prolin Nandu: Sure. So just to understand these new attractions, are these in place of the older rides? Or are you using the land that you have, which is unutilized and expansion...

Arun Chittilappilly: It's a mix and match. Some are new attractions, like, for example, the new attraction, Bhubaneswar is a new attraction, which we didn't have before. Bangalore, we have discontinued an old attraction, and we are making into a new attraction, a theatre attraction.

Prolin Nandu: Understood. And I saw your LinkedIn update as well, and you mentioned on this call as well. Am I correct that you are expecting December '25 to be the date or month in which your Chennai Park will be -- will start?

Arun Chittilappilly: December 2025, we are hoping to open the park to public. A soft launch at least, not a full launch, but at least a soft launch will be done by December 2025.

Prolin Nandu: Okay. Okay. And so it's on -- in line with whatever we were expecting, right? There have been no delays there.

Arun Chittilappilly: We were supposed to open in June or July of '25, but that is delayed to December '25. That's the only change.

Prolin Nandu: Okay. Understood. And just in terms of the pipeline, right, you mentioned that the ball is maybe not in our court and it's at the government's end. But in terms of our outlook of maybe building the capabilities of maybe starting 2 to 3 new parks in a year rather than just in a year. Is the pipeline in terms of adding new states, new states showing interest, is that increasing? Or is that -- how should one think about them?

Arun Chittilappilly: There's no change there. It's just that they have their own procedural delays in doing this kind of activity. So any time the government has to release or part with land, there is a lot of procedure, so I think that is some -- those delays, I think that is what keeping them. But other than that, from our side, there is no lack of interest or I mean the government is also -- governments have also been very, very supportive, especially UP government, Madhya Pradesh.

So we are following up with them. And hopefully, we'll have some results. We will update you.

Moderator: The next question is from the line of Yashodhan Nerurkar from Ionic Wealth.

Yashodhan Nerurkar: So firstly, I wanted to know about the QIP. So after listing -- this is the first time you will be raising funds. And I mean, basically, you've been generating a lot of cash anyway that the last 2 years, if I have to consider, it's almost INR180 crores and INR200 crores. Before that also you are averaging somewhere INR100 crores. So if you have raised the QIP -- funds through QIP, can you just explain how and how the funds are going to be used? What is the utilization going to be like? And in how much span are you going to utilize it?

Arun Chittilappilly: So the QIP fund mostly will be used for Chennai and some of it will be used for our other new projects and some of it will be used for our existing projects like Bangalore. So these are between Bangalore, Chennai and some new projects. This is how the new -- this QIP will be used for that.

Yashodhan Nerurkar: Will be fair to say that...

Arun Chittilappilly: Chennai will be used quickly. Bangalore also will be used within a year, it will be finished. And that the general corporate purposes, we have kept some money. So that could be used for the new projects.

Yashodhan Nerurkar: Right. And -- I mean, would it be fair to say that more than 50% of the funds raised will be used for Chennai? Or would it be equally split between others?

Arun Chittilappilly: Around 50%.

Yashodhan Nerurkar: 50% for Chennai?

Arun Chittilappilly: Yes.

Yashodhan Nerurkar: Okay. And I mean, this -- and the previous quarter has seen some sharp rise in employee expenses over the previous year. So that is on account of addition of newer employees for the newer parks.

Arun Chittilappilly: Newer parks and Bhubaneswar, for example, in the existing parks also, we have added some people because we are -- from a 3-location company, we are becoming a 5, 6 location company. So some extra hands are required. So that's.

Yashodhan Nerurkar: And you mentioned you added some 67 employees. I mean, did I get it right? Or...

Dheeran Choudhary: Yes.

Arun Chittilappilly: Yes, I think half of them are on the sales team, right?

Dheeran Choudhary: So we are increasing the presence in some of our sales markets. So sales and marketing will see some increase in employees.

Yashodhan Nerurkar: Okay. Okay. And just wanted to get a sense on what is your plan? See, I mean, we know that to some extent, this is a cyclical business. The footfalls aren't always going to be rising continuously. But what is your plan as to increase the footfalls on a consistent basis? And again, I mean, when I look at the ticket prices, there’s a hardcore ticket price and friendly spend.

Arun Chittilappilly: So I lost the last question…

Yashodhan Nerurkar: Can I repeat?

Arun Chittilappilly: Yes, please.

Yashodhan Nerurkar: Yes. So basically, I was just asking this question, I mean, this company in the business is of a nature where the footfalls are going to be a little cyclical, right? And again, the weather is a factor on which we don't have any control. So one, how -- like what are your plans over a longer term to increase the footfalls on a little consistent basis? That's one. And secondly, if I look at the ARPU, that is majorly based on 2 components. One is the ticketing price and one is the food and beverage.

Now food and beverage, again, wouldn't be in your control, but again, the ticketing price would be in your control, where you can't increase the ticket rate sharply, where you would see lesser footfalls. But again, I mean, you can dynamically play it around. So what is your overall -- how would you make sure that the ticketing revenues are good enough as well as the footfall increases consistently over a period of time?

Arun Chittilappilly: See, I think the business -- any kind of tourism business will always have weather being one of the issues that can create dips in footfalls. And that I don't think we can change. We can do a couple of things. One is to have more geographies where we can -- so we can hedge our -- we can grow in size and also hedge our bet in terms of weather issues. The other thing is we have more tickets sold online and booked in advance so that we can lock in footfall.

So we are doing both. And if you see our footfall, almost more than 50% or 55% of our footfall -- general footfall is now prebooked and online footfall. So that, I think, is something that we will keep growing. Like I said, we are investing heavily in our sales and marketing so that we are -- and also, we are also investing in our digital transformation.

So all these things will help us to make sure that a lot of our footfalls are prebooked days or months in advance so that we are not dependent on these last-minute cancellations. So that is one strategy. And of course, the other one is to be geographically in diverse locations so that one or even if there is inclement weather issues, the footfalls will come from multiple locations.

So these are the 2 things that we can do. And also having newer attractions, which are -- we have more -- especially going to other cities where we're having more covered areas and things like that. So insulated a little bit from the weather, but we can't completely eliminate that factor.

Yashodhan Nerurkar: And by any chance, do you keep a tab on the repeat customers or the same customer, is he coming, you do? And any idea if you can share like what percentage of the total footfall would that be?

Saji Louiz: I think almost 30%, 40% of our footfall is people who have visited us before.

Yashodhan Nerurkar: In the same year, you're talking about, right, in the same financial year?

Saji Louiz: I mean they have visited -- the same year will be less than 10%.

Yashodhan Nerurkar: Okay. Fair enough. Fair enough.

Saji Louiz (38:09): And one more thing is ARPU is a combination of ATP and SPH. SPH is also we maintain in our parks. So entire restaurants chain in our parks are managed and operated by Wonderla. I mean we also do a lot of interventions to get more revenue out of non-ticket revenue. You can see...

Yashodhan Nerurkar: Correct.

Saji Louiz: About 9% and 12% of growth is there even in Q3 and 9 months period.

Yashodhan Nerurkar: Okay. Fair enough. Fair enough. That's it from my side.

Moderator: We have our next question from the line of Vedant Bhasin from Minerva India.

Vedant Bhasin: Number one, if you could just quantify the impact of precipitation in each park because I think we've spoken about the weather events quite a bit. I just wanted to know if you can maybe tell us how much footfall would have been if not for those days lost because of rain.

Arun Chittilappilly: Hard to quantify, but I mean if you look at our footfall has degrown by about roughly 14%, right? In our existing park.

Saji Louiz: Bangalore about some 14% and even the Cochin Park also same.

Arun Chittilappilly: Bhubaneswar also I think we lost maybe about 30,000, 40,000 people because of that. So I think if you look at the dip itself, it's a good indicator of what kind of footfalls we would have lost in that -- in those weather events. Mostly weather events is what played against us in the last quarter.

Dheeran Choudhary: But to give you a sense, Christmas was a clean weather, good occasion. Our campaigns were successful. We saw double-digit growth in footfalls, right? So when we see that.

Arun Chittilappilly: But except Bhubaneswar, where there was...

Dheeran Choudhary: Except Bhubaneswar...

Arun Chittilappilly: Park on park.

Dheeran Choudhary: We saw growth of double digits. So when there is a good weather and we are able to run campaigns successfully, we are able to see that we are able to generate demand.

Vedant Bhasin: Got it. So maybe about 20,000, 30,000 is what we lost in Bhubaneswar. And then would you say similar numbers in Kochi and Bangalore?

Arun Chittilappilly: Kochi, I think we lost more.

Dheeran Choudhary: We lost a lot more because groups in quarter 3 plays a big piece. So we would have lost 60,000, 70,000 because of the meningitis issues that were in all schools. So I would say Cochin would be a lot more.

Vedant Bhasin: Okay. And Bangalore, similar then to Kochi.

Dheeran Choudhary: Almost like 50,000 roughly in both the parks, each of it.

Vedant Bhasin: Okay. Got it. And next, this was a more general question. So Hyderabad, we've seen now it's sort of come to fruition. It's come to sort of a stable region where the footfalls are growing. So would you say in general park when you set it up, it would take maybe 5-plus years for it to get to such a stage? Or is it sort of special in Hyderabad?

Arun Chittilappilly: I think it depends on the market. Some markets, it come quickly. Like, for example, Cochin, we had -- yes, I mean, I think for -- to reach 1 million footfalls, I think it takes about 5, 6 years.

Dheeran Choudhary: Five, six years. Hyderabad is a bit off because after 4 years of starting, it was shut for 2 years because of COVID. So it was -- again, we had to restart. So it had a break. But yes, I think our last metro city would take 4 to 5 years to get to at least 1 million footfalls.

Vedant Bhasin: Got it.

Arun Chittilappilly: That we are hoping that in Chennai it will happen a little faster because we are a much more well-known brand in South.

Vedant Bhasin: Right. Okay. And if you could maybe just give a capex guidance for next FY '26, FY '27?

Arun Chittilappilly: Presently whatever is as per object as per QIP, which is for our Chennai Park and then certain other extension in our existing parks like Bangalore, one ride and then the refurbishment of our resort, all those things are already planned as per the QIP. And apart from that, we generally spend about some 10% of revenue towards the capital expenses as a ride expansion or maybe restaurant building and combination of this.

Vedant Bhasin: Okay. So maybe in the INR400 crores to INR500 crores range?

Arun Chittilappilly: You're talking -- including the new park and other facilities? Yes.

Vedant Bhasin: Yes, yes. Got it. And one last question I had. So you had mentioned on some earlier calls that it takes about INR300 crores to INR500 crores to set up a new park, and it took around INR200 crores for Bhubaneswar. So would it be fair to assume that since Bhubaneswar is leased, about INR200 crores is the cost for setting up just the rides. Is that fair?

Arun Chittilappilly: Yes, yes. Not the rides, the entire park, there are a lot of things. Setting up a park for us in a Tier 2 city, you're looking at around INR200 crores and for a large city, about INR500 crores.

Vedant Bhasin: Okay. And so how much would be exactly the rides cost be? So out of this INR200 crores, how much do you think was spent on rides?

Arun Chittilappilly: I would say 60%. 60% will go on rides, 40% will be other things, buildings, restaurants, pathways.

Dheeran Choudhary: Utilities.

Arun Chittilappilly: Utilities sort of thing.

Vedant Bhasin: Okay. So about INR120 crores. And this INR120 crores, is it mainly imported because I think there was talk some time back about maybe manufacturing our own rides, some of them as well.

Arun Chittilappilly: I would say half of them are made by us and the other half would be imported.

Vedant Bhasin: Thankyou so much

Moderator: We have our next question from the line of Monish Ghodke from HDFC Mutual Fund.

Monish Ghodke: Sir, how much annualized footfall you expect in Bhubaneswar on a normalized basis?

Arun Chittilappilly: I think once it kind of fully matures, we are expecting between 5 lakhs and 6 lakhs, 5 lakhs to 6 lakhs footfalls.

Monish Ghodke: Okay. And by when do you expect it to reach that number?

Arun Chittilappilly: Four, five years.

Monish Ghodke: Okay. And sir, once it -- I mean, at what level it should breakeven? I believe, I mean...

Arun Chittilappilly: Two lakhs, it will breakeven. 2 lakhs or 2.5 lakhs.

Dheeran Choudhary: 2 lakhs.

Arun Chittilappilly: 2 lakhs.

Monish Ghodke: Okay. And that by when you expect to have that kind of footfall?

Arun Chittilappilly: That should happen next year. Next financial year, it will happen.

Monish Ghodke: Okay. And sir, I believe we are also planning a park in Madhya Pradesh, right? So how much capex are we doing there?

Arun Chittilappilly: Similar, INR200 crores kind of size.

Monish Ghodke: So that would also take like 3, 4 years to get matured, right?

Arun Chittilappilly: Maybe a little faster because it's a slightly bigger city. But yes, it's hard to predict at this point.

Monish Ghodke: But then, sir, if I see the payback period of this business, then it comes to like 8 to 10 years, right?

Arun Chittilappilly: Within 8 years, I think we are expecting.

Saji Louiz: It's capital heavy, so front-loaded everything. So it will just 4 to 5 years for a smaller park, maybe 7, 8 years it will take for a large park, like even in Tier 1 cities and all, it will take some 7 to 8 years.

Monish Ghodke: Okay. And sir, I know I think you have answered this before. I mean the kind of degrowth we had, it was because of some weather factors or some specific issue like some virus. But are you seeing any kind of cyclical slowdown or any kind of overall consumption?

Arun Chittilappilly: The small impact of that also is there.

Dheeran Choudhary: I think clearly, the macro environment factors, a lot of other consumer companies have also stated out about the slowdown in discretionary spend. So I think that also implies to us.

Monish Ghodke: Thankyou

Moderator: We have our next question from the line of Amit Agicha from HG Hawa.

Amit Agicha: First and foremost, congratulations to the entire team at Wonderla Holidays on exceptional achievement of being India's most visited amusement park. Most of my questions have been answered. Like I just wanted to know like what are the total number of employees the company has and the new park, which is coming up in MP, where is the location?

Dheeran Choudhary: We have 800 to 850 people are there on on-rolls and then we have about some 1,800 people will be there on off-rolls as well as of now. It will grow. And when we have a new park, every park will have at least 700 to 800 new employees. The new park in Madhya Pradesh, we are planning between Madhya Pradesh -- sorry, between Indore and Bhopal. Can you hear us?

Moderator: Amit sir? As there is no response, we'll move on to the next question. The next question is from the line ofKrutika Prabhudesai from Mirae Asset Sharekhan.

Krutika Prabhudesai: So first on the footfalls, we have around 23.7 lakh footfalls for 9 months. And sir just mentioned that we expect footfalls to be flat for FY '25. So is it that Q4, we see a good amount of growth in footfalls, your view on the same?

Arun Chittilappilly: No, what I meant by flat is like quarter-on-quarter, it should be flattish. We are not expecting much growth in Q4 because Q4 is anyway not much of a weakish quarter. And any growth in footfall usually happens in Q1 or Q3 for us usually.

Krutika Prabhudesai: Okay. Okay. All right. And also on the margin front, for 9 months, whatever we have margin of around 37% for EBITDA margin. So for the full year and for the next 1 or 2 years, what do we expect the margins to move ahead?

Saji Louiz (49:25): So it depends on when we are opening up the park, generally, there will be expenses, which is not corresponding to the revenue what they generate, so which can impact our EBITDA for a temporary purpose -- temporary period. this can be about 35% to 40% if you historically observe the EBITDA margin of the company, so you can see about pre-COVID, it was about some 35% to 40%. And after COVID, after adding another 2 years, post-COVID, it's about some 40%. So it's always -- 35% to 40% would be the expectation, I feel.

Krutika Prabhudesai: **Thankyou that it from my side.**

Moderator: We have our next question from the line of Kaustubh Pawaskar from ICICI Securities.

Kaustubh Pawaskar: Sir, my question is on the non-ticketing revenue. So this quarter, we have seen Bangalore, Kochi non-ticketing revenues growing by around high single digit. So should we expect consistent kind of growth in non-ticketing revenues in this range only high single digit to low double digit, considering the fact that you are putting a lot of investment to increase the contribution of non-ticketing revenues?

Dheeran Choudhary: Yes. I think a lot of investments are made to continue to build on our non-ticketing revenue. If you look at our last 4 years CAGR also, we've been at about 11%. And we continue -- we are bullish on driving our ARPU through our non-ticketing revenue. So we expect moving forward also anywhere between 9% to 11%, we want to build our sales per head.

Kaustubh Pawaskar: And just one long-term continuing to this question. Non-ticketing revenues generally have better margins than what -- the ticketing revenues.

Arun Chittilappilly: It's almost the same, 50% margin.

Kaustubh Pawaskar: Okay. It is almost the same. Okay. Because I just wanted to understand whether mix, if you -- once the mix improves, whether that will also add on to your margins going ahead. Just wanted to understand that part.

Arun Chittilappilly: It depends on our product assortment, our menu mix. So there are a lot of permutation combinations, but usually, it's similar. We keep learning and trying to improvise to see how we can optimize it. But so far, it's similar.

Kaustub Pawaskar: Thankyou

Moderator: We have our next question from the line of Angad Katdare from Sameeksha Capital.

Angad Katdare: Sir, my follow-up question is on the -- you mentioned that the new park may be announced in the near future. Will we need more capital for the same?

Saji Louiz: No, no, we will not need any more capital. It will be -- all the future thing will be done through a combination of internal accruals and maybe some debt.

Angad Katdare: Okay. And how much debt are we comfortable debt to equity?

Saji Louiz: It's about some 30% of the total spend, that is what we are thinking of from the debt.

Moderator: The next question is from the line of Richa from Equitymaster.

Richa: My question is that this Chennai Park has been shifted by a few months. So has there also been some escalation in the capex that was estimated for the park? And if so, what is the expected capex?

Saji Louiz: No, we don't expect any escalation in the course because we already placed the order. There's only a slight delay because of some weather and other conditions. So we are not expecting any increase in the cost of…

Arun Chittilappilly: Only inclement weather that is part of the delay. I mean all our costs are [Inaudible 51:45] only. There is not much. Maybe some small change here and there can happen, but nothing major.

Richa: So this cost is around INR5 billion. Am I correct?

Saji Louiz: Yes, INR515 crores.

Richa: Okay, INR515 crores. Okay. And sir, for the Chennai Park, what kind of time line do you foresee for the park to breakeven? Like I think for Orissa, you mentioned FY '26, but...

Arun Chittilappilly: Within the first full year of operations, I think we should be able to break even.

Richa: Okay. Okay. And is there any time line for MP Park?

Arun Chittilappilly: It will be soft launch period. And then after that, I think we should be able to break even.

Richa: Okay. And is there any time line for the MP Park? Like when can we expect it to come up?

Arun Chittilappilly: We don't know the time line. We will keep you updated once we have some...

Richa: Thankyou and all the best.

Moderator: Ladies and gentlemen, that will be the last question for today. And I now hand the conference over to the management for closing comments. Over to you, sir.

Arun Chittilappilly: Thank you all for joining Wonderla Holidays 3QFY25 results update. We continue to be bullish on the sector, and we hope to take the Wonderla brand to more cities and give better experience to all our guests. Hope to see you in the next call. Thank you again.

Moderator: Thank you. On behalf of Ambit Capital, that concludes this conference. Thank you for joining us, and you may now disconnect your lines.

"Wonderla Holidays Limited Q2 FY25 Results Conference Call"

November 06, 2024

MANAGEMENT:	**MR. ARUN CHITTILAPPILLY - MANAGING DIRECTOR, WONDERLA HOLIDAYS LIMITED** **MR. SAJI K. LOUIZ - CHIEF FINANCIAL OFFICER, WONDERLA HOLIDAYS LIMITED** **MR. DHEERAN CHOUDHARY - CHIEF OPERATING OFFICER, WONDERLA HOLIDAYS LIMITED**
MODERATOR:	**MR. ADHIDEV CHATTOPADHYAY - ICICI SECURITIES**

Moderator: Ladies and gentlemen, good day and welcome to Wonderla Holidays Limited Q2 FY'25 Results Call hosted by ICICI Securities.

As a reminder, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing "*" then "0" on your touchtone phone. Please note that this conference is being recorded.

I now hand the conference over to Mr. Adhidev Chattopadhyay from ICICI Securities. Thank you and over to you.

Adhidev Chattopadhyay: Good evening, everyone. On behalf of ICICI Securities, I would like to welcome everyone today on the Wonderla Holidays Limited Q2 FY'25 Results Call.

From the Management we have with us, Mr. Arun Chittilappilly – the Managing Director, and Mr. Saji K. Louiz, the Chief Financial Officer.

And now I would like to hand over the call to the Management for their "Opening Remarks". Over to you. Thank you.

Arun Chittilappilly: Thank you. Good afternoon, everyone. This is Arun Chittilappilly – MD, Wonderla Holidays. I welcome all of you to discuss our Q2 and H1 FY25 Earnings. I am joined by our CFO – Mr. Saji, and our COO – Mr. Dheeran.

I hope everyone had a chance to go through our "Results" and "Investor Presentation."

This quarter was marked by some operational and environmental challenges that's typical of Q2 and has affected some of our performance. Unpredictable weather events and heavy rainfall and landslides etc. don't bode well for our visitors. And turnout in several key locations were lower than expected. Despite the said challenges, we managed to maintain decent performance through proper marketing interventions.

Our footfall declined by 9% to 4.5 lakh and leading to a 13% drop in income, which stood at Rs. 71.23 crores compared to Q2FY'24. During the quarter, we also hosted a bunch of musical events, celebrations, themed occasions, etc., and giving people more reasons to visit our park. We also hosted a standout event called Adi Polympics at our Kochi Park during the quarter. As part of our continuous investment strategy, we also added multiple rides at our Hyderabad Park at a cost of approximately Rs. 15 crore and was open to public by the Telugu superstar Naga Chaitanya. We are optimistic that these enhancements will positively improve the customer experience in the long run.

Another major highlight for us in this quarter was the official launch of our park in Bhubaneswar by the honorable Deputy Chief Minister of Odisha. This launch has extended our reach to eastern India and enhanced our pan-India presence. While the consumers demonstrated cautious discretionary spending, our strategy of increasing non-ticket revenue and focusing on high-value visitors has helped to maintain our profitability. Our average revenue per user for the quarter reached Rs. 1,414. And for the first half of FY25, it stood at Rs. 1,597. Additionally, we could see some behavior in shift from offline to online bookings across all our parks and compared to the same period as the last year, reflecting our ongoing efforts to strengthen our online engagement.

I am also pleased to share that the Chennai project construction is progressing well and expecting to be operational by end of Q3 FY26. Beyond this, we are also continuously exploring new areas to expand our footprint into. Aligned with our expansion plan, our board has approved fundraising through a qualified institution placement or private placement up to Rs. 800 crores supporting our projects for the next 7 to 8 years.

As we look into the future, we maintain a positive outlook for growth. We are confident that our ongoing investments in enhancing guest experiences, embracing innovation and expanding our offerings will drive sustainable growth and strengthen our marketing position. We remain committed to delivering world-class experiences, adapting to evolving trends and seizing new opportunities in India's expanding amusement park and entertainment industry.

With this, I would like to conclude my remarks, and I hand over to CFO Saji for detailed analysis of financial performance. Thank you.

Saji K. Louiz: Thank you, Arun. Good afternoon, everyone. Thank you for being here for Q2 and H1FY25 Earnings Call.

I am pleased to present the brief “Overview” of our “Financial Performance” for the quarter:

Our revenue from operation for Q2FY’25 stood at Rs. 67.4 crores as compared to Rs. 75.2 crores, reflecting a degrowth of 10% YoY. EBITDA including other income for the quarter stood at Rs. 2.8 crores, down by 90% YoY. EBITDA margins for the quarter stood at 4%. The degrowth in EBITDA was about Rs. 24 crores which is predominantly attributable to reduction in our revenue by Rs. 8 crores. Increase in our marketing spend by Rs. 6 crores and expansion of employee base by adding approximately 210 people across location and corporate office with an incremental wage bill of Rs. 5 crores.

Our adjusted EBITDA net of ESOP expenses of Rs. 1.98 crore for the quarter stood at Rs. 4.7 crore, down by 82% YoY. Profit after tax for the quarter stood at Rs. 14.7 crore as compared to Rs. 13.5 crore, a growth of 9% YoY and PAT margin for the quarter stood at 21%.

Moving on to "Half-Year Performance":

Our revenue from operations for the half year FY25 stood at Rs. 240.3 crore as compared to Rs. 259.8 crore reflecting a degrowth of 8% on YoY basis. EBITDA including other income for the quarter stood at Rs. 98.7 crore, down by 34% YoY. EBITDA margins for the quarter stood at 40%. The degrowth in EBITDA was about Rs. 50 crores, which is predominantly attributable to reduction in our revenue by Rs. 19 crores, increase in our marketing spend by Rs. 11 crores and expansion of employee base by adding approximately 210 people across location and corporate office with an incremental wage bill of Rs. 10 crores. Our adjusted EBITDA net of ESOP expenses of Rs. 4.15 crores for the quarter stood at Rs. 106.5 crores, down by 29% YoY. Profit after tax for the quarter stood at Rs. 78 crores as compared to Rs. 98 crores, a degrowth of 20% YoY and PAT margins for the quarter stood at 31%.

Now moving to "Park Wise Footfalls":

In Q2 FY'25, our Bangalore park received footfall of 1.96 lakh, Kochi Park received footfall of 1.39 lakh, Hyderabad 0.92 lakh and Bhubaneshwar 0.24 lakh. In H1 FY'25, Bangalore recorded a footfall of 5.54 lakhs, Kochi 4.14 lakhs, Hyderabad with 3.91 lakhs, and then Bhubaneswar with 0.93 lakhs.

With this, I conclude my speech and open the forum for Q&A session. Thank you.

Moderator: Thank you very much. We will now begin the question-and-answer session. The first question comes down the line of Shivam from Equity Capital. Please go ahead.

Shivam: I have couple of questions. First, regarding the fund raise**.** Since we are doing the fund raise Rs. 800 crores all from equity, my question is why we are not being like somewhat of that, somewhat of equity as we are like from our internal accruals we are generating Rs. 200 crore cash. So, why this all equity?

Arun Chittilappilly: No, we are not looking at all equity. We will be taking on debt also based on what we outlay in terms of our future plans if we have to build 2 or 3 or 4 parks in the future. We have a total CAPEX of roughly Rs. 1,500 crores to Rs. 2,000 crores and we are proposing to raise only Rs. 500 to Rs. 800 out of that through equity. The rest there will be a combination of debt and then internal accruals. So, that's how we are planning it.

Shivam: But sir, are you looking on the asset-light model parks?

Arun Chittilappilly: Yes, both asset light, but tier 1 cities obviously we will do bigger investment and sometimes it may not be asset-light because it depends on what kind of land parcels we finally agree to work with.

Shivam: So, this Rs. 800 crore we are raising for this, because our asset-light model, our park cost around Rs. 200 crore, so here 4 parks we are, like that, anything between Rs. 700 crore to Rs. 800 crore.

Arun Chittilappilly: No, I mean if you have to build a large park, it's going to cost us, one park will cost us between Rs. 700 crores to Rs. 800 crores, especially if you're in a city like Delhi or Bombay. So, it depends on the kind of parks that we finally build. If we build in a tier 2 city like Indore or Mohali, we'll do something under Rs. 200 crores.

Shivam: Sir, as you mentioned that Rs. 800 crore is sufficient for like coming 5 to 7 years?

Arun Chittilappilly: Correct.

Shivam: So, that was my base question was, coming back to 7 years, we are not going to raise anything, any debt from that for equity? So, why we are diluting that much of equity? That's what's my base question was.

Arun Chittilappilly: We have not decided the quantum of equity that we will dilute. This depends on what we get. It's still early days. We have not really decided, I mean, it could be anywhere between Rs. 500 crores to Rs. 800 crores.

Shivam: So, it is not you have Rs. 800 crore from equity.

Arun Chittilappilly: Final numbers are not finalized. These are approximate.

Shivam: Sir, in this quarter financials, there is a Rs. 24 crore direct tax adjustment there. So, I just want to know the base of that?

Saji K. Louiz: This is basically the deferred tax adjustments. Previously, we had recorded a deferred tax when we did a revaluation of our land. So, now after this current budget, there is a reduction in the capital gain tax from 20% to 12.5%. Accordingly, the deferred tax also reworked and then adjusted as on 30th of September, which amounts to about some Rs. 24 crores.

Moderator: Thank you. The next question comes from the line of Vivek Kumar from Bestpals Research and Advisory, LLP. Please go ahead.

Vivek Kumar: First question is, because you are raising QIP, how many parks and the size of parks like is it Noida, is it Mumbai or Madhya Pradesh because Gujarat, Punjab, you have gone and done MoU with Madhya Pradesh. So, which parks and in five years, let's say, in your growth plan, minimum how many more parks apart from, let's say, if I include Chennai and Bhubaneswar to be done by next year? How many new parks can I assume in the worst case will be there? Three parks or another five parks will be there in the next five years apart from these five?

Arun Chittilappilly: It could be between 3 and 5, excluding Chennai.

Vivek Kumar: Excluding Chennai, it will be 3 to 5 parks. But it will be large parks or small parks like Indore or it will be Noida kind of parks or both?

Arun Chittilappilly: That we are still, there will definitely be big parks also. We are not doing only small parks. We will be doing big parks also. So, that is what. I mean, I am just telling again the exact numbers are not frozen because the project itself is not frozen yet, but once it's frozen, we'll definitely intimate all of you.

Vivek Kumar: So, QIP will be done, right? So, this will be done?

Arun Chittilappilly: Yes.

Vivek Kumar: Second question is normally in terms of the business model I am talking about, continuous raise in footfall seems to be a challenge and you have introduced this event and this musical nights and all these things. So, can you throw more like, let's say the last park is a Hyderabad which you opened in the last 4-5-6 years, just pre-COVID. Does it really is it meeting your expectations? If there are challenges, what are the kind of challenges you're meeting to meet footfall?

Arun Chittilappilly: We are getting almost 45% EBITDA margin from Hyderabad. If you exclude COVID years, Hyderabad is only five years old. So, it's still not as mature as the other two parks that we have. So, it's still giving very good footfalls and revenues. So, I think there is still growth possible from Hyderabad.

Vivek Kumar: So, if I can ask like this, given another 5-6 years, what is your..?

Arun Chittilappilly: I mean the rain and all that we can't predict. And obviously anything to do with rain, floods and heat wave and all that, obviously will affect any kind of discretionary spending where people have to get out of the house, right? So, that we can't predict but the rest of it I think we are more or less confident that it will work because it's already been proven in three cities, fourth city we've just opened. We are reasonably confident that it will work in all tier 1 and tier 2 cities.

Vivek Kumar: I am not talking about this quarter, in general I just want if I have to model one let's say Bangalore Park which you think is enough, what kind of footfall growth you will aim in Bangalore over the next 5 years? And what factors do you think will drive footfalls?

Arun Chittilappilly: 5 years is hard to predict, but I think we can expect low single-digit growth in Bangalore in percentage terms and ARPU growth, you can expect between 5% to 8% per annum, kind of thing you can take, conservatively.

Vivek Kumar: But you are not seeing footfall growth to be a challenge over the long run in general?

Arun Chittilappilly: Long run, no. Because if you look at our CAGR growth for the last 10 years, you will see consistently it keeps growing. Of course, there will be dips in between, but I mean, there will be bumps also.

Vivek Kumar: So, any timeline by which QIP will be done, Arunji?

Arun Chittilappilly: Hopefully before the end of this financial year.

Moderator: Thank you. The next is from the line of Sahil Vohra from NNMS Association. Please go ahead.

Sahil Vohra: You mentioned an increase in online booking. What specific strategies have you implemented to enhance online engagement? And what results have you seen so far?

Saji K louiz : Compared to last year, so we were able to see about some 48%, 50% of growth in online alone. This is mainly because of various digital spending initiatives and marketing, other things we are doing through our marketing department.

Sahil Vohra: Follow-up could be, besides ticket sales, what are your strategies for increasing non-ticket revenue and what impact do you expect this to have on overall financial performance?

Saji K louiz: Non-ticket revenue, if you could see that about some 10% to 15% hike is there in the current half year and even the ARPU has also grown by 12% if you compare with the March 2024 numbers, which can have a positive impact overall on our ARPU over a period of time.

Moderator: Thank you. The next question is from the line of Krithika from Sharekhan by BNP Paribas. Please go ahead.

Krithika: Couple of questions from my end. First would be the demand during the festive season. So, there are vacations and during this time how was the demand across the parks? If you can help us on that?

Saji K. Louiz: The vacation time was in the first quarter, April and May, So, because of certain issues like El Nino and then water problems, which we already indicated in our Q1 earnings call. So, there is a loss of footfall in the month of April and then till mid of May. Now things have improved post to that. And then now presently the Q3 will be our school season or maybe the group season. So, we are just confident enough to perform well in Q3 as well, Q3 across all our parks.

Krithika: Yes sir, for the festive new season I meant during the Diwali season in this Q3 and so accordingly how are you expecting H2 for the footfalls? Specifically related to Diwali season, how was the footfalls in the Diwali season?

Saji K. Louiz: It was good, Diwali season was good. Dussehra and Diwali, both the festival seasons were good.

Krithika: Now with respect to continuing on footfalls, earlier we had mentioned that FY26, we will see mature parks are seeing growth of around 5% to 6%. So, do we still maintain that or do we need to change any in guidance?

Saji K. Louiz: That's what the regular practice. If the matured park will give anywhere between 3% to 5% of footfall growth and then pricing maybe equal to the inflation rate in the country, so that is what we follow on with respect to the matured park.

Krithika: And with respect to the Odisha park, so for the first half, I think we have done around 0.93 lakhs of footfall. So, for the full year, what would be, how do we see that going towards the full year?

Saji K. Louiz: So, we were expecting about 3 to 4 lakhs of footfall in the full year of operation. But we are a new entrant to this particular region. So, we need to wait and see the impact by the end of this year.

Arun Chittilappilly: First year tends to be a little unpredictable. What usually happens is your peak seasons get very crowded and your week seasons will be very low crowded because you're still a new player. It's only been three months since we opened in Bhubaneswar. But overall, I think for the year, we should, like I said, like Saji said, we should close between 3 and 4 lakh visitors. Also, this is a new market for us. So, there's a lot of learning that we also have to do in terms of marketing and sales promotion, things like that. So, it takes a little bit of time, but I think overall, I think we are okay, we know that there is demand and it's still, we are kind of in very definitely a new offering in that area for sure. So, I think that gives us a lot of confidence that we can get the footfalls that we want. And ARPU also has been pretty strong. In fact, it's better than what we expected. So, I think we should be able to. In case footfalls are low, we can always offer more discounts and get higher footfalls. So, those things we are working on. And I think after one year is over, we can give you a more correct picture because it's still too early to kind of give you a strong opinion on this.

Moderator: Thank you. The next question comes from the line of Prolin Bharat Nandu from Edelweiss Public Alternatives. Please go ahead.

Prolin Bharat Nandu: So, couple of questions. Right now that the board has approved of QIP. If I am not wrong, this is the first time where we will be raising equity fund right over our history in some time, or maybe we must have done in the past, but not in the last 6 to 7 years?

Arun Chittilappilly: No, we have not done it.

Prolin Bharat Nandu: Exactly. So, just wanted to understand that what is it that has pushed us to, in terms of growing, or pushing the growth pedal very hard this time around, is it that the environment or the interaction that you have with states are a lot more conducive than they have been in the past. And having said that, do you think that the future expansion will go more in a way your Odisha expansion has happened wherein there was a single window and state was very, very supportive versus Chennai where we had to probably get some regulatory compliance before we started expansion?

Arun Chittilappilly: I would say that it will be like a mix of both. We will work on a couple of projects where there is significant government support, but we will also have to work without that as well in some states, because this varies between state to state. We are already in talks with multiple state governments, so we are hopeful that we can do one or two more projects like how we did in Odisha. But other locations, especially tier 1 cities, we will have to do in different fashion. So, we will keep you updated on whenever we sign something or when there is clarity on this.

Prolin Bharat Nandu: Sure. But also the larger question, as you know, I mean, why QIP at this time, right? I mean is it that we are seeing more spend, people more wanting to visit more and more parks, staying more conducive? So, you know, just a thought?

Arun Chittilappilly: I think there is a lot of, see last 2 years honestly we have done better than what we thought. With three parks we did Rs. 500 crore revenue, right? So, that gives us a lot of confidence that there is a lot of potential in the industry for us to grow especially tier 1 and tier 2 is also something that we are quite bullish about especially after our experience in Odisha. If you are able to build a park in under 16 months for a full-fledged park if we are able to do for less than Rs. 200 crores, I think that is a remarkable achievement and we want to capitalize on those kinds of opportunities because every year that we wait, the cost of building a small park or a big park just goes up by at least 5%-10%. So, that I think these are some of the factors and I think this is the right time to kind of go a little more aggressive than what we have done in the past. It's both. I mean both government support and the fact that people are willing to spend more on this.

Saji K. Louiz: Add on to this point if you see the industry size as well because if it is growing from 11,000 crore to about some 25,000 crore in next to 4-5 years as per some of the industry reports, which is showing a CAGR of about some 10% to 11%. So, we also would like to participate and get a major share from that particular industry growth.

Prolin Bharat Nandu: So, point taken, thank you for that. But Arun, just to double click on this further, while Odisha was completed at Rs. 200 crores cost in 16 months, but when you talk about a park which will cost you at around let's say Rs. 600, Rs. 700 crores, and we are open to that as well, right? Especially in tier 1 cities that will take a fairly longer period of time. And if I look at your gross block, it's somewhere close to Rs. 1100, Rs. 1200 crores. So, we are in a way adding 60%-70% to our gross block in terms of our capital employed. So, are we confident that we will be able to finish the park of larger size of around like Rs. 600, Rs. 700 crores in a 2.5-3 years' time? I mean, is that a fair way to probably think about it? And tier 1 cities also, given that the higher real estate cost and a much larger CAPEX required, that also have enough opportunities to open the park and get to our unit economics that we typically get in any new parks?

Arun Chittilappilly: Yes. I mean, obviously tier one cities are more lucrative. The only thing is obviously the investment is going to be higher. So, that is why we are raising money, right? I mean, to do smaller parks, like you said, we don't really need to raise money. We can manage it without that. But when we have to do a tier 1 city and then we have to spend on building something and do multiple projects simultaneously, that is when we need funding. If you were to do one by one, I don't think we need to raise money. It's because we are doing back to back and that is the reason why we are looking at it.

Prolin Bharat Nandu: Understood. Just last point on the internal capacity, right? Correct me if I am wrong, in the past call, you mentioned that in terms of our capacity to work on multiple parks simultaneously, we can do it at around, we can build three parks at the same point of time, right? Is that correct? Is that how we build capacity?

Arun Chittilappilly: Yes. Two to three. Two, we can easily do. Three also is possible, but I think it's still building that capability because we need a large team to work on each project. Each of our parks needs construction time of at least 18 months. It's a 50-acre parcel of land. At least thousand people have to work on site every day for 18 months for it to complete. So, these are large projects. So, we also need a good team to handle it because the quality of construction and all that is also very, very crucial because safety is involved. Also, we have to make a lot of the right ourselves. So, a lot of complexities like that are involved. So, that is why I think we need to look at a strong team as well. And we are working on that as well.

Prolin Bharat Nandu: So, just on the demand slowdown, right, reduction in footfall, last quarter, you highlighted that there might be some weakness in this old revenge kind of purchases or events kind of experience. This quarter, you specifically called out one-off kind of events, right, rainfall and all. So, is it that probably from whatever you've seen, Diwali and Dussehra, we are back to our trajectory, which we have seen in FY23 and FY24 in terms of footfall growth?

Arun Chittilappilly: See, this year, like I said, we had two years of blockbuster growth because of post-COVID exuberance or whatever you want to call it. So, this year, I think people are kind of coming back to a new normal. And also, there are all these unpredictable weather events that are also happening. So, because of that, I think we are seeing this footfall decline. This is normal actually in our business, because if you look at our past history also, you'll see one or two years of growth and then you'll see one or two years of flattish this thing and then it jumps, so it doesn't go linearly. But over a large like 2 or 3 or 4 years, you will see a CAGR growth in footfalls and revenue what we have done historically and we are not seeing anything that tells us that will not happen again because we are still seeing strong, people who are coming they're willing to spend and they're spending more than what we think they will spend, so those are all good signs. And even in the new markets like Odisha, our ARPUs are in fact much closer to the big pass than what we thought. So, these are all good signs. So, we are still bullish on this and it should be fine.

Moderator: Thank you. The next question is from the line of Parimal Mithani from Credential Investments. Please go ahead.

Parimal Mithani: I just wanted to know, why this all of a sudden aggressiveness is in terms of opening parks and because you see traditionally over the last 10 years, you have been very conservative in terms of taking in terms of parks. If you can explain that to me much better, and how do you see for next five years? Because what I gather from…..

Arun Chittilappilly: We have explained that in the last question. Let me just explain that basically we are looking to grow a little more aggressively than before because I think the market is conducive to that. There is a lot of demand for our kind of products. People are willing to spend more, ARPUs are higher, governments are more receptive to this kind of investment. In fact, I think the new tourism policy, tourism itself is going to be part of industry I think from a government of India standpoint. So, I think getting approvals, all those things are getting easier. So, I think it's a good time for us to invest. That's it.

Parimal Mithani: It will be debt-equity or it will be equity more?

Arun Chittilappilly: I have already answered this question. It will be a combination of equity, debt and internal accruals.

Moderator: Thank you. The next question comes from the line of Shivam from Equitree Capital. Please go ahead.

Shivam: Sir, just a follow-up question. Since we have opened the Bhubaneswar park right now, like one quarter back, and we are opening Chennai park in 26, we are also looking at five parks in coming five years. So, my question is on margins side, that when the Bhubaneswar Park will go on a normal EBITDA, Chennai park is going to come. Then after the Chennai park will get normal EBITDA, the new park is going to come. So, the margins wise, how we are seeing in future?

Saji K. Louiz: Historically, if you see our margins, the EBITDA margins for the past 10 years and the trend if you see, before this COVID, pent-up demand, it was about 40% of EBITDA margins were there. And then post COVID, because of the pent-up demand and then 40% growth in footfalls and all, our margins also increased to about some 50%-55% which is quite normal. And then presently, we are building the team at a corporate office level as well to manage the parks. Earlier we had only 3 parks, now we have 4 parks. Now we are adding parks on each of these years. Then we need people also to manage the park. So, then we are just building the team at corporate office level. And if you see our wage bill also, we have already recruited about some 130 people apart from the Bhubaneswar park to manage the corporate level management of all the parks. That's why the margin shrinking is happening. And apart from that, we spend about some Rs. 3- Rs. 3.5 crores for the Bhubaneswar Park launch. So, whenever we are adding new parks, temporarily there will be a change in the EBITDA margins, but over a period of time, it will stabilize within the historical trend. That's what we feel.

Shivam: Sir, that's what my question was that you mentioned that 40%-45% we are doing in EBITDA and the temporary margin was going to hit as you said, but how long the temporary days were there because in coming five years, you will go to open one park every year. And this will take time to normalize, but the expense will go on a charge, expense upfront. So, I am asking the margin, what your margin expectation from coming five years since like taking into account all the parks we are offering like we want to do 45% margin also?

Arun Chittilappilly: Corporate level, we already completed most of the recruitments. Apart from that, almost like 90% we have already completed the recruitments and then the team building activities and all, so now it's only thing is like that you have to add parks and then only for that particular park we need to add certain people so it will not create so much of problem maybe from second and third year for a new park so there could be some one or two points shrinkage from the average EBITDA margin we used to get in earlier days.

Moderator: Thank you. The next question comes from the line of Vivek Kumar from Bestpals Research & Advisory LLP. Please go ahead.

Vivek Kumar: Arun, are there any locations that you have zeroed in that boss we will definitely do Noida and Mumbai or we will definitely do these two and rest two, three can be different or nothing like this everything is in working progress as of now?

Arun Chittilappilly: We have zeroed in on about four or five locations like I said before. I think the exact order in which we will do it is we do not know yet cause it depends on which approvals come first. I think we will share it with you whenever we have the details.

Vivek Kumar: I am not asking about the order, but it will definitely go ahead.

Arun Chittilappilly: Yes.

Vivek Kumar: Noida is something that you will definitely go, Noida and Mumbai or is it nothing like that?

Arun Chittilappilly: Yes. Noida and Indore and some of those locations, we are definitely keen to do.

Moderator: Thank you. The next question is from the line of Abhinava, an individual investor. Please go ahead.

Abhinava: So, I want to know like if there will be a re-evaluation of land going to be done before QIP?

Arun Chittilappilly: No, no such plans.

Abhinava: Okay, so any reason like that will increase the current valuation of the company right?

Saji K louiz : No, that is not necessary to just build the value in our books of accounts. That we already did it at the time of transferring from the old IndAS from the Indian GAAP to the IndAS time. So, where we recorded about some Rs. 400 crores of revision in the land value, we don't want to do that valuation as of now.

Moderator: Thank you. The next question comes from the line of Nirav Savai from Abakkus AMC. Please go ahead.

Nirav Savai: My question was on the land which is unutilized right now in the existing three parks. Are there any plans to utilize it in the next 2-3 years and what would be the purpose? Would it be hotels? Would it be extension of amusement parks? Any thoughts on that?

Arun Chittilappilly: These are land we have bought because it is a long-term view because later on buying land once we start a project is almost impossible. Yes, we'll definitely use all this property. We have maybe between 30% to 40% of land unutilized in most of our projects. Not all, some of them have more. So, yes, we want to keep it like that and because later on buying the land becomes almost impossible.

Nirav Savai: So, two of the parks have been more than 10 years old. So, anything which you have thought about the extension of amusement parks in the next 2-3 years?

Arun Chittilappilly: Yes. We are expanding, actually not only, all of our parks are expanding right now.

Nirav Savai: Okay, so no plans to build any hotels or anything different from what we are doing right now?

Arun Chittilappilly: If there is something, we will definitely keep you posted. Right now we are just looking at geographical expansion.

Nirav Savai: And another question was on this, what you had indicated previously that whatever expansion we do in future is going to be with the state government and long-term lease and we would not be buying land. This holds for the expansion which we have highlighted by Noida or Indore, that continues or is there any change in the thought?

Arun Chittilappilly: Yes, it continues.

Nirav Savai: So, Rs. 1500-Rs. 2000 crore CAPEX will be all on long-term leases of land and doesn't include any land cost.

Arun Chittilappilly: Yes, as of now we are not looking at it. Wherever possible we will not buy land, but if land is available and I mean, we are not averse to buying land, because if the lease rental and the cost of land is similar, we might as well buy it. Depends on state to state it varies, so it's hard to predict that, but wherever possible we would like to keep the CAPEX low and do the lease.

Moderator: Thank you. The next question comes from the line of Vedant from Minerva Assets. Please go ahead.

Vedant: I have a question and I apologize if it's repetition because I joined slightly late. But it's more of a bookkeeping question. Can you please explain the deferred tax credit that we took this time? Has there been any offloading of assets since the policy has changed?

Saji K. Louiz: No, there is no policy change. When we did the revaluation of the land, when we migrated from the Indian GAAP to IndAS, we recognized the deferred tax and then kept it in our books, which was about some, I think some Rs. 70 - Rs. 75 crores, which was sitting in our balance sheet, if you could observe it. And then, presently, after this budget, the capital gain tax rate shifted from 20% to 12.5% without indexation. So, this has been created as a deferred tax for getting a future tax benefit when you sell the land. That is an assumption at which deferred tax are worked out. Now, presently the tax rate has changed. So, automatically the benefit what you get when you sell the land, automatically will come down. Accordingly, this has been revalued. So, there is a Rs. 24 crore downward revision in this particular position. So, from Rs. 70- Rs. 75 crores to reach up to some Rs. 50 crore odd. So, that's why they just been come as a beneficial in our P&L account.

Moderator: Thank you. The next question comes from the line of Prolin Bharat Nandu from Edelweiss Public Alternatives. Please go ahead.

Prolin Bharat Nandu: Two more questions from my side. Arun so in future expansion, how do we think about a park with and without resorts? Does a park with resort help us gain more footfall because then it becomes more of a destination kind of a thing? What is our thought process on expansion of parks and a resort accompanying it?

Arun Chittilappilly: All the large parks that we do, obviously we can do, even the small parks, even in Bhubaneswar, actually we can do a resort. It depends on the footfalls and the kind of demand that we see. I think every park is different, but we are definitely thinking about building a resort as part of the park experience as well. In fact, every time we design a park, we always leave space for a resort. So, I think definitely it's part of our plan for most of our projects.

Prolin Bharat Nandu: Okay, but are you suggesting that now we will probably build a resort at the same time when we build a park or you will still want to?

Arun Chittilappilly: No, we will not do that. We usually wait for the park to mature a little bit and then build a resort. We will not do it in the beginning.

Prolin Bharat Nandu: Sure, understood. And are we still averse to, I mean, buying a park or buying any other asset which is available, or have we changed our view there?

Arun Chittilappilly: If there is a good asset available at a decent valuation, we will do it. But our parks are unique, so we don't find that nobody else builds parks like the way we build. So, it's very difficult to, you end up paying a lot more for something, and it's not something that we want. You pay market rate and all those things, and financially it doesn't make sense. If it makes sense, of course we'll look into that.

Prolin Bharat Nandu: But have you evaluated anything, any of the transactions which have happened in the last couple of years where some of our competitors have probably bought and have you passed on?

Arun Chittilappilly: Yes, we have already passed on. We have actually said no to most of it.

Prolin Bharat Nandu: Fair point. Okay, Arun. And last point would be on non-ticketing revenue, right? In the past, you have highlighted some of the ways in which you want to increase that, right? So, in terms of the optimal mix between ticket revenue and non-ticket revenue. Where are we and where can we go over a let's say 3-to 5-year period time?

Saji K. Louiz: So, we are at some 75-25 ratio between ticket and non-ticket revenue. So, our aim is to make it about some 60-40 in the long run.

Prolin Bharat Nandu: Right. And can you give us a few drivers as to what will take it there? I mean, what is it that we can do to increase 25% to 40%?

Saji K. Louiz: Two things are there. In non-ticket revenue, we have the F&B plus the merchandise. So, what we need to do, the offerings we need to always review on a regular basis and to provide the more branded items and then the variety, the choice we need to give to all the guests. That is with respect to the merch. And then with respect to our F&B things, we need to keep developing new menus and offerings should be diversified across the parks, which will help us to stay abreast and then people will be spending more on the non-ticket revenue. Another method is tying it up with the park entry ticket so that we can just sell more and then people also get value for money while they are visiting the parks.

Moderator: Thank you. As there are no further questions from participants, I would now like to hand the conference over to management from Wonderla Limited for closing comments. Over to you, sir.

Arun Chittilappilly: Thanks for joining our Q2 FY25 conference call. We hope to continue our performance and expand our footprint to new locations. So, these are some of the core strategies that we are working on. We hope to see you in the next conference call. Thank you.

Moderator: Thank you sir. On behalf of ICICI Securities, that concludes this conference. Thank you for joining us and you may now disconnect your lines.

"Wonderla Holidays Limited
Q1 FY '25 Results Conference Call"
July 30, 2024

MANAGEMENT: **MR. ARUN CHITTILAPPILLY – MANAGING DIRECTOR – WONDERLA – HOLIDAYS LIMITED**
MR. SAJI K. LOUIZ – CHIEF FINANCIAL OFFICER – WONDERLA HOLIDAYS LIMITED
MR. DHEERAN CHOUDHARY – CHIEF OPERATING OFFICER – WONDERLA HOLIDAYS LIMITED

MODERATOR: **MR. ADHIDEV CHATTOPADHYAY – ICICI SECURITIES**

Moderator: Ladies and gentlemen, good day and welcome to Wonderla Holidays Limited Q1 FY '25 Results Conference Call hosted by ICICI Securities. As a reminder, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing star then zero on your touchtone phone. Please note that this conference is being recorded.

I now hand the conference over to Mr. Adhidev Chattopadhyay. Thank you and over to you, sir.

Adhidev Chattopadhyay: Yes. Good afternoon, everyone. On behalf of ICICI Securities, I'd like to welcome everyone to the Wonderla Q1 FY '25 results call today. From the management, we have with us, as always, Mr. Arun Chittilappilly, the Managing Director; and Mr. Saji K. Louiz, the Chief Financial Officer.

I would now like to hand over the call to the management for their opening comments. Over to you. Thank you.

Arun Chittilappilly: Hi. Good afternoon, everyone. This is Arun Chittilappilly, Managing Director, of Wonderla Holidays. I warmly welcome all of you to discuss our Q1 FY '25 earnings. I am accompanied by our CFO, Saji and our COO, Dheeran. I hope everyone has had a chance to go through the results and investor presentation.

As we embark on this result earnings call, I would like to recall the previous year, which began with a strong start, maintaining our growth momentum established by the company in recent years. We found it difficult to grow on top of that because of external factors.

For the quarter, our revenue from operations amounted to INR172.9 crores, representing a 6% decrease. The quarter also saw the decline in our footfall numbers, which stood at 10.02 lakhs, a decrease of 9%. Footfall for the quarter were mainly affected by an unprecedented heat wave, water shortages and disruptions related to election activities, especially in our key markets like Bangalore and Kochi, leading to the decline.

Additionally, we also have observed some self-sluggishness in the discretionary spending following the third year of revenge tourism post-COVID. Despite these challenges, the quarter -- for the quarter, Hyderabad Park recorded highest revenue of INR53 crores since its inception for Q1, this is, again, a testament to our teams very hard work and dedication. Furthermore, we also have expanded our SMB offering, introducing new theme dining experiences to cater to the diverse base.

Our ARPU for the quarter stood at INR1,680, a growth of 3% Y-o-Y. The increase in ARPU was driven by mostly through non-ticket revenue. This encouraging response from walk-in groups and all aspects of our customer base. The ticket prices were slightly muted -- growth was muted mainly because we had to run a lot of extra offers to try and get back some of the footfalls we lost during the heat wave.

I'm also excited to announce that we have officially commenced operations at our fourth park in Bhubaneswar. This has -- this remarkable new destination stands over 50 acres. And it's an inherently very beautiful place of Bhubaneswar. We've also -- this park is actually inspired by the region's rich history and vibrant culture.

Beyond providing exceptional entertainment, we are also committed to making a positive impact on the local communities. This new development is set to create approximately 450 new jobs, which we have already filled and particularly within the semi-skilled sector. Thereby offering valuable livelihood prospects for the residents of that area.

As for our Chennai project, we are in -- our initial work has already started from last March onwards. We hope to operationalize this park in FY '26, most likely December of 2025. We are also in talks with different state governments the help with new parks like Indore, Mohali, Noida and Ahmedabad.

As part of our expansion strategy, the Board has also given us approval to explore fundraising options to support our project for the next 7-8 years. We are excited about all the opportunities that are coming our way to set up new parks.

Looking ahead, we also have a very optimistic outlook for future growth. We are confident that we should be able to return back growth in our existing parks and also looking forward to the new parks.

So with this, I will conclude and I hand over to the CFO for the numbers.

Saji K. Louiz: Thank you, Arun. Good afternoon, everyone and thank you for being here for our Q1 FY '25 earnings call. I'm pleased to present a brief overview of our financial performance for the quarter. Our revenue from operations for Q1 FY '25 stood at INR172.9 crores as compared to INR184.6 crores reflecting a de-growth of 6% Y-o-Y. EBITDA for the quarter stood at INR95.9 crores, down by 22% Y-o-Y. EBITDA margins for the quarter stood at 54%, degrow by 1,000 basis points on Y-o-Y basis.

Our adjusted EBITDA for the quarter stood at INR101.8 crores, down by 17% Y-o-Y basis. The profit after tax for the quarter stood at INR63.2 crores, degrow by 25% on Y-o-Y basis and PAT margins for the quarter stood at 36%, 800 basis points degrowth on a Y-o-Y basis.

Now moving to Park-wide footfalls. Our Bangalore Park, we saw a footfall of 3.58 lakhs, the Kochi Park received a footfall of 2.75 lakhs and Hyderabad recorded 2.99 lakhs. Our new Bhubaneswar Park saw a footfall of about 70,000. So looking ahead, we are excited about the endless opportunities and remain committed to continually setting higher standards and pushing the boundaries of excellence within the amusement park industry.

With this, I now conclude my speech and open the forum for Q&A session. Thank you.

Moderator: The first question is from the line of Karan Khanna from Ambit Capital. Please go ahead.

Karan Khanna: So Arun, I had just a couple of questions. Firstly, if you think about the footfall decline that you've seen during the first quarter, in particular, in Bangalore, almost 24% down Y-o-Y. So you -- what's your outlook for the rest of the year? And given at the start of the year, you would

-- sounded confident about sub-5% footfall growth and mid-teens kind of an ARPU growth. So do you think that given the trends that you are seeing in the month of July, potentially, you see similar trends for the rest of the year as well? Or there could be some slowdown on that bit?

Arun Chittilappilly: So it's hard to kind of predict footfalls in our business because it's completely dependent on people's ability to move and wanting to go out. So for example, this last quarter, what has happened is, I mean, during the beginning of the quarter, actually in March itself, there was a heat wave alert and there was a lot of advisory things don't go out and then there was water shortage. So because of all this, we were also kind of -- we also -- we had to hold back some of our marketing also because that was the wrong time to say that come and enjoy in the water park and stuff.

So messaging wise also it was difficult. So these kind of challenges will happen. And actually, the majority of the decline happened in April. And in May, our decline in footfall was actually lower. And then again, June has been declined in some markets. So it's not the same in every park. So every park kind of behave differently. This time, obviously, Bangalore has been hit by the worst followed by Kochi and Hyderabad didn't really -- didn't have much of an effect. It did have some effect, but not much of an effect. So we were able to get some football back.

So my limited point is it's difficult to forecast how it's going to pan out. But if there are not too many adverse weather issues and some other -- anything that is adverse to travel in local travel, I think we should be okay. We are seeing some decline in especially Bangalore continuing until July also. But I think the rains also have been extremely strong and I'm sure you all know this also in the rest of the country as well.

So I think any kind of inclement weather will definitely see this kind of outing go down. There's only limited forecasting we can do on that. But if that is not the case, I think we should be able to track the numbers that we were confident about. And we are still -- we should still be able to claw back some of the numbers, at least before the year-end.

Karan Khanna: Sure. My second question on the Odisha Park, given you have seen about 2 months of operations for the park. How are the footfalls?

Arun Chittilappilly: **38** days.

Karan Khanna: Yes. So I think June and the month of July for last couple of months, the park has become operational. So how is the footfall trending on a month-on-month basis? And in the last call, you had indicated ARPU of about INR800 to INR1,000 for the park. Is that the trend for the rest of the year as well?

Arun Chittilappilly: As of now, we are trending about 130% of footfalls in Odisha, but again, like I said, the first year is very difficult for us to predict. So it could go up and down. As of now, we are above this thing. Our ARPU is also higher. I think we are close to, what was it?

Saji K. Louiz: INR1,300.

Arun Chittilappilly: INR1,300 is our ARPU. Yes, I think we had predicted only at INR800-odd I think. But -- so our ARPU is better than what we had proposed. But yes, these things will -- it will take about a year, 1.5 years for it to kind of stabilize the new park.

Karan Khanna: Sure. Sure. And then last question, with the elections behind us, any update from your discussions with state governments regarding future growth and pipeline?

Arun Chittilappilly: We are still awaiting. We'll let you know.

Moderator: The next question is from the line of Himanshu Upadhyay from Buglerock Capital Private Limited. Please go ahead.

Himanshu Upadhyay: My first question was, we have stated that Bhubaneswar has exceeded our expectations. So -- and the expectations on the pricing front, you have already stated that they are better. But in terms of footfalls, how are they? And what would be the goal you would like to set to achieve in Bhubaneswar in the next 2 years? Can it be like...

Arun Chittilappilly: Yes, we are expecting footfalls of roughly about 4.5 lakhs for the first year. And it should grow in double digits for the first 2 to 3 years. It should get to about 7-8 lakh visitors in about 4 or 5 years. That's what we are hoping to get.

Himanshu Upadhyay: Okay. And if you look at the population of Bhubaneswar area and near about, it would be very similar to Kochi, still in 3 to 4 years, do you think it will take more time to reach figures like Kochi because...

Arun Chittilappilly: It will take more time because I think Odisha is not as developer state has Kerala is. So I think demographics are slightly different. So I think we don't expect Bhubaneswar to perform as well as Kochi. Maybe it will be a Tier 2 city. And -- but at the same time, it will be profitable. And for us, it makes a lot of sense because it's for us, we've also invested less there. So it should be fine.

Himanshu Upadhyay: I was just getting curious because we are saying that ARPU is something like INR1,300, which is quite decent...

Arun Chittilappilly: Because it's the first year and we get a little early adopters who come to us, they will spend more. As time goes by, that ARPU might drop a little bit because people who come in the beginning, they are willing to spend more. That -- it's too early to kind of put a number on that right now.

Himanshu Upadhyay: Okay. And one more thing. The board has given us an approval for a capital raise. So would you like to first raise capital and then start 2 or 3 parks? Or you would like to first have land allotted and clarity and then would like to raise capital? Or how do your...

Arun Chittilappilly: We have 3 projects in the pipeline, so I think it's time for us to look at it. We'll keep you updated.

Moderator: The next question is from the line of Parth Nakum from R K Bhojani & Associates. Please go ahead.

Parth Nakum: My question was regarding that I have read the outcome of Board meeting of yesterday, which was about to raise the equity or debt or something fund for 7 to 8 years expansion plans regarding. My question was that what -- how much -- how many parks we are going to open for the 7 to 8 years? Or how much growth in revenue and EPS or cash flow can we expect for these 7 to 8 years period, what is the expectation we can keep on the company?

Arun Chittilappilly: We can't give you forward-looking EPS and revenue growth, but we'll tell you briefly what we are planning to do. Saji?

Saji K. Louiz: Yes. So we are planning to add up another 5 parks into the equity presently, we have about 4 parks operating and then 1 park is under construction, which is Chennai. And then additionally, 5 more locations, we are in a discussion at various stages with various state governments. So we have kept about 6 to -- maximum up to 20, 30 or maybe another 1 or 2 years here and the -- that's what we kept about 6 to 7 years of cash flow requirement for expansion purpose.

Moderator: The next question is from the line of Aditi Nawal from Rspn Ventures. Please go ahead.

Aditi Nawal: Congrats on the quarter. I just have a few questions. So beginning with Odisha Park. So the first question is that could you -- so you mentioned that there's an ARPU of about INR1,300 from Odisha park. So could you give early on split between what could be the ticketing versus the non-ticketing revenue?

Arun Chittilappilly: It's about 35% of INR1,300 comes from our non-ticketing revenue, rest from the ticketing revenue.

Aditi Nawal: Okay. And so exactly -- so as the earlier participant has also asked. So this park seems like -- it feels very similar to the Kochi park, except that it's in a Tier 2 city. So what kind of portfolio are you expecting in the sense of, is it...

Arun Chittilappilly: We've already answered that question just now. We are expecting roughly about 4 to 4.5 lakh visitors.

Aditi Nawal: No, I meant more in terms of qualitative, like is it the revenge tourism that we're expecting or what kind of...

Arun Chittilappilly: We are expecting people from within the state mostly and maybe neighbouring states. And people are coming for tourist activities and all that.

Aditi Nawal: Got it. And next is on the Chennai Park. So I think in the last earnings call, you had mentioned that the budget has already been revised to about INR500-odd crores. So are we online -- are we in the line of that? Or have you seen that?

Arun Chittilappilly: No further changes.

Aditi Nawal: No further changes. And the timelines are also intact?

Arun Chittilappilly: Timelines, there is some delay. We were supposed to open in June '25, but I think that will get delayed to about December '25 or maybe Jan '26, something like that.

Moderator: The next question is from the line of Natraj Shankar from DSP Mutual Fund. Please go ahead.

Natraj Shankar: The Odisha Park commencement, the upfront costs that you would have incurred during the quarter to start the operations. What -- could you sum it up? Is it possible to share that number? Because it would take some time, as you mentioned, the park to stabilize, but the cost is up front. And I just want to understand the impact on EBITDA for that.

Arun Chittilappilly: So the Bhubaneswar Park, we closed the total revenue of about INR9 crores and then our EBITDA from this park alone, which is about -- almost like a breakeven, about some INR85 lakh is the total EBITDA from this part separately. The cost-wise, we will have about INR1 crores of additional expenses towards the wages and then about some INR70 lakh, INR75 lakh of additional salary costs from this park. This basically is an operational cost for 38 days.

And marketing, personally, we have done a marketing spend of about INR3.6 crores because it includes the launch expenses and all. So all put together about INR11 crores is what the total expenses, including our depreciation cost. Depreciation is about INR3 crores for these 2 months of operation, 38 days of operation.

Moderator: The next question is from the line of Tushar Agarwal, from Individual Investor. Please go ahead.

Tushar Agarwal: I have a couple of questions. First, can you give me a, like the number that -- our revenue breakup of group sales or the retail sales?

Arun Chittilappilly: I think our revenue for Q1 is roughly 80% is retail and 20% is group.

Tushar Agarwal: So like are you planning to like maintain this ratio or there's going to be change in the ratio?

Arun Chittilappilly: It changes every quarter. So right now, it's 80-20 and Q3, it will become 50-50 and Q4, it will become like 60-40. So it keeps changing every year -- every quarter.

Tushar Agarwal: Okay. And sir, my second -- okay. And sir, my second question is like according to what is our competitive advantage, like if we open our park in like in -- take in Rajasthan and where the other local party is like well established, like well settled. What is our competitive advantage for that?

Arun Chittilappilly: I think we will be able to give a much better experience, the kind of ride and attractions we have will be of a higher calibre and we'll be at -- come at a lower cost also. So I think -- also, we are not just an amusement park. We have -- sorry, we are not just a water park, we are an amusement park. So the way we do it is Wonderla as an Amusement park is slightly different from other players. And I think it's more of a value offering. And so that's -- I think that's our USP.

Tushar Agarwal: Okay, sir. Sir, can you -- any -- do you have any idea on repeated number of customers like...

Arun Chittilappilly: Sorry?

Tushar Agarwal: Repeated number of customers like in the all mature...

Arun Chittilappilly: It is roughly 50% for us.

Tushar Agarwal: 50%?

Arun Chittilappilly: 50

Moderator: The next question is from the line of Kruttika from Sharekhan by Bnp Paribas. Please go ahead.

Kruttika: I have a couple of questions. Firstly, would be on the margins for the current quarter. So we have seen sharp decline, so basically that is mainly due to the operation of the Bhubaneswar Park? Or are there any other factors for the decline?

Arun Chittilappilly: So we have 2 exceptional items in this particular quarter. So one was our ESOP expenses, employee stock option expense of about INR2 crores. And then the Bhubaneswar Park loan expenses were -- it was about INR3.6 crores. It was a onetime expenses, which is charged off to the P&L. Other than that, most of the expenses are general in nature. So there no measure additional exceptional expenses.

Kruttika: Okay. So the slide which mentions adjusted EBITDA, that is the EBITDA after exiting these 2 items, ESOP and one time for Bhubaneswar, is it right?

Arun Chittilappilly: Yes, it is about INR6 crores yes.

Kruttika: Okay. And so what is the margin guidance for the coming quarters, we are expecting to lower for FY '25, but if you have any specific guidance that you can give for the current year?

Arun Chittilappilly: You can just take the previous history, we try to maintain with the same levels on a quarter-on-quarter basis. But quarter-to-quarter, there will be some shift in the EBITDA margins as well as in the PAT margins. So we try our level best to maintain that. There could be some slightly changes considering the new park coming in and all.

Kruttika: Right. Okay. Next is for the -- about the footfall also, it's also maintained for the old past expect to grow by around 5% and the ARPU, we had given guidance for around 10% growth, is that to be maintained or any revision in that?

Arun Chittilappilly: The footfall growth this year because we've lost some footfall in the Q1, it will be -- we will try to kind of make up for the loss in the next 2 to 3 quarters and we might end up in a similar kind of footfall number to the previous year or maybe slight improvement also, but it's hard to predict at this point.

ARPU growth, again, depends on the footfall. If there is pressure on footfall, then we will definitely reduce pricing and we'll do more offers. But if the demand is higher, then obviously, we will not do discounting. So it's hard to kind of predict how it will be. But we are not expecting a huge ARPU growth because we might have to do some discounting. We may not get 10%, 12%, you may get like 5%, 6% ARPU.

Moderator: Next question is from the line of Himanshu Upadhyay from Buglerock Capital Private Limited. Please go ahead.

Himanshu Upadhyay: My question was in the previous calls, we have stated that we are focusing more on retail versus group as retail is more profitable. But do you think if the footfalls are not increasing, we need to again focus more and more on group. What percentage of revenue was...

Arun Chittilappilly: See, it depends on the quarter. So the first quarter, we don't really get much groups. Q3 and Q4 is when we get the maximum number of groups. So there will definitely be a focus on groups and we are also doing a lot of things to kind of improve that. But every quarter is different, like, for example, like I said, Q1 is very low on group. So I mean, it's difficult to focus on a cohort which doesn't fire in that quarter. So we do it according to the demand that we see.

Himanshu Upadhyay: Okay. So the group business will be in the Q3, Q4?

Arun Chittilappilly: Yes.

Himanshu Upadhyay: And one more thing. Historically, we used to give that state-wise footfalls for each of the theme parks okay? So are we -- till to pre-COVID, okay? So are we back to those state-wise mix or still the mix is narrow or near the theme park...

Arun Chittilappilly: It changed over the years. I mean, every state-wise visitor, yes, it keeps changing. So every quarter it will keep changing. But more or less the same, we get most of our people from the home market itself.

Himanshu Upadhyay: And from Bhubaneswar, do you expect nearby markets of West Bengal and all those, how is the connectivity?

Arun Chittilappilly: We are getting people from North Andhra Pradesh and then some from Southwest Bengal and from Chhattisgarh, etcetera. So 500-kilometer radius is our operating range and that continues.

Himanshu Upadhyay: And the marketing means we have started that travel and tourism...

Arun Chittilappilly: Yes. We have a team in place and everything.

Moderator: As there are no further questions, I would now like to hand the conference over to the management for the closing comments.

Arun Chittilappilly: Thank you all for joining our Wonderla Q1 FY '25 earnings call. We hope to come back and see you guys again in the next quarter with a better set of numbers. Until then, please take care.

Moderator: On behalf of ICICI Securities, that concludes this conference. Thank you for joining us and you may now disconnect your lines.

"Wonderla Holidays Limited Q4 FY24 Earnings Conference Call"

May 17, 2024

MANAGEMENT: **MR. ARUN K. CHITTILAPILLY, MANAGING DIRECTOR, WONDERLA HOLIDAYS LIMITED**
MR. DHEERAN CHOUDHARY, CHIEF OPERATING OFFICER, WONDERLA HOLIDAYS LIMITED
MR. SAJI K LOUIZ – CHIEF FINANCIAL OFFICER, WONDERLA HOLIDAYS LIMITED

MODERATOR: **MR. RAHUL DANI – MONARCH NETWORTH CAPITAL**

Moderator: Ladies and gentlemen, good day and welcome to the Q4 FY'24 Earnings Conference Call of Wonderla Holidays Limited hosted by Monarch Networth Capital.

As a reminder, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing "*" then "0" on your touchtone phone. Please note that this conference is being recorded.

I now hand the conference over to Mr. Rahul Dani from Monarch Networth Capital. Thank you and over to you sir.

Rahul Dani: Yes, thank you, Michelle. Good afternoon. On behalf of Monarch Networth Capital, we are delighted to host the senior management of Wonderla Holidays. We have with us, Mr. Arun sir – Managing Director of the Company, Mr. Saji – CFO and Mr. Dheeran –COO of the Company.

We will begin the call with the “Opening Remarks” from the Management and then move to Q&A. Thank you and over to you, sir.

Arun K Chittilapilly: Thank you. This is Arun K. Chittilapilly – Managing Director, would like to welcome all of you to this Q4 Earnings Call FY'24. Good afternoon and welcome to everyone. I extend a warm welcome to all of you to discuss the Q4 results. I'm accompanied by our CFO, Saji, and COO, Dheeran Choudhary.

I hope everyone had a chance to go through our results and investor presentation.

The year began with a strong start, maintaining our growth momentum established by the company in recent years. Our revenue from operations for the quarter amounted to Rs.99 crores and for the full year it was 483 crores, marking a year-on-year growth of 13%. During this year, we also achieved our highest ever EPS of Rs.28, clocking 6% year-on-year growth. We are also experiencing consisting growth in our marketing efforts and have been instrumental in raising awareness.

During the quarter, we have launched thrilling attraction called “Air Race” in Kochi. The quarter has been packed with excitement featuring themed celebrations, Women's Day, Holy Celebrations and Valentine's Day, etc., We also enriched our customers with two through festive periods and themed food product offerings. We had a Sunburn Event in Kochi Park, New Year Celebration at Hyderabad and a Live Concert by renowned singer Vijay Antony at Bangalore Park. Footfall for the quarter stood at 7 lakhs and footfall for the full year stood at 32.5 lakhs.

Despite a challenging fourth quarter, mainly because of drop in group footfalls in Kochi, our footfalls reflect the growing popularity of our attractions and effectiveness of our marketing efforts. Our team has worked diligently to maintain high standards of safety, cleanliness and customer service, contributing significantly to our positive guest feedback and repeat visitation.

ARPU for the quarter stood at Rs.1,349, an increase of 14%, and for FY'24 at Rs.1,430, registering a growth of 15%. Our increase in ARPU was driven by a healthy growth in non-ticket revenue along with encouraging response from walk-in groups and all aspects of our customer base.

Throughout the year, we've been pioneering new paths. As mentioned in our previous calls, we are in discussions with the various state governments to start multiple projects.

Our Odisha Park is swiftly taking shape and we have just concluded the press launch of the park which will be open to public from 24th of May 2024. We are confident that this new addition will further enhance our growth and appeal and contribute to the revenue and footfalls in coming years.

As for our Chennai project, the initial groundwork including leveling and the workshop setup have been done and we hope to operationalize this park in FY'26.

As we look ahead, our outlook for future growth is incredibly bright. We are also confident that our focus on enhancing guest experiences, fostering innovation and strategically expanding our offerings will drive not just growth, but sustain excellence.

We are immensely grateful for the dedication of our team, our customers and steadfast support of our shareholders. Together, we are poised for even greater achievements.

With this, I would conclude my remarks and hand over the call to Saji – our CFO for detailed analysis of Financial Performance. Over to you, Saji.

Saji K Louiz: Thank you, Arun. Good afternoon, everyone, and thank you for joining us for the Q4 & FY'24 Earnings Call.

I will provide you with the concise or view of our Financial Performance for both the quarter and the full year.

Starting with the Q4 FY'24 Financial Performance:

Our revenue excluding other income for the quarter stood at Rs.99.7 crores, grew by 1.1% on a YoY basis.

EBITDA for the quarter reached Rs.40.5 crores, degrew by 28 percentage on year-on-year basis. This was due to reduction in our footfall, increase in our payroll expenses and reduction in other income. EBITDA margin for the quarter stood at 38.7%. Adjusted EBITDA for the quarter stood at Rs.41.9 crores, a margin of 40 percentage after ESOP adjustment of Rs.1.33 crore.

Our profit after tax for the quarter stood at 22.6 crores, down by 35.5% on YoY basis and PAT margins stood at 21.6 percentage.

Now, focusing on FY'24 Financial Performance:

Revenue including other income for the year stood at Rs.506 crores, a substantial increase from the Rs.452.4 crores in the same period last year, representing a 11.8% year-on-year increase.

EBITDA for the year stood at Rs.250.1 crores as againstRs.234.6 crores same period last year, showing a 6.6% year-on-year increase. EBITDA margin for the year was 49.4%. Adjusted EBITDA for FY'24 was at Rs.251 crores as against Rs.235 crores for the same period last year with the margin of 49.7 percentage. As mentioned earlier, this is mainly after adjusting the ESOP expenses. Profit after tax for the year stood at Rs.157.9 crores, up by 6.1% on YoY basis. PAT margin stood at 31.2% for the year.

Moving on to Parkwise Footfall Numbers:

For Q4 FY'24 footfalls for Bengaluru Park stood at 2.43 lakhs, Kochi Park at 2.32 lakhs and Hyderabad Park stands at 2.34 lakhs, and for the year Bangalore Park 12.7 lakhs, Kochi Park 10.33 lakhs and Hyderabad 9.49 lakhs.

With this, now I conclude my speech and open the forum for Q&A session. Thank you.

Moderator: We will now begin the question-and-answer session. The first question is from the line of Angat Katdare from Sameeksha Capital. Please go ahead.

Angat Katdare: My first question is on footfall. If I look at the full year of FY'24 our footfall has decreased by 2%, while our ARPU has increased by 15% on YoY basis. Do you see this as a major reason for the fall in footfall or are there any other reasons for the same?

Arun K Chittilapilly: So the reason for footfall growth especially in this last quarter is because the change in our group sales. Normally, our Cochin park has a high contribution from group sales in January. That did not happen this year. Now the reason we are told is because of change in exam dates and also preponing of exams because of elections. So these are the two reasons that we were given. The other two parks I've not seen this issue. Only Cochin, I think the group footfalls degrew by 37%. So I'll hand over to Dheeran, he can elaborate on this further.

Dheeran Choudhary: So if you also see our ARPU growth is actually coming on back of driving our sales per head which is our non-ticket revenue. So we have been consistently making a lot of research in our F&B offerings and retail offerings and that is actually driving our overall ARPU growth. And again to second Arun, yes, overall for the year, there is a 2% degrowth in footfall. We also want to be mindful of the fact that we had a post-COVID pent up demand. So we are very positive on that demand we managed to almost keep our footfall stable while growing our ARPU at 15% and we consistently look at various opportunities that we can unlock which we are actually working in FY'25.

Angat Katdare: What will be the guidance for footfall and ARPU for FY'25?

Arun K Chittilapilly: Because our existing parks are already old assets and pretty much running at capacity, we don't see huge footfall growth potential, especially in Bangalore and maybe Kochi. We do feel there is footfall growth potential in Hyderabad. We do still feel that there is more potential for us to unlock. But having said that, I think at a company level we are not expecting more than 5% footfall growth for FY'25. But the footfall growth and ARPU growth will be about 10% to 12%. And then the next phase of growth for us will come from our newer parks.

Angat Katdare: So just to clarify, 5% is for the existing parks, right?

Arun K Chittilapilly: Existing parks, yes, yes.

Angat Katdare: You mentioned that you are in talks with the four or five governments. So if you could share some update that would be helpful?

Arun K Chittilapilly: Nothing as of now, because this is election season. I think all of those conversations have been put on hold as of now because of code of conduct. We are waiting for normal government functioning to resume, then we will take up.

Moderator: The next question is from the line of Karan Khanna from Ambit Capital. Please go ahead.

Karan Khanna: Just a couple of questions, Arun. First, where you're expected to launch the Odisha Park later this month, how should one think about the revenue and margin expectations from this park in FY'25 and how soon do you expect this to become EBITDA breakeven? And question #2 is on the ARPU front. Given we've seen almost 15% growth in FY'24 over '23 and the similar growth in FY'23 over FY'20 also, how should one think of ARPU growth for the next two to three years, do you still see the ability to drive low to mid-teens ARPU growth without impacting footfall much at your existing parks?

Arun K Chittilapilly: So first part of the question, Bhubaneswar, we are actually soft launching from 24th onwards. I'm taking this call from Bhubaneswar. We just finished the press launch of the park. Tomorrow and day after we having a preview meet for some well-wishers and influencers and all that. And then the next week the park is opening. We are happy to say that we have finished the project in 13-months' time which I think is practically unheard of in this segment. So, we are very happy that the park is completely finished and we are open. Footfalls anyways, it's very hard to predict, but internally we are hoping to achieve at least 4 lakh footfalls. ARPU, again, it's hard to kind of give a guidance on that because first year we will be doing more promotions and just to get people excited about coming to this new park. But having said that, I think we are expecting about 4 lakh visitors at an ARPU of roughly Rs.800-1,000. So that's the way we are looking at it. This is our conservative estimate. In all likeliness, if weather and all these everything permits, we should do a little better than that also. But otherwise I think we are quite happy with the way it's come out. To your second part of the question, we are expecting an ARPU growth in our existing parks of around double digits, 10% this year because we've had huge ARPU growth in the last two years. So we may not look for a huge ARPU growth this year, but 10% I think is achievable. And like I said, marginal footfall growth is all we are projecting from our existing parks, because again coming off COVID high, there could be some fluctuations in footfalls like for example, last quarter what has happened is a school crowd especially for one park completely they didn't come around. So that whole business was not there. So these things can happen because we are coming off COVID high. But I think we are more or less confident that we should be able to maintain marginal footfall growth and about 10% ARPU growth.

Karan Khanna: And if we think about the near-term trends because we are also seeing the election phase across the various markets, so are you seeing any softness in terms of footfall during the quarter because of the election or that's a non-event for you?

Arun K Chittilapilly: We've had some impact because of the heat wave, especially in Bangalore. The other two parks are okay. But again the whole quarter is not yet over and now I think in May there is a strong bounce back. So I mean, we'll have to wait for the end of the quarter to see the whole effect, but yes, heat wave did have some impact on footfalls.

Karan Khanna: And lastly on Chennai, any changes to the timeline or you're on track for commissioning in second or third quarter next year?

Arun K Chittilapilly: We will be commissioning most likely in the third quarter. We are trying to finish in second quarter because we would like to be ready before the third quarter. There could be some delays because of unseasonal rains plays havoc in Chennai sometime. So we hope that doesn't happen this year. If that doesn't happen and there is no delay, we should be able to open either in late Q2 or early Q3.

Moderator: We'll take the next question from the line of Shivam Agarwal from Equitree Capital. Please go ahead.

Shivam Agarwal: I have a couple of questions. The first is I just want your thought process on the franchisee model like if we just give our name to someone who want to develop a park, but it's for selecting the brand. Any thoughts on the franchisee kind of a thing?

Arun K Chittilapilly: Yes, we do want to get into management of parks without owning them. We have started a few discussions. Nothing has been done yet in the concrete steps. Our immediate goal is, as you know, we are trying to expand into other territories of India. Our preference would be to do this on our own. But then geographies where we don't have land parcels or if there is a local business person with land who's willing to partner and we are open to doing our joint venture as well and management contract, both are possible.

Shivam Agarwal: As you mentioned earlier that we are also looking for a potential park in Ahmedabad. But one of our competitors has already announced the park in Ahmedabad. So what is the thought process coming after that?

Arun K Chittilapilly: We are not going to comment on competitor, but they are not looking at a large park like us. We build large amusement parks. They're looking at a small park in the city area. We are looking at a large format park. So I think format itself will be different and we want larger footfalls like our parks typically get more than a million footfalls from each location. So from three parks, we get 3.5 million visitors. So that's the size that we are looking at. I think their parks are not as big. So I'm not really looking at that as a direct competition.

Moderator: The next question is from the line of Suruchi Parmar from NX Wealth Management. Please go ahead.

Suruchi Parmar: Our footfall is not that much growing and mostly the revenue is coming from the ARPU sales, the ARPU which is growing, the food portion rather than the ticket portion, correct. And if we see the mature parks in those footfall is not that much if you see Kochi, Bangalore, even Hyderabad. Now, the new parks which is coming, they have ARPU less than the matured ones and the footfalls we don't know right now how much it will be. So what is the percentage CAGR growth you are expecting in coming 2-3 years?

Arun K Chittilapilly: I already told you in our mature parks, we are not looking at large footfall growth, low single digit footfall growth is all we can expect, especially from Bangalore and Kochi. These are parks which are more than 15-years old. And ARPU growth is possible because the way we sell our F&B and retail, we are looking at double-digit growth in ARPU but low single digit growth in footfall. If you look at our new parks, of course, they will grow a little faster, because it's a new market and we are projecting only like 4 lakh visitors which is less than half of our existing park. So there is definitely room for us to grow there.

Suruchi Parmar: What percentage CAGR you are estimating like in '25-26?

Arun K Chittilapilly: Hard to estimate CAGR growth, because every project will be different like for example, Chennai will have a higher base of footfall, Bhubaneswar which is a Tier 2 city will have a lower base of footfall. So it's hard to predict. But we will definitely have double digit growth in footfalls for the next few years if you look at new and old parks together.

Suruchi Parmar: And what is your estimate of opening like new parks till FY'30? You have estimated some number I guess?

Arun K Chittilapilly: We are looking at another five more locations in addition to what we already have. One or two of them will get closed and before the end of this financial year and the rest we will announce as and when they are ready.

Suruchi Parmar: So this will be like completely your own investment or you will be doing it like on lease basis or something?

Arun K Chittilapilly: We prefer to do the lease one, but we could do both our own investment also or we could do management contracts, all three can be done.

Suruchi Parmar: It's not like any preference you can go any which ways?

Arun K Chittilapilly: It depends on the location and whether land is available or whether the partner is available, all those things.

Moderator: The next question is from the line of Mythili Balakrishnan from Alchemy Capital Management Private Limited. Please go.

M Balakrishnan: A couple of questions. I wanted to check with you what you mentioned about the Odisha profitability because while you covered the revenue part, you did not mention anything on how the EBITDA and the PAT would sort of look like?

Arun K Chittilapilly: See, it's hard to predict EBITDA and PAT, because it's a new project, but because it's an asset light model wherein we are spending less than Rs.200 crores for a pretty decent sized park, we are expecting it will be EBITDA positive from first year itself, and at the PAT level, it should be positive from year two or three.

M Balakrishnan: I also wanted to check with you about when we talk about footfalls especially the mature park, I just wanted to get a sense is there a capacity constraint based on the number of visitors the park can handle without getting into issues in terms of complaints and people unhappy about queue length, is that -?

Arun K Chittilapilly: There is a limit, for example, on a summer season, our parks are already running pretty full. So it's hard for us to justify higher footfalls. But there are like for example Q2 and Q4, we do feel that there is some more headroom for us to grow.

M Balakrishnan: But there is also some vacant space which is available in these parks and if you open more rides, then does that increase the capacity per se or is that something -?

Arun K Chittilapilly: It can be done with a larger investment wherein we open an entire new area into the park, not just one or two rides, slowly we can do that, but as of now, we are not looking at any large investments like that. But if we do large investments, definitely we can relook at adding more capacity also.

M Balakrishnan: And in terms of Hyderabad, we have seen a good kind of footfall growth which has happened and this was clearly an area of focus for us. Could you just tell us a little bit more about the marketing strategies that have worked for pushing footfalls in Hyderabad?

Arun K Chittilapilly: Hyderabad for us is relatively new. The park is about 7 years old in Hyderabad, out of which two years were COVID, so effectively we only had five years of operations in Hyderabad. So for us it's still a relatively new park. If you look at footfalls in Hyderabad compared to like for example, Kochi or Bangalore, it's only 70% of the other two parks, whereas we feel that it should be at par with the other parks. So we still feel there is a headroom for us to grow footfalls in Hyderabad. So accordingly, we are also spending higher in marketing, the idea of Wonderla Park to Hyderabad. And also we have not marketed extensively in Andhra Pradesh, we've only done Telangana till now. So we are slowly this year onwards we are marketing and we are pointing to our operators in other parts of the Telugu belt. So that also should help us to kind of get a larger catchment area. So these are some of the initiatives that we'll be doing. And also Hyderabad is also sensitive to offer. So we will be doing some offer-led marketing and event-led marketing as well.

M Balakrishnan: My last question is on Bangalore. I just wanted to confirm that the footfall declined by 9% this quarter, right?

Arun K Chittilapilly: Bangalore footfall, yes.

M Balakrishnan: Any particular reason for the Bangalore decline because it was chugging away at a very -

Arun K Chittilapilly: I think we lost our footfalls in Bangalore and Kochi. Kochi actually had the highest footfall decline followed by Bangalore. It's mostly to do with exams and because of exams preponed, I think a lot of schools and colleges cancelled their trips that they used to do to amusement park. So that is one of the reasons I think for us. This may or may not come back next year. So that's the only unfortunate thing here. We don't know whether we can predict it. To an extent only we can mitigate this. One of the reasons why we didn't see a big drop is because through other marketing initiatives we were able to claw back some footfall in February and March. So we lose one segment, we try to do other marketing for other cohorts and try to get footfalls there and which work to an extent. So that is why we didn't see a big dip in footfall and kind of it's still okay.

Moderator: The next question is from the line of Vivekkumar from Best Pals Research and Advisory LLP. Please go ahead.

Vivekkumar: How fast will we be announcing new projects? Are we waiting for elections because you have done a lot of MoUs. How fast will we be announcing and taking up or you want to wait till the Chennai parks CAPEX is over and then start looking at new projects?

Arun K Chittilapilly: No, no. We are already looking at other projects. It's just that we are not able to announce because this part of the government does not function during the election due to code of conduct. So we will not be able to sign anything in this period. Once the period is over, I think we can resume our dialogue with the different state governments.

Vivekkumar: So mostly you're looking at Gujarat, Punjab, Uttar Pradesh and Madhya Pradesh, right or any other -?

Arun K Chittilapilly: Yes, yes.

Vivekkumar: So second question, what are the long term drivers of your footfalls like how do you think, is it like you have to keep marketing and keep going into other places in and around periphery around the park or and are you tracking how often people come again repeat customers like how many people come every year, how many people come only once?

Arun K Chittilapilly: Yes, yes, so we do track our footfall where people come from and how people use different cohorts, use the park. There are some opportunities like I said for us to grow in some markets, in some markets they are already saturated, so we are not expecting growth in footfalls. For example, Bangalore Park for us is a high performing park and the base is so high that sometimes any small event can only lead to a decline in footfall because the park already is running at capacity in Q1 especially. So it's harder to figure out footfall growth, especially in Q1 or Q3. Q2 and Q4, this is actually we feel there is headroom to grow footfalls. But again these are exam seasons and these are low seasons. Q2 being a monsoon season and Q4 is usually the exam season. So that also plays into the footfall. So it's hard to predict how that thing affect footfalls.

Every year the story tends to be little different. For us, the best way to mitigate this is to be in more locations and I have always some projects in the pipeline.

Vivekkumar: So do you keep tracking how many people come every year, how often the customer comes back and how much –

Arun K Chittilapilly: We have people once a year only.

Vivekkumar: But how often they do repeat? I understand it's not –

Arun K Chittilapilly: More than 50% of our customers they repeat maybe once in two or three years.

Vivekkumar: So long-term drivers of footfall, what do you think it's like adding more because let's say you're saying Bangalore is already at peak capacity, so when will you think of adding capacity and trying to increase footfall there, are you not meeting the demand? I didn't understand. So when will you take -?

Arun K Chittilapilly: We are meeting the demand, but then because the business tends to be seasonal, sometimes during the highest season like there is not much headroom for us to grow footfalls, we have to look at growing footfalls in the non-peak season. But non-peak seasons are non-peak because there are other hurdles like weather and exams and all that which creates footfall barriers. So it's hard to kind of cut through that also. But we are always looking at new ways to see whether we can have especially more group footfalls. We are slowly changing our strategy and I will hand over to Dheeran, he can talk a little bit more about that.

Dheeran Choudhary: So I think from a long-term standpoint, we see the tourism and the tour operator segment as a big opportunity that we can unlock. I think that's a channel segment that can give us growth in Q2 and Q4 something that Arun also was mentioning, we see as a seasonal business, there is a downside and we have capacity that we can fulfill. We are also doubling down on a lot of our marketing strategies and you will actually see that in the coming year, in the next two years, we are going big on digital, we are actually in a digital transformation journey of sorts, where we are actually tracking our entire customer journey and giving them reasons to visit, we want to increase frequency for sure, we want to bring once in two or three years down to maybe once in six months and I think some of these strategies will definitely help us grow our footfall in the next two to four years. So the good news is that we understand the opportunities and we understand the potential on the areas that we would want to grow at.

Vivekkumar: So meanwhile you keep expanding the parks and keep doing these things and you get the growth when it comes, right?

Arun K Chittilapilly: Expanding the size of the parks is also not that easy because some of these parks are already pretty big and we cannot grow them further without substantial investment. So we need to weigh the pros and cons of it. But yes, we do keep adding attractions and also some of our parks like Bangalore and Kochi are now more than 15 years old. So, we are replacing old rides with new. So even though we are investing in new rides, it may not add to the capacity because we are taking away some of the old rides and putting new instead of the old ones. So there are multiple issues there. But eventually yes, we can slowly increase the capacity of the park.

Vivekkumar: Till then, greater growth will be from locations, right?

Arun K Chittilapilly: More locations I think for us is the easier thing to do because there is also latent demand in a lot of these cities where there are no such avenues available currently.

Vivekkumar: That is why I was asking, like, how fast will you announce the new projects?

Arun K Chittilapilly: We are doing it as such as we can, as you can already see. I mean we hope to open a new park every financial year. So in this financial year, we are already opening this one. Next financial year, we will have Chennai, and the year after that, hopefully we will have something else to open as well.

Moderator: The next question is from the line of Dhruvesh Sanghvi from Prospero Tree. Please go ahead.

Dhruvesh Sanghvi: Can you explain how you have reorganized your teams considering, I mean, we are seeing some hire which has just not happened at the top but at the mid-level also and like how are you delegating because of course the work is going to increase and probably double up in the next two, three years with new bucks?

Arun K Chittilapilly: So the main changes happened. I think we are reorganizing the team because a couple of teams we are changing, we are reorganizing our sales team and our marketing team is going through a bit of a reorganization. Because of the way we are also going through a digital transformation, our IT team is also going through a substantial change. In fact, we have a new IT head has joined and so in the next one year, we will be investing I think about 4-5 crores in new tech for our parks. So those are some of the big areas. Also because we are doing multiple projects, at the same time we are also beefing up our projects team to such a point that we are able to do two projects simultaneously. So this is the first time that we are attempting that and we already have two teams, but if the need be, we can also add more teams to this. So we are just waiting for maybe more signing so that we can start to work on this, but mainly marketing, sales IT and new projects, these are the areas where you will see changes.

Dhruvesh Sanghvi: And the way you built the new park in 13 months, that's like really amazing, it's very good to hear that. Can we expect something similar in terms of Chennai park because that will be bigger?

Arun K Chittilapilly: Yes, Chennai park is more than twice the size of Bhubaneswar Park. So it's not that easy. Also, the single window clearance, all those things that we have in Odisha is not available there. So things take a little bit more time. Also, the kind of machinery that we are importing, a lot of new machines are coming to Chennai. So those things have lead times and as you know, there is also logistical delays in importing material from Europe and all that. 13-months is impossible for Chennai. But we hope to finish within two years.

Dhruvesh Sanghvi: The query was about let's say if we have 10 lakh people coming in our Bangalore park to materially improve it to let's say 50% growth over 7-8 years, we will have to have capacity increases and we know that we are at an optimal capacity, we have the cash flows. Then why are we not taking the call to probably invest and add the capacities in the same area, if you can probably reanswer the same -?

Arun K Chittilapilly: There are a couple of issues there. One is the park is old. So a lot of investment that we are doing is replacing old machinery. So when we replace old machinery, the capacity does not improve, we are still incurring CAPEX, but the capacity may not change. And also for a meaningful capacity change, actually large areas have to be included into the park. So we don't do it like that. We usually add one or two rides per year and things like that. So over a period of time, yes, you will see like for example, now Bangalore Park is comfortably holding 11 lakh to 12 lakh visitors per year, which was a struggle maybe 3-4-5 years back. Now that is not there. So slowly it will change but it's not going to be a drastic thing because that means we will have to invest heavily and we are not sure whether it makes sense to do that.

Moderator: The next question is from the line of Saurabh Jain from HDFC Life Insurance Company Limited. Please go ahead.

Saurabh Jain: I just had a bookkeeping question. So, in terms of the drivers of growth of revenue, so basically footfalls into ARPU should be our revenue, right, for a particular park?

Arun K Chittilapilly: Yes.

Saurabh Jain: So my question is basically on selective park. So basically Bangalore, slide #7, if we see Q4 your footfall was 10%, ARPU was 14%, but still the revenue decline is 13%. So was there any one-off in the base quarter or why the numbers are not adding up?

Saji K Louiz: Yes, this is mainly because we had certain other income in all the parks where we have reversed some of the transitional credit of service tax, which has been provided in the books in the year of 2017-18 which has got a favorable order from the department and which got reversed in the books of accounts in the current year, which resulted in somewhere close to 9 crores of reversal in the other income in the current quarter as compared to the previous year. That's why the number is not tallying up. Bangalore, if you only see the operational revenue, there is about some three percentage YoY basis growth is available. On an overall basis for the quarter, we have about somewhere close to 1% year-on-year growth is available across all the parks plus resorts.

Moderator: The next question is from the line of Meet Jagani from Jagani Investments. Please go ahead.

Meet Jagani: My first question is just a follow up of the question asked by the previous participant. You said in the existing park we replace some of the old machineries or rides with new one. So what will be the amount of maintenance CAPEX that we would be doing in a particular year, any figure?

Saji K Louiz: We typically spend 10% of our top line from a particular park as we earmark with and keep it for adding new rides to the park.

Meet Jagani: New rides to the existing parks, right?

Saji K Louiz: Yes.

Meet Jagani: And there is a rise in employee expense this quarter. Is it to do with the Bhubaneswar Park?

Saji K Louiz: Bhubaneswar Park is getting capitalized for the time being. So the salary cost increase is mainly due to two reasons. There is actually 16% revision in the salary cost as compared to the previous year, and at the same time we had a headcount increase for this quarter as well as for the year, there was about some 16 number has added to the corporate team in the current year and even to the parks as well and then 38 numbers have been added during the full year. So mostly these are the two drivers which cost us increase in our salary cost. And apart from that from February onwards, we are accounting the ESOP expenses, company has granted ESOP to some of the senior employees, so the ESOP expenses are also getting accounted, started from the current quarter, which is about some Rs.1.3 crores in the current FY.

Moderator: The next question is from the line of Kanika Gupta from SG Investments. Please go ahead.

Kanika Gupta: I have two questions. I can see the dip in the margin of 28% quarter-on-quarter. So I just wanted to ask, is this margin dip is sustainable like till when we are waiting to see this decline in EBITDA margin, what are your view points on that?

Saji K Louiz: Yes, EBITDA margin in the current quarter, the dip is mainly because of two, three reasons. One is the salary change, which I already explained now because of the new addition to the team as well as 16% of provision in the salary rate in the current FY compared to the previous year, which costed us somewhere close to 4.3 crores for the current quarter. And at the same time, the operating expenses in that the overall employees where we have added about some 110 employees for the quarter and then 130 employees for the financial year, and then there is a wage increase of about some 21% for the FY and then rest of the things are related to the revision in the… sorry, 19% and 21% is the total wage increase, out of which 12% is due to the rate revision. These are two reasons. Apart from that, in the previous year, we had about 9 crores of service tax transitional credit reversal in Q4 of last FY and this year that particular reversal is not available, which has resulted in a reduction in our other income of about 9 crores in the current FY. So consolidately these are the two, three reasons which has resulted in EBITDA shrinkage and to add to that then there is a little reduction in the footfall as well.

Kanika Gupta: You said sustainable. Like in for FY'25 can you just provide us this will be there in the coming years as well?

Saji K Louiz: Sorry, I couldn't hear you properly.

Kanika Gupta: I'm saying that the dip which we have seen in this quarter, are we expecting in the future year like in FY'25 as well?

Saji K Louiz: In the next FY, Bhubaneswar Park into our kitty, there could be some little shrinkage in the margin percentage of about some three to four percentage. Apart from that we are not seeing any change in the operational margin levels.

Kanika Gupta: Next question is about the Wonderla Resort. As I could see that there is a decline in the occupancy despite the revenue has been increased and the average room rental has also been increased. So could you please explain or tell us like why the occupancy has been declined in the resort business as well?

Saji K Louiz: So the previous year we had a long stay customers guests were at the resort and then the current year this is mainly because of some of the industrial units next to our park, which is a bit of the industrial area and which was the major source of our resort occupancy. In the current year, there were no major long stays. So that's the reason why the occupancy has reduced to 55% in the current FY.

Moderator: The next question is from the line of Naman Shah from Monarch Networth Capital. Please go ahead.

Naman Shah: I just had one question. I just wanted to understand on the CAPEX spend for the Chennai Park and total amount of CAPEX you are planning to spend?

Saji K Louiz: In Chennai Park, we had a revised budget expense of somewhere close to 515 crores and including the orders what we committed, we have about 194 crores has been committed or paid till 31st of March 2024. And then in Odisha Park, we had a budget of about 189 crores and we are at the last leg of completing it. So probably, we'll be finishing it up for maybe around 190 crores.

Moderator: The next question is from the line of Mukul Jain, an individual investor. Please go ahead.

Mukul Jain: One particular question is on the Odisha Park basically. So since the park is now starting, you would have estimated the amount of expenses which you're going to incur like the employee cost, the lease which you are going to pay and all sorts of that. So can you please give rough figure about that on an annual basis?

Saji K Louiz: Sorry, I couldn't hear you properly.

Mukul Jain: So basically, Odisha Park, you are about to start and you would have projected all the employee cost, the lease outflow which you have to do and the other expenses. So can you guide the internal estimate about your number for this park?

Saji K Louiz: So because it's being a new park, I would not be able to give you a guidance on that. But the lease payments are like a one-time payment, which we already included in our project cost, which was about somewhere close to Rs.6 crores. And then the major drivers is like our salary cost off-roll as well as the on-roll. The on-roll cost, there could be somewhere close to 10% to 12% hike from the present level after once you include Bhubaneswar Park into the kitty. And then for the off-roll, we will be having about some 300-plus employees on a monthly basis and per person the salary could be about 225,000 per month. As the projections and as being a new park, we are expecting almost like a breakeven from the current year of operations, and then maybe a single digit EBITDA in the current FY and maybe from the next year onwards then we would be able to generate enough EBITDA as well as for the PAT levels.

Moderator: The next question is from the line of Angat Katdare from Sameeksha Capital. Please go ahead.

Angat Katdare: I just have a follow up question on the CAPEX. You mentioned the revised CAPEX is 515 crores. If I recall, it was around 350 crores. Can you just provide a breakup of the revised CAPEX and how much of it is spent and does it include the land cost as well?

Saji K Louiz: Yes, it includes the land cost. Initially, we budgeted with a lesser number of rides for the Chennai Park and later on the number of rides has been revised. That's why the cost has increased into Rs.515 crores. So we already spent about some Rs.194 crores so far in the project including orders what we have committed.

Moderator: The next question is from the line of Sunil Shah from SRE PMS. Please go ahead.

Sunil Shah: Just to understand, if I'm looking from next five years, seven years point of view, what really should be done so that our footfalls, which are like about 35 lakhs can go up to say a crore or so? So on one side, we are having mature parks wherein we are talking about low single digit growth. So obviously the growth journey is going to be from new parks, and in the new parks this year we'll be having Bhubaneswar, next year we'll be having Chennai, post which we are planning Gujarat, Punjab, UP, MP, all those kind of things. So what about religious tourism? That has got a great potential. Are we planning anything for that segment, those areas and put up theme parks in that locality, those vicinity where actually the footfalls can be much, much higher. So any thought, any direction, anything on that if you could think or if you could just share something on those lines?

Arun K Chittilapilly: Religious tourism may have high footfall, but I think your ARPU will be very low. So if you look at all the parks which are around religious tourism, I think they also tend to be very, very low, maybe not even triple digits. So that's the only issue. We are in the business of running large format amusement park. So we want to stick to that. We have been invited by various state governments like for example, UP to do something in Ayodhya. We are still waiting for it to be a little more developed and then maybe we can do something there. But other than that we want to focus on metros where we have larger population living and we want to be a regional theme park in that sense, right. So because of that, I think we need a huge catchment population like for example in Bangalore, Kochi, Hyderabad, these are huge catchments, so like even after 20 years, we are still getting footfalls, there is no issue in terms of catchment. So that's the way we are looking at it. And we are currently in only four cities. There is a lot of cities that we want to cover. So that will be the strategy for us that we are going to be taking.

Sunil Shah: So then two points, one is we are looking at rolling out at least one theme park every year from here to for the next four to five years, every 13 months or so?

Arun K Chittilapilly: Roughly one every year or one every year and a half we should be able to start a new park.

Sunil Shah: And sir, this would be all internally funded because when you're doing the Chennai Park, that's a huge fund flow, more than Rs.500 crores. So going forward -

Arun K Chittilapilly: We will be looking at some fundraise. Some amount of debt depending on how many projects we sign in the next year or so, we'll take a call on that. We will be definitely doing some fundraise in the form of either debt or equity or most likely a combination of both.

Sunil Shah: But sir, once Chennai is rolled out, again, then the cash flows from there would help us to again come back to our original level of main net debt free company kind of a thing post the rollout of Chennai?

Arun K Chittilapilly: Yes, yes. I think we will not have too much debt, we don't need because all our assets will be EBITDA positive at any given point. So we will not see a huge cash burn at any point. Only the thing is for new projects, especially large projects, the investment needs to be covered.

Sunil Shah: We have clarity on Bhubaneswar and Chennai. Any indication on the other projects post Chennai rollout?

Arun K Chittilapilly: We will let you know whenever we sign. We are close to doing a few couple of deals, but whenever it's ready, we will let you know.

Moderator: Ladies and gentlemen, this will be the last question for today, which is from the line of Arun Selvan from Independent Advisors Private Limited. Please go ahead.

Arun Selvan: I just had a couple of questions. One was with respect to your useful life assumptions for the Odisha Park. Just want to understand what would be a thought process on it?

Saji K Louiz: For the rides?

Arun Selvan: For the general parks, I mean, how much kind of depreciation, how would you look at?

Saji K Louiz: Asset side for the plant and machinery like these rides and things like that we are depreciating over a period of 10 years.

Arun Selvan: And with respect to your mature parks with respect to Bangalore and Kochi, I'm guessing that most would have been already heavily depreciated, right, there's no change in that?

Saji K Louiz: Yes, these are common policy which we are following from the beginning. So there is no change in that. Across the parks we are using the same thing.

Arun Selvan: Another question I wanted to ask is like this from a qualitative perspective, how different are each of your parks? I mean if someone who goes to, let's say, Kochi or Bangalore, I'm just saying, what would be the variation in their experience if they come to, let's say, a different newer park like Bhubaneswar versus the older parks?

Arun K Chittilapilly: They are all different. They are not the same. They have commonalities in terms of some rides. They have common rides. But the experience is different. They are not the same. They're all different. Especially Bhubaneswar is completely different from everything else we have done. In fact, there are no hardly any common rides with other Parks. Chennai will also be a completely different park. We will not have any too many common rides. Of course, some, like for example, our Iconic Sky Wheel and some Giant Wheel and some water slides, all that will be common but some of the other Hero Rides will be different.

Arun Selvan: So the Chennai Park will also be very different from the other parks as well?

Arun K Chittilapilly: They're all different. Now going forward, all our parks are going to be different.

Arun Selvan: And the last question that I have is actually a kind of a follow up from a previous question. This is with regard to the reinvestment that you would have to be putting in your parks. I think the last thing is that it's 10% of the top line from each park. Am I right?

Arun K Chittilapilly: Yes.

Arun Selvan: Would that be different for let's say the newer parks at Hyderabad and Bhubaneswar versus the more mature one?

Arun K Chittilapilly: Over a period of time they'll all be around the same, not different.

Arun Selvan: But then I mean, I was thinking that with Bhubaneshwar especially now just starting, right, how long would it be before you have to actually start putting up newer rides in Bhubaneswar?

Arun K Chittilapilly: It's hard to say, but we might have to start putting the rides quickly if the crowd is huge. We are already sold out for the opening weekend of Bhubaneswar. So, I think it's going to start strong. So depending on the response we receive, we will have to add quickly or not so quickly, we will have to take a call later.

Arun Selvan: So higher the response, the faster the replacement?

Arun K Chittilapilly: Yes.

Moderator: As that was the last question for today, I would now like to hand the conference over to the management for closing comments. Over to you, sir.

Arun K Chittilapilly: Thank you all for joining Wonderla Holidays Q4 FY'24 Conference Call and we are happy that you've shown commitment to our company and our growth. We expect to deliver better numbers and growth going forward. We are bullish on this segment and we are looking forward to creating new adventure and amusement spaces for our Indian customers. With this, I would like to conclude. Thank you.

Moderator: Thank you, members of the management. Ladies and gentlemen, on behalf of Monarch Networth Capital, that concludes this conference. We thank you for joining us and you may now disconnect your lines.

"Wonderla Holidays Limited

Q3 FY'24 Earnings Conference Call"

February 09, 2024

MANAGEMENT:	**MR. ARUN CHITTILAPPILLY – MANAGING DIRECOTR – WONDERLA HOLIDAYS LIMITED** **MR. SAJI LOUIZ – CHIEF FINANCIAL OFFICER – WONDERLA HOLIDAYS LIMITED** **MR. DHEERAN CHOUDHARY – CHIEF OPERATING OFFICER – WONDERLA HOLIDAYS LIMITED**
MODERATOR:	**MR. RAHUL DANI – MONARCH NETWORTH CAPITAL**

Moderator: Ladies and gentlemen, good day, and welcome to the Wonderla Holidays Q3 FY'24 Earnings Conference Call, hosted by Monarch Networth Capital. As a reminder, all participant lines will be in the listen-only mode. There will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during this conference, please signal the operator by pressing star and zero on your touchtone phone. Please note that this conference is being recorded.

I now hand the conference over to Mr. Rahul Dani from Monarch Networth Capital. Thank you, and over to you, sir.

Rahul Dani: Yes. Thank you, Darwin. Good afternoon. On behalf of Monarch Networth Capital, we are delighted to host the senior management of Wonderla Holidays. And we have with us today Mr. Arun, the Managing Director of the company; Mr. Saji, CFO; and Mr. Dheeran, Chief Operating Officer. We will begin the call with the opening remarks from the management and then move to questions and answers.

Thank you, and over to you, sir.

Arun Chittilappilly: Hi. Good afternoon, everyone. This is Arun, MD of Wonderla Holidays. Thanks to everyone for joining the call. I extend a warm welcome to all of you to discuss the Q3 and 9 Months of FY'24 Results. Along with me is our CFO, Mr. Saji Louiz; and our COO, Mr. Dheeran Choudhary.

We continue to strengthen our management team, and I'm happy to announce that the appointment of Saji Louiz as CFO of Wonderla. Saji is a Chartered Accountant and brings with him a rich experience of over 15 years, spearheading end-to-end finance and account functions, entailing business, partnerships, business control and compliances, etc. On behalf of Wonderla, I extend a warm welcome to him.

We also have Mr. Dheeran Choudhary, our COO, who has joined us since June last year. He has a strong background in operations from companies like Zomato and Red Bull. He's also an INSEAD MBA alumni. Pleased to have these two colleagues with me.

I'm pleased to share the results that we have had in the quarter marked by several key achievements and positive financial results. Our revenue from operations for the quarter stood at INR123.6 crores, representing a 9.2% growth over last year's quarter. We are consistently growing in terms of both volume and value. Our marketing efforts have played a pivotal role in driving awareness and is reflected in footfall in our parks during the quarter.

We have successfully executed different formats of marketing campaigns during festive season for Diwali, Christmas and New Year, along with concerts like Sunburn at Kochi and New Year event at Hyderabad Park, contributing to overall footfall during the quarter. Footfall for the quarter stood at 9.45 lakhs, an increase of 3% Y-o-Y. And for the 9 months FY'24, footfall stood at 25.3 lakhs -- 25.43 lakhs, an increase of 1% Y-o-Y. This reflects the growing popularity of our attraction and effectiveness of our marketing efforts.

ARPU for the quarter stood at INR1,256, an increase of 6% Y-o-Y. And for 9 months FY'24, the ARPU was INR1,452, registering a growth of 15% Y-o-Y. The increase in ARPU is mainly driven by healthy growth in non-ticket revenue along with encouraging response from walk-in, group and all aspects of our customer base. We've seen an approximately 35% contribution of non-ticket revenue for the quarter against 25% in the last year.

In line with our commitment to innovation and growth, we have successfully launched new rides during this quarter in Hyderabad, which has been very well received by visitors. Additionally, our expansion plans remain on track and of opening parks in Orissa and Chennai. We have signed a MoU recently with Gujarat government to establish Wonderla as a tourist destination in Gujarat. This strategic move is aimed at tapping into new markets and further diversifying our revenue stream.

Looking ahead, we remain optimistic about future growth. We believe our continued focus on guest experience, innovation and expansion will drive sustained growth. We appreciate the dedication of our team members, loyalty of our customers and support of our shareholders.

Now I request our CFO, Mr. Saji Louiz, to delve into the financial results of the quarter.

Saji Louiz: Thank you, Arun, for introducing me and giving me an opportunity to be part of Wonderla family, looking forward to build the company's growth journey together. Good afternoon, everyone, and thank you for joining us for Q3 FY'24 earnings call. I will provide a brief overview of the financial performance of the quarter.

On quarterly performance, the revenue, including other income for the quarter, stood at INR129.5 crores as against INR117.7 crores, up by 10% Y-o-Y. EBITDA for the quarter stood at INR60.4 crores as against INR61 crores, marginally degrew by 1% Y-o-Y basis. EBITDA margin stood at 46.7 percentage. Profit after tax for the quarter stood at INR37.3 crores, down by 4%, and PAT margin stood at 28.8 percentage.

Moving to 9 months financial performance. Our revenue, including other income for 9 months FY '24, stood at INR401.1 crores as against INR339.7 crores, an increase of 18% Y-o-Y. EBITDA stood at INR209.5 crores, up by 18% Y-o-Y. Our EBITDA margin stood at 52.2%. Profit after tax for 9 months FY '24 stood at INR135.3 crores versus INR113.8 crores same period last year, up by 19% Y-o-Y. PAT margins for 9 months stood at 33.7 percentage, up by 20 bps Y-o-Y.

I now request the moderator to open the forum for question-and-answer session.

Moderator: Thank you very much. We will now begin the question-and-answer session. The first question is from the line of Angad Katdare from Sameeksha Capital. Please go ahead.

Angad Katdare: My first question is related to your comments on the Bhubaneswar Park. You're guiding it will open in Q1, 3 months earlier. Can you just tell us, will it be in the first half of Q1 or will it be in the second half? Will we utilize the full Q1? That's my first. And the follow-up for that is, can you give us the time line for the Chennai Park as well? How is the progress going on?

Arun Chittilappilly: Thank you for the question. So we are hoping to open Bhubaneswar Park in the latter half of May. So we will definitely not get most of Q1. We expect to get all of June and maybe a little bit of May. Towards the end of May is when we are planning to open it. Earlier, we have planned that we might open only in the third quarter, but we are happy that we are able to open in the first quarter. Now regarding Chennai, we hope to open the park in the third quarter -- second or third quarter of FY '26.

Angad Katdare: Okay. And sir, what is the overall capex that we have spent on the upcoming 2 parks? And how much is still pending?

Arun Chittilappilly: For the Bhubaneswar Park, we are planning to -- our plan is to spend about some INR189 crores. And we have already spent about INR140 crores with respect to the Bhubaneswar Park. Chennai Park, we are starting only the land and other things we already procured. Other than that, other expenses are yet to begin, which was about somewhere close to INR80 crores.

Angad Katdare: Okay. Sir, we are seeing one of our competitors getting aggressive in expanding operations with the recent announcements to expand to Indore and other states, where we are also planning to put up a park in the near future. Any comments on the development of the new park planned in MP?

Arun Chittilappilly: I mean I don't know what is their plan currently, I'm not aware of. I think they have a couple of parks, which they already had. They've integrated into one company, but they are much smaller parks than our, and I don't know whether we'll be directly competing with them. Our offering in Indore will be large format amusement parks, not small parks. So we'll have to wait and see, but we are not really worried about that.

Moderator: Thank you. The next question is from the line of Jaiveer Shekhawat from Ambit Capital. Please go ahead.

Jaiveer Shekhawat: My first question is relating to Odisha Park, given that you're near commissioning, could you talk about your pricing and marketing strategy here?

Arun Chittilappilly: Pricing, roughly, we're looking at an ARPU of roughly INR1,000. And marketing, because it's a new park and so we will be spending a lot on that and we will make sure that it gets the proper reception it deserves. Also, the Government of Odisha has been very -- I mean they've literally campaigned our projects. So I'm expecting a lot of synergies to unlock with Odisha Tourism as well.

We hope to capitalize on a little bit of the summer season, even though we may not be able to get all of it. We will hope to get the last bits of May and then whole of June onwards, I think our park should be open. That's the current plan. We will get -- we will keep you updated as more information becomes available.

Jaiveer Shekhawat: Sure. That helps. Secondly, if I look at performance of footfalls at Kochi and Bangalore, there's a clear divergence. So one, what's driving 10 percentage plus growth in footfalls in Bangalore? And what's the reason behind decline in footfalls at Kochi, if you can explain that?

Arun Chittilappilly: So Bangalore is trending as expected in terms of footfall growth. Cochin, we didn't have good footfall growth in Q3, mainly because towards the end of December, we had a slight COVID scare in Kerala, and I think the public in Kerala react to these kind of adverse news a little more than other 2 markets. So if you look at footfalls in Bangalore and Hyderabad, they've grown, but Kochi has degrown. So mainly, it happened in December. Saji, you can give some more details.

Saji Louiz: Yes. Cochin, there is a slight dip in the footfall for the quarter ended. But if you see the 9 months ended also, there is only slight minus 4 percentage dip in the footfall. This whatever our MD has indicated, this COVID scare and that has actually resulted in dip in the footfall.

Jaiveer Shekhawat: So assuming that it was largely because of, say, one-off events, there were bomb blasts as well plus the COVID scare as well. I mean how do you see the revival of footfalls from next year onwards at Kochi? And then what's your expectation for Bangalore, Hyderabad as well?

Arun Chittilappilly: See, these are all matured parks, so we are not expecting huge growth in footfall, but we should be able to manage 3% to 5% footfall growth if you look at the whole year. Bangalore is outperforming right now and the hope is that we can outperform even in Hyderabad. Hyderabad footfalls are actually lower than compared to Cochin and Bangalore, which we feel is an anomaly. We hope to correct it in the next year.

Jaiveer Shekhawat: Sure. And if I see your ticketing revenue growth and non-ticketing revenue growth, again, there is a good divergence there. So one, what's behind the muted growth in ticketing revenue? And secondly, I mean, what's really driving the mid-teens kind of a growth in your non-ticketing revenue? And what's your outlook here?

Arun Chittilappilly: So if you compare to -- look at ATP growth, we have grown by, I think, 6% in ATP. The reason is this year, I think during Q3, we had a higher contribution of the group as against retail footfall in FY '23. So that's the main reason. The reason for better performance in NTR is because we've been focusing on that. And I think our NTR now comprises almost 35% of our revenue.

If you look at Q3 compared to 25% to 26% in the last corresponding period of last year. So there is a clear 10% improvement in terms of contribution from NTR and this is something that we have been talking about before as well. We hope to continue in this path.

Jaiveer Shekhawat: Sure. And my last question to you, Saji is, can you explain the reason for substantially higher OpEx during this quarter on both Y-o-Y and quarter-on-quarter basis in the other expenses?

Saji Louiz: Yes. This -- the variance in the expenses mainly because of the salary as well as for the whole employees cost. That is about 20% hike in the employee costs with respect to the outsourced employees, where we have about 10 percentage of salary freight hike and then 10 percentage of count hike also happened in the current year.

If you see the total hike, some 36% of my hike is happened in the operational cost, which is mainly because of the reasons whatever I already told. Another one is 20% hike happened with respect to the employee cost. This is mainly we have recruited about a net of 60 people in the company, which has resulted in an increased expenses in the current quarter and even in the 9 months ended period.

Other than that, we have done an additional advertisement and sales promotion activities, especially during the festival season, which has resulted in a little and even we have made some -- we have performed certain events also in the past, which has resulted in certain additional expenses for the marketing activities as well. Other than that, there are no other surprises in the expenses. 9 months also almost similar reason. Other than that, there are no other exceptional reasons for the quarter as well as for the 9 months.

Jaiveer Shekhawat: Sure. Understood. Team, wish you all the best for the Odisha Park.

Arun Chittilappilly: Thank you.

Moderator: Thank you. The next question is from the line of Prakhar Soni from Value Research. Please go ahead.

Prakhar Soni: So my question is related to the events which you said have been organized at the parks. So just to understand, have they contributed to overall profitability or because they have contributed certainly to the expenses, as you said, they have gone high because of the marketing...

Arun Chittilappilly: Yes, this will contribute to footfall for us. You've seen growth in footfalls, right?

Prakhar Soni: Yes. So that is due to the events, what have been organized? Is that...

Arun Chittilappilly: It's actually some total of not just events, it's all the marketing effort that we have done. So there are 2 parts to our marketing costs. One part is all events and all that. And then there is advertisement costs. And then there is also commissions that we pay out to our agents for group footfall, all those things have gone up in line with the footfall. And we had a higher percentage of people coming from group and which has led to a higher payout for commission. So all the things are put together in that cost.

Prakhar Soni: Okay. So going forward, any guidance you can give us on the like margin side? Like are they -- will they continue to stay in this?

Arun Chittilappilly: We are already at peak margin last year. So like it will be slightly lower as we have new parks coming into play, and we'll be adding employees to our costs. So margins like it's come down by 3% or 4% this quarter. That may continue for the next few years because we will be adding further people into the system and also marketing and promotion costs also will be in line. I mean it will only be going up as we have new parks to be launched, etc., But on a steady-state basis, the kind of margins that we are seeing where we hope to maintain our EBITDA north of 50%.

Prakhar Soni: Okay. And just one question related to the Odisha Park. As you said that it will be functional in first quarter, second half of the first quarter. So are we already -- when do we look for the stabilization of the park and good revenue churn from there?

Arun Chittilappilly: The first 6 months of the park will obviously be in the launch phase. After that, we can see stabilization.

Moderator: Thank you. The next question is from the line of Chandresh Malpani from Niveshaay Investment Advisors. Please go ahead.

Chandresh Malpani: Sir, my first question is on our expansion strategy. So like we are expanding into Bhubaneswar and Chennai, but what would be the -- your outlook on this government trust to promote these religious places. So are we looking to expand in those regions as well? And secondly, sir, on the Gujarat, that MOU, which we have signed, where would the park would be set up?

Arun Chittilappilly: We have been approached by UP government to set up parks in the religious centers, which are upcoming like Ayodhya and Varanasi. But we are still considering it not yet decided, because our parks are large format parks, we need to make sure that there is enough catchment for us to make sure that it's worth the investment. The Gujarat investment will come between Ahmedabad and Gandhinagar and close to GIFT City is what we are looking at.

Chandresh Malpani: Okay. And sir, our expansion would be asset-light going forward?

Arun Chittilappilly: It will be a mix of asset-light and asset-heavy, depending on the geography and what kind of land parcels are available. Some state governments are very proactive, and they're giving us land practically free like in Bhubaneswar and Indore, but other places like, for example, NCR, we are looking at this thing for projects as well. There, we will have to invest in land. So it just depends on the geography. I think Tier 1 or Tier 1I cities, it will be hard to find land on lease, but if it's available, then we are also open to doing that.

Chandresh Malpani: Okay. Sir, and lastly, what would be our target footfalls and ARPU for FY '25 considering Bhubaneswar plant coming in early. So any guidance on that park?

Arun Chittilappilly: Yes. For the existing park, you can consider about some 5% of growth we are expecting. And then for the Bhubaneswar park, maybe around 5 to 6 lakhs.

Chandresh Malpani: 5 lakhs to 6 lakhs?

Arun Chittilappilly: Yes, in a year.

Moderator: The next question is from the line of Richa from Equitymaster. Please go ahead.

Richa: I'm actually new to the company, so frankly bear with me. You had in the earlier calls, perhaps mentioned the plan for resort expansion as well in Hyderabad and Bangalore. So I mean, could you just give an update on that?

Arun Chittilappilly: We are in the process of expanding our resort in Bangalore. We're adding 40 rooms to the resort, and we are also adding an adventure park and convention center. This will take about a year to complete. So only in FY '26, we can expect the effects of this. We are going to use the next 1 year for construction.

Total investment, we are looking at between INR70 crores and INR80 crores, all put together. And with this, we'll also have a large convention center in Bangalore, which we don't have currently and also an adventure park, which is new -- it's something new that we are doing. Once these projects are stabilized, then we will look at replicating them in Hyderabad, which is our next candidate to do a resort project, but we will do it only after FY '26.

Richa: Okay. And sir, your Chennai Park is, I think, almost like Bangalore, when it comes to size and rides. So I mean, going by historical experience, once you launch a park, how much time does it take for it to get the kind of footfall that a mature park gets?

Arun Chittilappilly: The total footfall ramp up for a new park will take about 2 to 3 years. But I mean, we are expecting all our projects to be EBITDA positive from year 1 itself, thanks to our very efficient way of constructing and also because we manufacture a lot of the rides and technologies ourselves. It's our own -- we are vertically integrated to an extent where we actually design the park and make rides in-house.

So because of that, I think our capex less -- cost will be much lower than competition, and this is why you are seeing high EBITDA margins in Wonderla. So that will continue, and that will help us reduce any potential losses. And also, the fact that we are using an asset-light model. But in Chennai, we are -- we have actually bought land and we have built it as a greenfield project. But we do expect Chennai to give good Bangalore levels of performance after the ramp-up period. So we should be able to cross 1 million plus footfalls within 3 years or maybe even earlier than that. And also ARPU will be comparable or even slightly higher than Bangalore.

Richa: Okay. Okay. And sir, my last question is, these event-based revenues like Sunburn and all, are they getting captured in your metrics that you share for footfall and ticket? And if yes, where exactly do we get section in those metrics?

Arun Chittilappilly: This will come in non-ticket revenue because ticket revenue, if tickets are being sold, it will be done in -- it will be added as ticket. But otherwise, it mostly come in non-ticket revenue for most of the events.

Richa: And footfall is also capturing these event-based footfalls that are there?

Arun Chittilappilly: Only if it's unique footfall. Sometimes we do get people who buy the tickets and for the park and event together, so we don't duplicate that footfall, it will be shown as unique footfall.

Moderator: The next question is from the line of Angad Katdare from Sameeksha Capital. Please go ahead.

Angad Katdare: Sir, what will be the split of group and walk-ins for the quarter? And also, the ARPU split for this quarter between ticket and non-ticket? That will be helpful, sir.

Arun Chittilappilly: The 66% is the group and then balance is the general in the quarter.

Angad Katdare: For the ARPU, sir, ticket and non-ticket?

Saji Louiz: ARPU is generally INR1,256 for the quarter, which is -- ticket revenue will be somewhere close to INR890, balance INR366 will be the SPH. Non-ticket revenue is INR366.

Moderator: The next question is from the line of Monish Ghodke from HDFC Mutual Fund. Please go ahead.

Monish Ghodke: Sir, whenever we plan a new park, what kind of payback period do we target, payback period and return ratios?

Arun Chittilappilly: See, our payback period is between 7 and 8 years, full payback, and that's the kind of rough estimate. It could vary a little bit depending on how quickly the footfall ramps up in the park.

Saji Louiz: On that light model, we'll have a lesser payback period, which if you are purchasing land and then constructing a park, it will have like, as MD said, some 8 to 9 years it may take. But if it's asset-light model, maybe some 4 years or something like you will be able to break even. And payback will be within 3, 4, maximum of 4 years or something like that.

Monish Ghodke: Okay. And so what would be like replacement of rides, which we have to do? What would be the typical maintenance capex, which we have to do on an annual basis or, let's say, per park, if you can share? I mean, typically, like in a park, there will be an introduction of new -- yes.

Arun Chittilappilly: We will roughly spend about 10% of our top line. But next financial year, it will be slightly higher because I think we're spending about INR30 crores in Bangalore and I think INR15 crores in Kochi, right? So I think about INR45 crores is roughly the -- INR45 crores to INR50 crores we will be spending.

Monish Ghodke: So this will be spent on an annual basis, right, just to maintain the rides or to introduce new rides?

Arun Chittilappilly: All the existing parks will get 10% of capex as to add new rides and repair, maintenance, not repair, but any addition to the park in terms of restaurants or new rides, anything new facilities.

Monish Ghodke: Okay. And sir, what is our medium- to long-term strategies, like we will be like expanding this park? Like what are the plans? Like going and getting into adjacencies like maybe a water park or theme park, so what is your thought process overall, if you can share?

Arun Chittilappilly: We are already doing water parks and resorts and everything. Our immediate goal is to do geographical expansion because right now, we only have 3 parks operational and 2 under construction. We want to be in about 10 cities within -- we should have concrete plans of being in 10 cities by -- within the next few years. And that's the plan.

Of course, then we are also looking at how we can leverage technology. We are investing a lot into that in terms of how to use the data that we collect and how to improve customer experience and revenues for us. So these are the 2 kind of broad strategies from our side.

Monish Ghodke: Okay. And sir, any like -- so I recently started tracking this. So I'm not very much knowledgeable on this industry. But like if you see, let's say, a tie-up with some foreign company, let's say, Disney or something just to have those technology of rides and all, have you explored it?

Arun Chittilappilly: We are not looking -- see, Disney usually doesn't tie up with any other company. They will do their own parks, and those are very, very expensive, not workable for a country like India. So I mean, if there are other IPs in terms of technology we feel there is a need that we can leverage on it, we'll definitely be open to it.

Moderator: The next question is from the line of Ranodeep S from MAS Capital. Please go ahead.

Ranodeep S: So Arun, wanted to understand, you mentioned the near-term aspiration is to be in 10 cities. So I wanted to understand, do we have some thought around how many will be Tier 1 and how many will be Tier 2? I understand Tier 1, you look at INR400 crores to INR500 crores capex, and Tier 2 you look at around INR150 crores to INR200 crores capex. So any split of the 10 cities that you're looking at?

Arun Chittilappilly: We would like to do more Tier 1 cities, wherever possible. So for example, we are looking at NCR. We would like to do something in Bombay -- between Bombay and Pune also, in Maharashtra. And we are looking at other big cities, maybe like Kolkata. So -- but we have not really finalized places yet. It depends on what we find in terms of land acquisition and government support.

But we also want to go to Tier 2 cities because for us, it's a very easy entry into some of these geographies, and we find that we can dominate the market very easily. So it will be a mix of both. I can't give you the exact numbers, but I would say we will still focus on Tier 1, but we will also be open to Tier 2.

Ranodeep S: Sure, sure. And just an add-on question to that, there's been an immense focus towards Ayodhya. And UP government has already mentioned about something like Rama Land, right, which is like a theme park. So any thoughts around that? Will we be pitching for that?

Arun Chittilappilly: Yes. We've been approached by the UP government to do something like this. We are evaluating it. We have not yet frozen on anything because we already close to doing something in the NCR region in Noida through the UP government itself. So we don't want to do multiple projects in 1 state currently.

Our philosophy is we want to be in 1 large city in 1 state, preferably the largest. So for us, NCR makes the most sense. But we are open to evaluating proposals from the UP government. But I think it's still early days, but eventually, yes, we are open to it.

Ranodeep S: Sure. One last question. 1.4 billion nation FY '23, we saw 33 lakh footfall, right? What are your projections from, let's say, 2, 3 years down the line? Where do you see this number heading? Do we see a doubler in the next 3 years?

Arun Chittilappilly: Yes. I think once we have Chennai and Bhubaneswar stable, we will add 1.5 -- another 1.5 million to it, but this would take about 3, 4 years. By that time, of course, we will have other projects also in the pipeline. But again, it depends on how quickly we are able to ramp up footfalls in the new projects. But we are hoping that we should be able to do it in 2 to 3 years.

Moderator: The next question is from the line of Madhur Rathi from Counter Cyclical Investments. Please go ahead.

Madhur Rathi: Thank you for the opportunity.

Moderator: Sorry to interrupt. You are not clear. I can't hear you.

Madhur Rathi: Am I audible right now?

Moderator: Not really, sir. This is not clear.

Madhur Rathi: Is it better?

Moderator: Sir, we request you to please use the handset mode.

Madhur Rathi: I'll just join back in the queue.

Moderator: The next question is from the line of Prakhar Soni from Value Research. Please go ahead.

Prakhar Soni: Just one follow-up question on the expansion plans. Are we looking -- how are we looking to fund this? Like any plan for debt and equity, what exactly are we looking forward to?

Saji Louiz: Yes, it's a little too early to take a call on this. So we will be evaluating the -- both the plans, maybe a mix of it or something like that, maybe after the next year, not immediately.

Arun Chittilappilly: Currently, our cash flows will be able to -- we should be able to manage the current 2 projects with existing cash flows and cash accruals. But as and when we look at new projects and we sign on any new projects, at that point, we will be looking at some debt because we are currently debt-free.

We have no debt on the books. So we are open to taking some debt on. And then if the projects get -- if we are able to handle more execution simultaneously, at that point, we might even look at fully dilution, but like Saji said, we don't see that happening for at least the next 1 year.

Moderator: The next question is from the line of Vinay Nadkarni from Hathway Investments. Please go ahead.

Vinay Nadkarni: Yes. Just wanted to check out all the Wonderla products are exactly the same? Or do you change based on the customer profile in each location?

Arun Chittilappilly: Yes. All our parks are different. They are usually tailored to the -- our current -- I mean, our host city. For example, in Bangalore, we have heated pools, whereas in Kochi, where there is much warmer, there's no need for heated pools. So accordingly, we'll change depending on the weather patterns and the climate and the local taste, we will change our parks.

And we try not to -- I mean, our current three parks are -- there are commonalities between rides and experiences. But for example, in Chennai and Bhubaneswar, the rides and experience are going to be different.

Vinay Nadkarni: Okay. And that would impact the ARPUs also?

Arun Chittilappilly: Not really. ARPUs will be -- I think it's just a mix of rides that we are going to do will be different.

Vinay Nadkarni: And how do you then increase your ARPUs going forward?

Arun Chittilappilly: In fact, it should help us improve ARPU because we feel that we want to create more differentiation between our projects, so that if somebody has visited already a park in Cochin, he should still feel like going to our park in Chennai only because the experiences are going to be different. So that is what we're looking at.

Vinay Nadkarni: Yes, precisely my question. What I wanted to check was, what are the things that you people are looking for, how do you improve your ARPU going forward? Because that is -- footfalls are, of course, your marketing will drive. But for ARPUs, what is it that effort you're putting in?

Arun Chittilappilly: ARPU, like I said, new attractions, one. New F&B and non-ticket revenue options, new retail, addition of adventure park and nice facilities, resort, these are all for us ARPU enhancing. And non-ticket revenue for us has always been a focus, especially post COVID. So these are all methods to improve ARPU.

Vinay Nadkarni: Okay. Last question, is there any resistance -- upper resistance on ticket prices?

Arun Chittilappilly: So far, no. In fact, we've taken almost 30% improvement in our ARPU. If you look at FY '21 and FY '23 or FY '20 and FY '24 right now, there will be almost a 35% difference in our ARPU. So we've not seen a huge -- actually, we have not seen any impact of ticket prices, but it's also because I think people's preferences for nearby entertainment have changed, post COVID. I think there is a more focus on frequent but less expensive vacations for Indians. I think that is helping us as well.

Moderator: The next question is from the line of Mythili Balakrishnan from Alchemy Capital Management. Please go ahead.

Mythili Balakrishnan: A couple of questions. Just wanted to get a sense from you on -- you had mentioned the capacity utilization is sort of high in some of the places, such as Bangalore...

Moderator: Sorry, ladies and gentlemen, the line for the current participant seems to have dropped. We will proceed to the next question, which will be from the line of Madhur Rathi from Counter Cyclical Investments. Madhur Rathi, you may proceed with your question.

Madhur Rathi: Yes. I hope I'm audible right now?

Moderator: It's slightly better, sir. Please go ahead.

Madhur Rathi: Yes. Sir, I just wanted to clarify, you said 5% footfall growth in our existing park and 5% from Kochi for the FY'25? And what will be the margin growth for FY'25?

Saji Louiz: Not clear. Could you please repeat?

Madhur Rathi: Sir, we guided 5% footfall growth in our existing park, some 5% exposure from the Bhubaneswar Park. So what will be the value growth in FY'25?

Saji Louiz: So if you could see our ARPU rate is about INR1,256 for the quarter. And if you see for the 9 months, somewhere close to INR1,400. So existing park, maybe within that, you can just do calculation. And for the Bhubaneswar Park, we will be looking at about an ARPU of somewhere about INR1,000 or something like that.

Madhur Rathi: Okay. And sir, what is the average ARPU increase that we see in every year...?

Saji Louiz: ARPU increase will be roughly -- this time, it is about some 15 percentage for the 9 months ended. So when you do the lot of mix in our non-ticket revenue, the introduction of new products in our F&B as well as in the retail segment, this can improve a lot.

And then we are trying to improve the non-ticket revenue almost maybe up to 40 percentage of my total ARPU level. Presently, it is about some 25% to 30%, which eventually will improve my total ARPU -- enough for the time being.

Madhur Rathi: Okay. And sir, just one last question. So what will be the ticket price increase, every year?

Saji Louiz: Ticket price will be some 10% to 15% may increase on a year-to-year basis, it depends on the -- our final decision on the cost of inflation and other things.

Saji Louiz: Yes, between 5% and 10% every year ARPU improvement, you can expect.

Moderator: The next question is from the line of Vinay Nadkarni from Hathway Investments. Please go ahead.

Vinay Nadkarni: Yes. Upon getting the resort in your Bangalore plot, what is the kind of revenue growth you can anticipate in Bangalore? And would that also get captured in the ARPU? Or will it be captured separately?

Arun Chittilappilly: Yes. So the resorts will come as other end -- I mean some of it will come as -- it will be captured separately. We hope to double our revenues from our resort once -- when you -- at least double or even more than that. I will give you more details as the investment is -- right now, the investment is only being planned. It's not yet completed. The projection for revenue will be given once the investment, the plan is complete.

Vinay Nadkarni: Yes. But that would separate from...

Arun Chittilappilly: Even more than that.

Vinay Nadkarni: Yes. That metric should be different, right? If footfall, ARPU will not apply there, there would be something else that could apply, maybe the...

Arun Chittilappilly: I mean average room rental which will have an impact.

Moderator: Ladies and gentlemen, we have no further questions. I would now like to hand the conference over to the management for closing comments. Over to you, sir.

Arun Chittilappilly: Thank you, everyone, for joining this con-call for discussing the Q3 FY'24 earnings. We hope to continue on this momentum that we have created in the last two years. And we are excited to showcase our expansion plan and revenue potential of this sector. We remain confident and bullish of investing further into this segment. And hope to see you at our next call soon. Thank you.

Saji Louiz: Thank you.

Moderator: Thank you. On behalf of Monarch Networth Capital, that concludes this conference. Thank you all for joining us. You may now disconnect your lines.

"Wonderla Holidays Limited
Q2 FY '24 Earnings Conference Call"
November 10, 2023

MANAGEMENT: **MR. ARUN CHITTILAPPILLY – MANAGING DIRECOTR – WONDERLA HOLIDAYS LIMITED**
MR. ARUN SREENIVASAN – DEPUTY GENERAL MANAGER, FINANCE AND ACCOUNTS – WONDERLA HOLIDAYS LIMITED

MODERATOR: **MR. ADHIDEV CHATTOPADHYAY – ICICI SECURITIES**

Moderator: Ladies and gentlemen, good day, and welcome to Wonderla Holidays Limited Q2 FY '24 Earnings Conference Call hosted by ICICI Securities. Please note that the duration of this call will be 30 minutes only. As a reminder, all participant lines will be in the listen-only mode, and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing star then zero on your touchtone phone. Please note that this conference is being recorded.

I now hand the conference over to Mr. Adhidev Chattopadhyay from ICICI Securities. Thank you, and over to you, sir.

Adhidev Chattopadhyay: Good morning, everyone. On behalf of ICICI Securities, I'd like to welcome everyone to the Q2 FY '24 Results Call of Wonderla Holidays Limited. Today, from the management, we have with us, as always, Mr. Arun Chittilappilly, the Managing Director; and Mr. Arun Sreenivasan, the DGM, Finance and Accounts.

I now like to hand over the call to the management for their opening remarks. Over to you, sir. Thank you.

Arun Chittilappilly: Hi. Good morning, everyone. Thank you, Adhidev. Good morning, everyone, and thank you for joining the call today on the joyous occasion of Dhanteras. On behalf of Wonderla Holidays, I would like to wish all of you happy Diwali and extend a warm welcome to all of you to discuss the Q2 and H1 FY '24 results.

We started FY '24 on a strong note with great performance and scaling new heights in Q1. Our EBITDA, PAT was the highest since inception. I'm pleased to inform you that the growth trajectory continues for us. In Q2, we witnessed a remarkable 17% growth in our revenues, which stood at INR 81 crores. This is a good achievement for us typically in Q2 because of the lower seasonality at this point. This shows the faith and enthusiasm of our visitors choosing Wonderla as the first-choice destination for thrill and adventures.

Our strategies in digital marketing have been giving us remarkable results, enabling us to reach higher paying customers and with the relevant promotions and effective campaign. During the quarter, we undertook different marketing campaigns to highlight festivities and events….

Moderator: It seems that we have lost the connection for Mr. Arun. Please stay connected while we reconnect him. Thank you. Ladies and gentlemen, thank you for patiently holding. We have the line for the management reconnected.

Arun Chittilappilly: Sorry about that. So, as I was saying, I think we did a lot of digital marketing initiatives to enable us to reach our audience, and we did a lot of festivals and events like Independence Day, Chaturthi -- Ganesh Chaturthi, Onam, etc. So, we had pretty good numbers during the quarter, especially during the festive season.

The total footfall in our parks stood at 4.96 lakhs, 6% growth Y-o-Y. Bangalore park's footfall of 2.07 lakh visitors; Kochi Park registered a footfall of 1.8 lakhs; and Hyderabad got a footfall of 1.05 lakhs. Hyderabad is the only park which has shown a slight degrowth. But footfall for H1 stood at 15.9 lakhs versus 15.8 lakhs in H1 FY '23, registering footfall growth of only 1%.

Park-wise footfall in the first half, Bangalore recorded a footfall of 6.7 lakh visitors, Kochi had about 5.03 lakh visitors and Hyderabad witnessed about 4.2 lakh visitors. With the improving weather and the festive season in Q3, we anticipate better footfalls in the coming quarter. We have implemented multiple strategies to spur growth in non-ticket revenues.

Consequently, our ARPU for Q2 FY'24 increased by 9% and stood at about INR1,440. ARPU for H1 FY'24 is at INR1,568 registered a healthy 20% growth Y-o-Y. We endeavour to provide thrilling experiences to our visitors and are always looking at the innovative ways to ramp up mojo. So, during the quarter, we launched 2 new attractions at Hyderabad Park, Drop Loop and Rainbow Loops. These are slides imported from a very prestigious manufacturer in Turkey.

Our Hyderabad Park also won the Best Innovation Award for Mission Interstellar ride from Department of Tourism of Telangana government. The construction of our Odisha Park is progressing at a good pace. I'm happy to announce that after receiving all the necessary approvals from Tamil Nadu government, we have commenced the construction of our park in Chennai.

So, we just started doing preliminary work like -- construction of our workshops, etc. We are also exploring opportunities to establish amusement parks in different parts…

Moderator: Mr. Arun your line is not audible. Ladies and gentlemen, we have again lost connection from Mr. Arun. Please stay connected while we reconnect him to the conference. Ladies and gentlemen, thank you for patiently holding. We have line for Mr. Arun reconnected on call.

Arun Chittilappilly: Yeah. We've done an EBITDA of about INR 26.6 crores against INR 23 crores, 15% growth. Then about INR 13 crores of PAT, which is a growth of about 28%. Now moving to half yearly. Our revenue for first half is about INR 271 crores versus INR 222 crores in the first half of FY '23, clocking a 22% growth. EBITDA is INR 149 crores and grown by 27% Y-o-Y and EBITDA margin stood at 55% and increased 200 basis points Y-o-Y. We have delivered a robust growth in profit after tax for H1 registering INR 98 crores versus INR 74.9 crores. The PAT margin is 36%, -- 200 bps growth.

As we continue to be debt free, we can ensure the ability to make strategic investments and maintain high profitability. We thank you for your unwavering support and hope to deliver value to you in long term.

With this, I conclude my speech and wishing all of you happy and prosperous Diwali once again. Now we can open for Q&A, please.

Moderator: First question is from the line of Jaiveer Shekhawat from AMBIT Capital.

Jaiveer Shekhawat: So, Arun, my question is in relation to the kind of expectation you have for footfall growth next year given that next year there won't be a high base. And any plans of expanding or adding more attraction at your existing parks to drive that footfall growth in FY '25?

Arun Chittilappilly: Yes. So, we should -- see this year, we are kind of coming back to kind of a normalcy kind of year for us. So that's why we didn't expect any footfall growth. So next year onwards, we are expecting footfall growth because we are introducing more attractions, like I already said, we opened a couple of attractions in Hyderabad. We are adding 1 more attraction in Hyderabad before the end of this year.

Bangalore is getting a very big attraction with about an INR 30 crores investment, which is like our virtual reality show, Mission Interstellar, which we already have in Hyderabad, we don't have it in our biggest park. So -- we are doing some of these investments, so you'll see the capacity of the park, especially Bangalore also will go up a little bit.

One of the issues we have in Bangalore is capacity, especially during peak months. So, we need a big new ride to kind of soak in more people. So that's why we are doing this. So yes, so like that, we are -- all 3 parks will see good investment for the next 1, 1.5 years to kind of grow ourselves a little bit and be able to accommodate more people. So that's going to happen here.

We'll be able to do -- we are expecting to get back to like a 5% to 6% growth in footfall per year kind of a thing, which is what we are looking for. It's unrealistic to expect more than that because -- sorry?

Jaiveer Shekhawat: That's excluding Chennai and Odisha Park...

Arun Chittilappilly: Yes, yes. And yes, yes, it is excluding Chennai and Odisha. So, it's unrealistic to expect more growth in Bangalore and what do you call it, Cochin, but we are kind of not happy with the performance of Hyderabad. We do feel there is more that we can unlock. Therefore, we are looking to see whether we can get a higher growth of footfall in Hyderabad. So that's something we're working on.

Jaiveer Shekhawat: Sure. That's very helpful. And secondly, we heard about the bomb blast at the convention centre in Kalamassery, Kochi. So, was there any impact on footfalls in Kochi during the third quarter because of that?

Arun Chittilappilly: We had an impact for about a week. I think a lot of groups, especially schools and colleges and all they were, I think, cancelled for about a week, but they have come back since then. I think that has kind of -- that died very quickly. So not a long-term impact.

Jaiveer Shekhawat: Sure. And also in your recent interview, you have mentioned about opening your Odisha Park by June of '24. So, could you talk about your pricing strategy there and your expectation of footfalls during FY '25 from the Odisha Park?

Arun Chittilappilly: See, our pricing strategy in Odisha still being evolved, but I think we should be able to price it about 30% lower -- 30% to 40% lower than our full parks, full-size park. So, because of that, I think we should be able to get the decent footfall. Arun will be able to give you some -- what modelling we have done in terms of footfall for the first year? I'm not sure what the exact numbers. Arun?

Arun Sreenivasan: Yes. Sir, about 6 lakhs footfall is what we have tried to project...

Arun Chittilappilly: 6 lakhs, that's what I also thought.

Arun Sreenivasan: In the first year, and as you said, 30% lower, i.e., 70% of Bangalore will be the pricing that we have planned. So, we are expecting that to work out.

Jaiveer Shekhawat: Sure. And could you just...

Arun Chittilappilly: So maybe we will -- to start off, we will be aggressive with pricing. So that depends on the marketing strategy that we take that, still not decided how we will do it. So, it could fluctuate a little bit. Our pricing might be a little more aggressive in the beginning, like an opening period and things like that. Yes.

Jaiveer Shekhawat: Sure. Sure. That's helpful. And could you just detail how much of Capex on the Chennai and Odisha Park has already been incurred until date?

Arun Chittilappilly: Arun, you can just give an update.

Arun Sreenivasan: Yes. So, until date it is INR 48 crores for Odisha and INR 113 crores for Chennai. That's what we have incurred till date.

Jaiveer Shekhawat: And lastly, in terms of your discussion with various state governments....

Moderator: Sorry to interrupt, Mr. Jaiveer, may we please request you to rejoin the queue as there are several participants waiting for their turn.

Jaiveer Shekhawat: Sure, no worries.

Arun Chittilappilly: Yes. Two questions, maximum please per participant.

Moderator: Ladies and gentlemen, due to lack of time, we request the participants to restrict your questions to 1 per participant. Next question is from the line of Angad Katdare from Monarch Networth Capital.

Angad Katdare: Happy Diwali and congratulations on a good set of numbers. I have a small question. Just a follow-up on the previous participant. Regarding the Hyderabad footfall, can you just mention the reasons why we saw a slight degrowth of flat numbers compared to the other 2 parks?

Arun Chittilappilly: Yes. So, for us, Hyderabad is still evolving market, where our strategy needs to be a little more aggressive there. Whereas in Cochin and Bangalore, we are very well established already. Like we've been there for more than 15 years kind of thing, right? So, I feel like our strategy needs to be a little different because we still feel our footfall -- like our retail footfall is not as high as it's in the other 2 parks. So, we need to work a little bit more. So that's why I said that I'm hopeful that by next year, we should be able to change that trend.

Angad Katdare: Okay. And just 1 small question. Can you just provide the breakup of ticket and non-ticket ARPU and for footfall walk-in and group ratio for Q2?

Arun Sreenivasan:: Yes. So, for Q2, the group versus walk-in ratio is 31:69 versus 24:76 in the last quarter of FY '23. So, there is more contribution from the group. So, there is a 37% increase in the group contribution in Q2. And walk-in share has seen a degrowth of about 4%. In terms of breakup of

ARPU, INR 1,048 is the ATP and INR 392 is SPH, put together is INR 1,440. So, SPH has seen a tremendous growth of 15%, and ATP has seen a growth of 7%, put together is 9% growth over the last year.

Moderator: Next question is from the line of Kaustubh Pawaskar from Sharekhan.

Kaustubh Pawaskar: Sir, just a couple of questions. One, on the employee cost. This quarter the employee cost was higher. So, any particular reason for it or...

Arun Sreenivasan: Employee cost compared to June or is it compared to the last year?

Kaustubh Pawaskar: Compared to last year.

Arun Sreenivasan: The employee cost has gone up because of several reasons because we have given increments. There are new roles added, new positions have been added in the current year. The managerial remuneration has increased. So that's why you are seeing a kind of increase there. Compared to Q1, we are down in fact. That is basically due to the commissions and profitability.

Kaustubh Pawaskar: And one last one on the second half -- for the last year, we have seen a substantial increase in the footfall. So, considering that this year -- considering the high base, should we assume flattish kind of footfalls or still you expect that there will be a low to mid-single-digit kind of a footfall growth?

Arun Chittilappilly: See, this year we are not expecting growth in footfall to be very honest. We expect some minor growth here and there and some seasons and all that because last year, the base is so high, right? So -- and this year, things are mostly more everything has gone back to normal. So that effect will be there. But at the same time, it's not as bad as -- at some point, we thought we were not sure it will be -- it's not as bad, so it's pretty good. We're able to improve -- at least keep it in a steady state.

This quarter, we should be able to grow a little bit more, I think, better because we are -- groups are also coming back this year in a much bigger way. But can't predict for the remainder of the year. And I feel next year onwards, we should be able to show some growth because, again, we are adding new rides. There'll be slightly more aggressive marketing, especially around launch of new rides and all that. So, all that will create more buzz and we should be able to grow a little bit next year…

Kaustubh Pawaskar: And any finalization of talks with any of the states where you expect to open a new park?

Arun Chittilappilly: We'll keep -- we are talking to various state governments. I think we will be announcing something soon. Right now, nothing because in a lot of states are going into election and all that. So, there's no update as such, but we will definitely -- I mean, we are meeting -- we have actually been talking to many state governments. So actively, we are talking to Madhya Pradesh. We are talking to Punjab. We're talking to Uttar Pradesh. We're talking to Gujarat. So, these are the governments that we are talking to. As and when there is any update, we'll definitely keep you posted.

Moderator: Next question is from the line of Devang Patel from Sameeksha Capital.

Devang Patel: Sir, the ARPU growth Y-o-Y in Q1 was much stronger at 25%. In Q2, it is at 9%. So what is the outlook for ARPU growth this year? And on a related note, there is an ATP decline in all 3 parks sequentially. Is this part of seasonality and the mix change? Or you'd say you had to take a higher ticket price cut, then you were expecting to encourage footfalls?

Arun Chittilappilly: No, no. So, this is in line with how pace because Q2, for us, I said like Arun has already told you, we had a higher growth in groups and that's a seasonally weaker quarter for us. So sequentially, ARPU will decline because Q1 has high prices and Q2 lower prices and the growth of group footfall. So that's completely normal. So, for us to get a 9%, 10% growth in our Q2 is actually pretty good ATP growth. So, I think it's okay. Yes.

Devang Patel: And for the rest of -- in the second half, roughly, this kind of growth in footfalls and ARPU one can expect to continue?

Arun Chittilappilly: We should be able to start growing a little bit more during the next seasons and all. I think we'll see, I mean, hard to predict. But I think we should continue along this kind of a path, maybe flattish growth or slightly some -- you might see some bumps in footfalls here and there during -- but it is hard to predict because -- it's too early to say how the quarter will -- or the rest of the year will -- so yes, it's hard for us to give a number on it or anything, but we should do this way or slightly better than what we are doing so far.

Devang Patel: Okay. Sir, and very quickly, the reason why the Bangalore Resort revenue and occupancy is down Y-o-Y?

Arun Chittilappilly: So last year, this time, we had a lot of long-staying guests from large companies who are doing projects around expanding the like, for example, Toyota has taken a lot of rooms from us for months together. So that didn't happen this year because those kinds of clients are not there. That's why you're seeing that drop. But our retail business has actually grown. So, it's not bad. And the revenues, I think we have roughly about 10% less, Arun, compared to last year?

Arun Sreenivasan: For the quarter, we are about 15% to 16% down. But as we said, the long stays have only impacted. Last year, we sold about 1,438 rooms for long stay. This year, we have only 270 numbers. So long stays have impacted the occupancy as well as the revenues.

Arun Chittilappilly: But the rest of it is -- we're okay with...

Arun Sreenivasan: We have seen a double-digit growth in the ARR, 21% growth in ARR.

Arun Chittilappilly: Yes, yes.

Moderator: Next question is from the line of Aditya Rathi from Aequitas Investments.

Aditya Rathi: My first question is regarding the timeline of both the parks that are coming up, Odisha and Chennai?

Arun Chittilappilly: Yes.

Aditya Rathi: Sir, timeline regarding that? When do we think that it will be functional?

Arun Chittilappilly: So, I think next year, the next financial year, we will open Odisha. And the year after that, we'll open Chennai. So maybe June, July of '24 and same July, August of '25.

Aditya Rathi: Okay. And sir, my last question is regarding the Capex that we have already incurred on it. And Capex that we'll incur on it.

Arun Chittilappilly: Arun, can you give an update on that?

Arun Sreenivasan: Yes. So, as I updated earlier, we spent about INR 48 crores out of INR 146 crores, which is allocated for Odisha. And for Chennai, the budget is INR 330 crores, out of which, we have spent INR 113 crores.

Aditya Rathi: INR 130 crores?

Arun Sreenivasan: INR 113 crores, -- 1-1-3.

Aditya Rathi: Okay, 1-1-3. And Chennai, we have incurred INR48 crores out of what is the total plan?

Arun Sreenivasan: Not Chennai. Odisha is INR 48 crores; Chennai is INR 113 crores.

Arun Chittilappilly: There will be some revision in our cost, though.

Arun Sreenivasan: There will be a revision in the cost also going forward. So, these are the numbers as of now, yes – INR 48 crores and INR 113 crores.

Moderator: Mr. Aditya, does that answer your question?

Aditya Rathi: Yes, yes.

Moderator: Next question is from the line of Ankit Kanodia from Investore.

Ankit Kanodia: Congratulations on a good set of numbers. Sir, my question is slightly long-term oriented as to -- how do we see this footfall going up, say, about 5 to 7 years down the line? I know it is hard to put a number, but when we look at the examples in the U.S. where we have so many parks like this and the kind of runway we see in the Indian economy where the consumption and the retail demand for having these kinds of experiences. Is it okay to assume somewhere around, say, assuming that we have the capacity in our park, we can reach somewhere around any big number or any number you would like to share, say, 7, 8 years down -- 10 years down the line, footfalls?

Arun Chittilappilly: See, right now, we're at 1, 1.2 million. By 7, 8 years, we should get closer to 2 million visitors. That's the goal. So, it should grow, the footfall should grow in each park. But when you grow footfalls like that, the park also must get bigger. So that is -- it's a chicken and egg, you must do both. So that's why we are kind of embarking on a -- like expansion on our parks because that's what also drives more footfalls in the way because people need to have the right experience, right? And we should be able to accommodate more people.

Ankit Kanodia: Right, right, right. My second and the last question would be related to ARPU. So again, from a longer-term perspective, where do we see ARPU from there as more and more parks becomes operational.

Arun Chittilappilly: ARPU, we should grow. I mean, I think it should grow inflation plus another 5% -- 5%, 6% on top of that also. So, I think -- I mean, ARPU should grow because I think we have a multipronged approach to improve ARPU: one is to increase ticket prices; one is to improve non-ticket revenue, which is also actually going to be a bigger and bigger contributor of ARPU going forward. So, I think that also should grow in double digits.

Moderator: Ladies and gentlemen, we will take this as a last question for today. I now hand the conference over to the management for the closing comments.

Arun Chittilappilly: Thank you, everyone, for joining our Q2 conference call. Wishing all of you a very happy Diwali once again. And we hope to see you guys soon. Yes. Thank you so much.

Moderator: Thank you. On behalf of ICICI Securities, that concludes this conference. Thank you all for joining us, and you may now disconnect your lines.

"Wonderla Holidays Limited Q1 FY2024 Earnings Conference Call"

August 14, 2023

ANALYST: **MR. ADHIDEV CHATTOPADHYAY - ICICI SECURITIES LIMITED**

MANAGEMENT: **MR. ARUN K. CHITTILAPPILLY – MANAGING DIRECTOR – WONDERLA HOLIDAYS LIMITED**
MR. ARUN SREENIVASAN– DGM FINANCE AND ACCOUNTS - WONDERLA HOLIDAYS LIMITED

Moderator: Ladies and gentlemen, good day and welcome to Wonderla Holidays Limited Q1 FY2024 Results Conference Call hosted by ICICI Securities Limited. As a reminder, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during this conference call, please signal an operator by pressing "*" then "0" on your touchtone phone. Please note that this conference is being recorded. I now hand the conference over to Mr. Adhidev Chattopadhyay from ICICI Securities. Thank you and over to you Sir!

Adhidev C: Good morning everyone. On behalf of ICICI Securities I would like to welcome everyone to Wonderla Holidays Q1 FY2024 results call. From the management we have with us today Mr. Arun Chittilappilly, the Managing Director and Mr. Arun Sreenivasan – DGM Finance and Accounts. I would like to congratulate the company for posting yet another strong quarter. I would like to hand over to the management for their opening remarks. Thank you and over to you.

Arun Chittilappilly: Thank you so much for the introduction. Good morning everyone. Thank you for joining this concall today. I extend a warm welcome to all of you to discuss our Q1 earnings. FY2023 was a spectacular year for us after enduring two challenging years. We have been able to achieve extraordinary results in the last year. Our footfall, revenue, PAT, EBITDA all have reached all time high in the last financial year itself and we were hoping that the growth momentum would be continued and we also have a lot of innovative rides, shows, and were able to revolutionize the concept of entertainment that captured millions of visitors who came drawing to our park. All this dedication and strategic approach has established us as one of the largest amusement park in the country. Our strategy in digital marketing has been remarkable and enabling us to reach our audience with relevant promotions and effective campaign. We have done a lot of musical events, festivities, and occasions to visit and our endeavor is to create more occasions to visit Wonderla. During the quarter we witnessed a footfall of 11.02 lakh. We are now comparing post COVID numbers, keeping base year as FY2023. Bangalore Park saw a footfall of 4.69 lakh visitors, Kochi Park registered 3.19 and Hyderabad did 3.14. The ARPU for the quarter was Rs.1626 an increase of about 25% Y-O-Y. The increase in ARPU was driven by healthy growth in non ticket revenue along with encouraging response from walk in groups and all aspects of our customer base. The construction of our fourth park in Odisha is in full swing and we are working hard to finish it on time. We will also be starting work on construction of our fifth park in Chennai after receiving necessary approvals to start construction. We have also made some significant changes in our senior management and we are happy to announce the appointment of Dheeran Singh Choudhary as Chief Operating Officer for the company. Dheeran brings with him 15 years of experience working in marketing and he was associated with companies like Zomato, Red Bull, etc. His experience, expertise and insight in leadership will be instrumental in achieving our goals going forward. On behalf of Wonderla I would like to extend a warm welcome to him.

Now moving on to the financial performance for the quarter our revenue for the quarter stood at 185 Crores up by about 24% compared to last year. EBITDA for the quarter stood at 123 Crores up by 30% Y-O-Y. Our EBITDA margin stood at 64% having improved by 260 basis point. PAT for the quarter was at 84.5 Crores, a huge 31.2% growth and the PAT margin is at 44% the highest it has ever been. As we continue to be debt free and cash rich we ensure that our ability to make strategic investments and maintain high profitability. Looking at the future we are excited about all the opportunities that are coming our way to set up new parks and to collaborate with other business offers to set up park. I think it is going to be a very rewarding journey with us. With this I conclude my speech and I will now open the forum for questions.

Moderator: Thank you very much. We will now begin the question and answer session. The first question is from the line of Karan Khanna Ambit Capital. Please go ahead.

Karan Khanna: Thanks for the opportunity and congratulations on great quarter Mr. Arun Chittilappilly. My first question is on your thought process behind ARPU versus if I look at the footfall growth because in Bangalore you have seen 11% footfall growth despite a 21% growth in your ARPU while in Kochi and Hyderabad the ARPU growth has impacted your footfall significantly so do you believe that Bangalore as maximum market is more resilient to price hike and you could take possibly another 20% price hike without impacting the footfall much and when you talk about Kochi and Hyderabad, what is your strategy going to be here in terms of increasing your ARPU or will the focus be on footfall.

Arun Chittilappilly: See I think one of things that you all should remember is that we were already running full, if you remember my con call for Q1 FY2023 our parks are already running pretty much full. The only thing we could now do is to look at how we can maximize the revenue potential from parks which are already running at capacity. Last year, because it was first year post COVID we had unusually large size of growth in all the parks actually, especially in Kochi so one of the reasons why the footfall could have grown in the two parks because we got a higher percentage of retail versus group footfall, but having said that it is not really much of a worry for us because post COVID we did not expect all the parks to perform at the same level. Bangalore obviously is the biggest city and wealthiest in terms of disposable income. I think it continues to be the highest and that is reflected here as well and also Bangalore has always been our most popular park. The footfalls are always higher than the other two parks so that is because the brand is from there so in a way that continues. I am not really worried about footfall growth because even in spite of doing much higher ARPUs, 25% higher ARPU this year footfalls have not really degrown. It has gone down by 1% as a company, so it is not really much of an issue for us.

Karan Khanna: Second question is on your discussions, you have been having discussion with other state governments including MP, Goa, Punjab, Gujarat so how soon could these possibly materialize for the company?

Arun Chittilappilly: I think one of the projects will be announced this financial year, the rest I mean we want to do it stage by stage as and when we get favorable proposal from state governments, we will look at it and we will decide. As of now, we already have two parks in construction, so we are not very aggressive in getting new projects. We have a lot of interest on various state governments so we are talking to many of them and from time to time we will announce.

Karan Khanna: Sure. Regarding the hiring of Mr. Dheeran Choudhary as your COO so could you highlight key initiatives he would be responsible for and how do you intend to use his capabilities and experience to scale your business?

Arun Chittilappilly: So he is somebody who has got a lot of expertise in business and improving yield and especially sales within the parks and those kind of things we want to improve, so in every sense he will be a chief operating officer. He will work directly under me. He will have a P&L focus obviously and operations so these are the two things, operations of the parks and resort and P&L focus is what he is going to broadly do. I mean, but it will be evolved over time.

Karan Khanna: Sure and the last question is on your resort business so what are your plans on scaling up rooms and offerings at your Bengaluru resort and are you also planning to add resorts at the other locations?

Arun Chittilappilly: Yes we are actually in the process of finalizing plans to upgrade our resorts. We have already done some work in this area. We have already upgraded our bar and restaurants. We have a new convention space, but more and more refurbishments and upgrades are coming to the resort and yes, we will be looking at building our next resort in Hyderabad but it will not happen in this financial year. Maybe I think we will take it up next year.

Karan Khanna: Great that is it from my side. Thank you and all the best.

Moderator: Thank you. Next question is from the line of Kaustubh Pawaskar from Sharekhan by BNP Paribas. Please go ahead.

Kaustubh Pawaskar: Good morning Sir. Thanks for giving me the opportunity and congrats for a good set of numbers. My first question is on the non ticketing ARPU which grew by around by 26% for you so just wanted to understand how much was the growth in ticketing revenues and how much was the growth in non ticketing revenues?

Arun Chittilappilly: Both have grown. I think the highest growth has come in non-ticket revenue and ticket revenue has also grown by 18% compared to last year but non-ticket revenue has also grown much more than that, more than 20%.

Kaustubh Pawaskar: Okay and the higher growth in the non-ticketing revenue is because of the initiatives what you have recently focused largely on the food, the various initiatives taken on the food part that is helping you to achieve good growth in the north ticketing revenues.

Arun Chittilappilly: Yes correct.

Kaustubh Pawaskar: And though this quarter we can understand it is because of the high base the footfalls were flat but do you still believe that 5 to 6% kind of growth on annual basis in terms of footfalls is achievable considering various initiatives you have imposed in the coming quarter and for the entire year 5 to 6% kind of average footfall is achievable.

Arun Chittilappilly: That is what we are aiming for but having said that this is the first normal year we are having 2-3 years right so there will be some changes in people spending capacity, people are more busy so things are getting back to normal in that sense so because of that I think there will be some differences compared to how it was last year so hard to predict how it will be but we are reasonably confident that we should be able to get at least 5% footfall growth.

Kaustubh Pawaskar: My third question is on the new spreads where you are planing to come up with our projects so it will be line with what you are having, the park in Orissa a smaller park where you would be having around 25 to 30 rides and the model will be more on the lease based kind of a thing where you will be having land from government on lease basis and you will be putting capex behind only setting up off the park So it would be a similar model.

Arun Chittilappilly: Yes it will be similar. It depends on the size of the market. So some markets we are also talking for example Ahmedabad, Gujarat so those will be larger investment but smaller cities like Indore and maybe even Goa will be smaller investments, yes.

Kaustubh Pawaskar: And one last one on the events, the Father's Day or some of the events which you have been launching into the park what kind of incremental footfalls were helping you to achieve it.

help us understand on a particular day when there is a celebration, what kind of footfalls you are achieving or?

Arun Chittilappilly: Depends on the kind of initiative. Some initiatives will have huge traction and raise lot of footfall some initiatives do not. That is why we need to keep doing different, different things but overall it definitely has a positive effect on our footfall and just the buzz in the market about the brand. We are always in the news, so there is always something happening people like to check out our website more and more. The number of people who have come into our site has more than doubled in the last few years, more than double I think it is tripled so all that I mean so there is multiple reasons why we are doing that. Footfall is just one of them.

Kaustubh Pawaskar: Is it helping you for more in walk-ins or even groups are attracted towards this initiative.

Arun Chittilappilly: Mostly walk-ins, but then walk-ins always has a ripple effect on groups also so that is how it is.

Kaustubh Pawaskar: Okay thank you. I will get back in the queue.

Moderator: Thank you. Next question is from the line of Angad from Monarch Networth. Please go ahead.

Angad Katdare: Congratulations on the good set of numbers Sir. I have two, three questions. First is as you have mentioned that you will announce one or two projects in this financial year regarding the other cities. Will these projects also be on the same line as Bhubaneswar Park or you will have new strategies on that?

Arun Chittilappilly: I just answered that question. Depending on the city we will decide, larger cities obviously we will do a larger project, smaller cities we will do a smaller project.

Angad Katdare: Sir what is the split between the groups and walk-ins for the three parks for this quarter?

Arun Sreenivasan: So group and walk-in overall as a company, we have achieved 15:85 ratio.

Arun Chittilappilly: That is a good ratio for Q1. I think last year it was 22 and 78 or something.

Arun Sreenivasan: 23:77 last year.

Arun Chittilappilly: 23:77 okay so that is the difference.

Angad Katdare: Sir what is the percentage of tickets that are booked via the online route of this quarter?

Arun Chittilappilly: Online is roughly about 15 to 20% online.

Angad Katdare: Okay. Other questions have been answered. That is it from my side Thank you.

Moderator: Thank you. Next question is from the line of Tejas Shah from Spark Capital. Please go ahead.

Tejas Shah: Hi thanks for the opportunity and congrats for the whole team on good set of numbers. Arun you spoke about Bangalore's resilience versus the other markets, so just wanted to see if you can share some insights. Is it largely the spending power which is higher or are you reading any other trends also in this micro markets?

Arun Chittilappilly: See Bangalore is the largest city in south India in terms of spending power. So definitely there is a difference between Bangalore and Hyderabad, although the difference is not much there is a difference and also for us Bangalore is our home market and it always been the biggest and we have been there as a brand along. I mean Cochin is an exception, but we have had a different brand and then it became Wonderla 10 years back and things like that also spending power in Cochin tends to be more price sensitive whereas Hyderabad and Bangalore are not so price sensitive so I think every city is slightly different and that is why you are seeing that.

Tejas Shah: Sure and when you measure net promoter score of all the three parks are they trending in same direction at the same rate or there are some diversions there?

Arun Chittilappilly: They are almost the same. There is not much of a difference.

Tejas Shah: Okay and lastly you spoke about some two to three projects in this financial year. So just wanted to know what kind of investments we are making in our project team in terms of managing two to three projects at the same time and what kind of capacity you are building for future also, how many projects we can handle at one point of time.

Arun Chittilappilly: So, we are obviously, we are recruiting a lot of people into our engineering and technology team. So we want to make it bigger and right now we have the capacity to handle two projects simultaneously and hoping that we can make that maybe three projects also at some point soon but as of now for the next two years until we finish Chennai and Bhubaneswar we will be focusing on those two. Of course, we will keep signing on new projects if we feel that its advantage for us to go there.

Tejas Shah: Okay very clear. Thanks and all the best.

Moderator: Thank you. Next question is from the line of the Devang Patel from Sameeksha Capital. Please go ahead.

Devang Patel: Hi Sir I wanted to understand what is the ticket price increase you have taken in Q1. Earlier you had mentioned 10-12% hike you had already taken and that would be reflected in Q1, but the ticket prices Q-o-Q is much higher and how much of this increase is because of the mix change?

Arun Chittilappilly: So, Q1 will see the highest increase because we have increased our peak rates more than our normal rate. But Q2 obviously our rate difference compared to last will be slightly lower, but having said that there will be at least between 15 and 20% growth overall for the remainder of the year, 15% at least.

Devang Patel: Sir you mentioned walk-ins were 85% in Q1, maybe Q1 last year is not comparable, but generally what would have been the trend for walk-ins in Q1?

Arun Chittilappilly: Yes walk-ins is highest in Q1, 85% is correct. That is how it has always been, last year is different, yes.

Devang Patel: And have we taken any measures to discourage group bookings or this is just in the normal course we have seen more walk-ins?

Arun Chittilappilly: See first year post COVID, which is last summer we were little more relaxed on group discounts because we wanted more footfalls to build that momentum. This year, what we have done is we removed some of those extra discounts which used to apply during the peak season. So, discounts are lower during peak season.

Devang Patel: And in this group bookings, we have seen the absolute number of, let us say, schoolchildren still growing Y-o-Y because the overall footfalls are lower.

Arun Chittilappilly: School children it is hard to predict yet because the first quarter we do not get too many school kids, it is mostly college kids and corporate. Schools are closed in Q1, right so we do not get too many schools.

Devang Patel: And the parks are running full as you mentioned earlier. Are we accelerating our expansion plans at these three?

Arun Chittilappilly: We are spending roughly 70 Crores on maintenance capex for the existing three parks. We are adding at least five new attractions to each park this year so that is ongoing.

Devang Patel: Is this included in the 70 Crores capex that you mentioned?

Arun Chittilappilly: Yes, yes.

Devang Patel: Okay and you mentioned you will sign one more agreement this year. When would construction for that start?

Arun Chittilappilly: I do not know, we cannot predict right now but I am thinking that as soon as one of our new projects that we are doing currently that finishes, then we can look at the next one or maybe we could start earlier, it just depends on the timing of it. As of now we should be able to sign at least one more project and then we will see. We will take a call.

Devang Patel: Okay and Chennai particularly you got the approval in June we will be able to finish it or within two years or would it take longer.

Arun Chittilappilly: Chennai is a project that we already planned everything, lot of the architecture, design and all that is already done. We just have to execute it. We were waiting for this crucial exemption to come through because we felt that it does not make sense for us to do it otherwise and we just set the bad precedent for other space so that is why we have done it and now we will start and we should be able to finish by June 2025.

Devang Patel: Sir quickly if you can update us how many acres we are looking to take up in both Chennai and Odisha eventually what capex is the rate effective.

Arun Chittilappilly: We cannot give you that information, but we will ideally something similar to our existing park ratio.

Devang Patel: Okay Sir have moved to digital marketing has the total A&P spends go down.

Arun Chittilappilly: No A&P spends have not gone down. It is just more efficient at getting to people and that is why you are seeing better numbers post COVID compared to pre COVID because I think our marketing has become much more efficient. Also, we are doing many more things, so our advertising and marketing budget will not go down. It is continuous. We will spend all that money because we want more and more footfall and we are trying to build our brand in new states and new areas and things like that.

Devang Patel: Okay and our other expenses has grown and you look at the top line so what will you encourage the group to?

Arun Chittilappilly: Yes other expenses will also continue to grow with top line in line with what has happened before.

Devang Patel: Okay thank you so much for taking my question. Thank you.

Moderator: Thank you. Next question is from the line of Naman Shah from Monarch Networth. Please go ahead.

Naman Shah: Hi, Sir. Congratulations on the good set of numbers. My first question would be the growth capex for the existing park. What would be the growth capex for the existing parks to attract more footfalls?

Arun Chittilappilly: So we are spending roughly about 70 Crores on maintenance capex for existing park.

Naman Shah: Seven zero, okay and you said that you are coming up with a new park that is you are going to make an announcement this year so will it be similar to our asset light model.

Arun Chittilappilly: We are preferring that. Like I said it depends on the city that we are going to get sign up. Large cities we will do larger investments, small cities we will do smaller investment.

Naman Shah: Okay that would be my set of question. Thank you.

Moderator: Next question is from the line of Anuj Sharma from 3M Investment Private Limited. Please go ahead.

Anuj Sharma: If you see in terms of Chennai park how different will be the ride experience versus the Bangalore or their Hyderabad park will it be completely different experience or there will be similarity between the experiences and the reason I am asking is the customers might be fungible from one place to another. So, would somebody who is visiting a Bangalore park again want to visit a Chennai park?

Arun Chittilappilly: So, our park in Chennai will be different from Bangalore and Kochi and Hyderabad as Kochi and Bangalore are different from Hyderabad and vice versa, so they are all slightly different. Chennai also will be different. We will have different rides. Yes, you can expect it to be a little different from what we have done before.

Anuj Sharma: If somebody were to put a commonality percentage, what would be the commonality between all parks in terms of ride experience?

Arun Chittilappilly: Commonality will be about 60-70% will be common and 30-40% will be different.

Anuj Sharma: Alright one more thing we based our model earlier we have retreated that we would want to look like a Six Flags or similar models particularly you see globally these models are under some challenge. So can we say that we have innovated our own model or the challenges…

Arun Chittilappilly: We compare to Six Flags because that is the only other comparable player to what we are trying to do but Six Flags is in US and US is a very different market. They are in a very different maturity level and spending level and all that and the customer mix is also different Six Flags depends mostly on lot of young adults and local, the local part is similar but they are more focused on young adults as against families. We are focused more on family outing as against young adult outing but we are mix of everything so yes it is similar but it is also different.

Anuj Sharma: Alright thank you so much.

Moderator: Thank you. Next question is from the line of Namant from Mirae Asset. Please go ahead.

Namant: Hi Sir. Sir my first question is on your current demand trends. If you would give some sense, I mean website available in the public domain suggests website traffic seems to be down slightly on a Y-o-Y basis so how is that playing out currently?

Arun Chittilappilly: Like I said this year we are not expecting footfalls to grow too much. It is like a consolidation year for us so hard to kind of predict and also off seasons will become a little more pronounced post COVID because immediately after COVID there was revenge travel phenomenon that is more or less, I mean it is not there anymore so people are back to their routines and they travel at specific points in time so that will definitely create a season and off season so that will be there. Like I said, we are expecting to maintain revenue growth what we have already projected for the year.

Namant: Sure and Sir could you give us some sense in terms of the queue to the month of say July, there was some higher rainfall versus last year which could say have an adverse impact on demand specifically for the quarter that could be more one off lead?

Arun Chittilappilly: Hard to predict how the quarter will go because we have just finished July one month, right? So hard to say how it will go, but so far it is looking okay, it is better than what we thought considering all the rain and everything.

Namant: Got it. Is it possible to share some sense for this contribution of these non-ticket, not ticket, but these events that we ae hosting music festivals, etc what is the contribution of that to the top line currently?

Arun Chittilappilly: That will be adding roughly about 8 to 10% of extra top line.

Namant: And this would not be there on during pre COVID.

Arun Chittilappilly: Yes, it is not there pre COVID.

Namant: Got it and Sir does the footfall number also include footfall from these events or is that not included.

Arun Chittilappilly: The events it comes under non-ticket revenue.

Namant: Okay so the footfall numbers would not include that.

Arun Chittilappilly: Yes.

Namant: Understood very clear. That is all from my end and good luck.

Moderator: Thank you. Next question is from the line of the Dhimant Shah from ITI Mutual Fund. Please go ahead.

Dhimant Shah: Yes, thank you for the opportunity. Quickly if you can give us, to have taken both ticket prices and non ticket price seems to have propelled meaningfully, but at the EBITDA level we see not as much impact so if you can clarify what is causing this, number one. Number two in terms of northern states, we were to get some approval, so could you also enlighten us as to what is the status on that apart from the Chennai Park.

Arun Chittilappilly: See as far as we are concerned EBITDA is tracking so our margin has improved and EBITDA has also improved so I do not understand why you are saying that.

Dhimant Shah: It is quite high plus the non ticket price hike the way we see it, needs to have some meaningful run down on the EBITDA margin, they are up by 5 and it is almost at a record level.

Arun Chittilappilly: EBITDA margin also has gone up right.

Dhimant Shah: Yes sure, sure but when we see from Q1 to Q1 possibly is there something more to read to it.

Arun Chittilappilly: I think see this year also the other changes, our people cost have gone up significantly this year about 20-25% has gone up so those kind of things will also impact little bit the margins because the cost of doing business is also going up right especially after COVID with the new hires and all that, the cost of hiring and retaining people is higher, so those kind of things are there and operating expenses wise, nothing else really has changed. Only our people cost have gone up a little bit.

Dhimant Shah: Sure and what about the approvals, I think Jharkhand or somewhere we had applied.

Arun Chittilappilly: We are looking at Mohali in Punjab, so that is on processing and we will let you know when this is complete.

Dhimant Shah: And one more northern state we were looking at.

Arun Chittilappilly: We were looking at UP also to do something in the NCR area so that also we are awaiting.

Dhimant Shah: Okay and secondly on the capex side do you have a mix of the Chinese equipment or is there a standardized approach over the?

Arun Chittilappilly: We do not have Chinese equipment. I do not know where you got that information. We make everything ourselves.

Dhimant Shah: Do we have. I am not saying that you have. I am just asking.

Arun Chittilappilly: We do not have.

Dhimant Shah: So our equipment is predominantly European is it .

Arun Chittilappilly: European or Indian.

Dhimant Shah: As somebody had asked previously, between different theme parks, is there one or two or three things that you sort of endeavor to differentiate.

Arun Chittilappilly: See all our parks are different. If you come to our parks you will realize that so that we will continue to maintain. Each park was designed to its home city and the culture there and the architects follow that design element and the rides are different and depending on the spending capacity have more rides, depending on whether it rains more or is it hot more we design the park so all our parks are designed differently.

Of course, they are inspired by the same ethos, but the execution is slightly different and that will continue for future projects.

Dhimant Shah: Super, super. Overall when you make your budgets what are the corner stone that go into projecting how much growth you will possibly undergo in the short term and medium term.

Arun Chittilappilly: I mean we are making educated guesses like everybody else and we feel like young people propensity to spend in Indian cities is only growing and it is growing at a very sharp rate. People are more exposed. They are exposed to the social media. They want more avenues for entertainment I think COVID has also changed people's thinking about spending on themselves, spending on experiences and holidays so that is what you are seeing as also the change in terms of people spending pattern. Also like for example people go less and less to multiplex or a movie. I think there is some disruption happening there as well, right. So, I think people now save and spend more for meaningful bigger experiences, travel and things like that and this a sense that I get but I see this kind of trend happening all over the world.

Dhimant Shah: Fair point but any critical inputs that you would want to enumerate which will help us kind of boils down to a number which is as close as what you have projected.

Arun Chittilappilly: It is hard to say that. I mean we do not project numbers. We just make educated guesses and say okay this is what we think will happen in this year and then we plan for that. Of course, things might not work out always but at the same time we should be nimble to change our strategy and look at alternative strategy if something does not work. That is how I look at it. It is not that we are not looking at any particular number.

Dhimant Shah: Okay so there is no planned as such growth level that you jot out at the start of the year to the end of the year to achieve your stated kind or walk towards the stated.

Arun Chittilappilly: Yes, yes that is what we do.

Dhimant Shah: Fair point. Thanks for answering everything.

Moderator: Next question is from the line of Raj Rishi from DCPL. Please go ahead.

Raj Rishi: Any plans to increase adjacencies other than amusement parks like you have that hotel in one of your parks so any focus on that?

Arun Chittilappilly: Yes so we are planning to add resort, our next stop will be Hyderabad after we do Bangalore. We are expanding our resort in Bangalore right now and then after that we will do Hyderabad.

Raj Rishi: So this would be a part of your plan, right each of your parks have a hotel.

Arun Chittilappilly: Yes it is always there in the master plan.

Raj Rishi: Okay and this Bangalore hotel what kind of expansion are you doing.

Arun Chittilappilly: We are adding about 40 rooms. We are adding convention space. We are adding some new attractions. We are adding two new bars. We are going to refurbish the rooms all that just give it an upgrade.

Raj Rishi: Okay and how much land is unutilized in the current three parks?

Arun Chittilappilly: About half of the land is unutilized.

Raj Rishi: And you can utilize the entire thing right.

Arun Chittilappilly: Yes, yes.

Raj Rishi: Okay and plan as to how you plan to utilize it.

Arun Chittilappilly: So like this when we add rooms we will use up land. When we add rides we will use up land. When we add restaurants we will use up land the facility will keep growing.

Raj Rishi: Okay and in how many in years do you think you will be able to utilize in the entire land in the existing parks.

Arun Chittilappilly: It should last us another 10 to 15 years easily.

Raj Rishi: Okay and this can also be a big play for wedding, etc., right.

Arun Chittilappilly: Yes, we are getting a lot of that kind of demand. That is why we are adding more space in the resort.

Raj Rishi: Okay and that would be the trend in your future parks also, the same model.

Arun Chittilappilly: Yes.

Raj Rishi: Sir what is the main moat which Wonderla has say entry of new players, international players, etc. If they also talk with state governments on an asset light model say Disney or something can you just elaborate what is your thought process on this.

Arun Chittilappilly: Disney and all we will not compete with them because they will be at a very different price bracket and they have big investment and everything will be very, very different in fact if that happens that will only grow the market because they cater to a very high end premium kind of experience and people who can spend about Rs.8000 per day per person that is the kind of number you need to go to a Disney park.

Raj Rishi: So what kind of threat do you perceive from and from whom?

Arun Chittilappilly: We always say that our competition is not just other amusement park we look at all forms of entertainment including as potential competition including digital entertainment, other holidays, any day trips or how people spend their free holidays with their friends and family that will have a bearing on whether they want to go to an amusement park or not, but having said that, I do feel the sector itself is under represented in India. There are very few players in India so there is lot of scope for growth.

Raj Rishi: And Sir you would stick to this business area right amusement park plus hospitality etc., you would not venture into any other area?

Arun Chittilappilly: So, anything allied to entertainment we will keep exploring. For example, we want to look at some form of digital version of Wonderla at some point not maybe immediately but soon. So, anything related to entertainment and outing where we feel we are relevant as a brand we will look into that.

Raj Rishi: Okay thanks a lot.

Moderator: Thank you very much. As there are no further questions, I would now like to hand the conference over to Mr. Sumeet Khaitan from Orient Capital for closing comments.

Sumeet Khaitan: Thank you everyone for participating in this conference call today. I would like to thank management of Wonderla for taking out their time and answering all the questions today.

We are Orient Capital, Investor Relations Advisor to Wonderla Holidays. For any queries, please feel free to reach out to us. Thank you so much.

Moderator: On behalf of ICICI Securities Limited that concludes this conference. Thank you for joining us. You may now disconnect your lines.

"Wonderla Holidays Limited Q4 FY2023 Earnings Conference Call"

May 25, 2023

ANALYST: **MR. ADHIDEV CHATTOPADHYAY - ICICI SECURITIES LIMITED**

MANAGEMENT: **MR. ARUN K. CHITTILAPPILLY – MANAGING DIRECTOR – WONDERLA HOLIDAYS LIMITED**
MR. SATHEESH SESHADRI – CHIEF FINANCIAL OFFICER - WONDERLA HOLIDAYS LIMITED

Moderator: Ladies and gentlemen, good day and welcome to the Wonderla Holidays Limited Q4 FY2023 Earnings Conference Call hosted by ICICI Securities. As a reminder, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance, during the conference call, please signal an operator by pressing "*" then "0" on your touch phone. Please note that this conference is being recorded. I now hand the conference over to Mr. Adhidev Chattopadhyay from ICICI Securities. Thank you and over to you Sir!

Adhidev C: Good evening everyone. On behalf of ICICI Securities I would like to welcome everyone on the Wonderla Holidays Limited call today. From the management, we have with us, Mr. Arun Chittilappilly, Managing Director and Mr. Satheesh Seshadri, the Chief Financial Officer. I now like to hand over the call to the management for their opening remarks. Over to you gentleman. Thank you.

Arun Chittilappilly: Hi. Good evening everyone. This is Arun from Wonderla Holidays. Thank you for joining us today. We would like to extend a warm welcome to all of you for this call to discuss Q4 result. I am very ecstatic to discuss our phenomenal performance with all of you. Record breaking is the word I would use to describe our result and for the period in review. Across for multiple key metrics we have absolutely smashed previous records and raised our bar to unprecedented heights. FY2023 was a blockbuster year for us and we have recorded our highest EPS ever and clocking in at about 130% growth over previous peak EPS seen in FY2020. The process of more than doubling up (2x) in terms of high footfalls, revenues, EBITDA and PAT. The dedication and strategic approach of our team have yielded remarkable results. Strong growth momentum led to an average 39% footfall growth across all parks in FY2023. This was largely enabled by encouraging response from walk-ins, groups and all aspect of our customer base. Digital marketing strategy has been actually remarkable and we have been able to do timely promotions and pull crowds. We have also done marquee musical events festivities and occasions to visit and our motto has been to create more occasions to visit Wonderla. Q4 was also the fifth consecutive quarter of double digit growth for the company registering 2X growth over Q4 FY2020. Aggregate footfall across three parks this year amounted to 33 lakhs averaging over a million footfall per park. Again these all record-breaking numbers and the full year footfall compared to pre-COVID base of FY2020. Bangalore park has 12 lakhs footfall grown by 33%, Cochin park with 11.4 lakhs, grew by 47% and Hyderabad at 9.7 lakhs registered a growth of 37%. Our average ARPU for the year was Rs.1240 with a healthy growth in non-ticket revenue driven by our strategic initiative to gain higher wallet share via merchandise and exciting F&B offerings. Our FY2023 revenue is at Rs.429 Crores which grew by 58%. Our operating leverage led to record 49% EBITDA margin with EBITDA at Rs.211 Crores, also doubling over the base of FY2020. PAT for the fiscal year is Rs.149 Crores again more than 2X the profit of Rs.65 Crores generated in FY2020. PAT margin stands at 33%. Also the highest EPS at Rs.26.3. Following this year with the highest profitability in our history, we have also recommended a dividend payout of Rs.2.5 per equity share.

Proceeding to the financial highlight for the quarter we had about 8 lakhs footfall again clocking a 2X growth over Q4 of FY2020 and revenue of Rs.98 Crores over a base of 42 Crores for the corresponding period in FY2020. EBITDA in Q4 was Rs.42 Crores again Rs.5 Crores in Q4 of FY2020. Our EBITDA margin is at 43%. Being debt free and cash rich, the company enjoys high profitability. PAT came in at roughly Rs.35 Crores and the margin of 31%. The board of directors recently accepted the resignation of our CFO Mr. Satish Seshadri. Our company places on record its appreciation for the invaluable contribution made by him during this tenure. The Wonderla family wishes him the best in the future endeavors. I am also delighted to announce the work has commenced in our fourth Park in Odisha. Construction is in full swing and we are also making headway into our Chennai project which also will be starting very shortly. Thank you all for your constant support and now we can open for Q&A.

Moderator: Thank you. We will now begin the question and answer session. Our first question comes from Kaustubh Pawaskar from Sharekhan by BNP Paribas. Please go ahead.

Kaustubh Pawaskar: Good evening sir. Thank you for the opportunity and congratulations for good set of numbers. My first question is on the quarter one, so quarter one is seasonally strongest quarter for us so this time in Bangalore we have seen election period and also there was unseasonal rains as well so considering that do we see any impact on footfalls for this quarter or should we expect steady kind of a growth in Q1 especially for Bangalore?

Arun Chittilappilly: We are actually okay, I mean there was some dip in numbers here and there but overall these numbers are growing compared to last year and our numbers will be better than last year.

Kaustubh Pawaskar: Okay so second question in the media interaction you mentioned that you are looking at ARPU growth of around 10% to 12% I can understand that non-ticketing revenues would also be doing for that but are we also expecting some kind of a ticket price raise this year or if we have taken any increase in the ticket prices.

Arun Chittilappilly: We have raised the ticket prices of about by 11% already. We usually do about two or three price corrections in a year. We have taken one already so roughly about 10% to 12%.

Kaustubh Pawaskar: Okay and my last one is on the EBITDA margins. This year we have seen our EBITDA margins at around 49% highest because of the, you know strong operating leverage but going ahead should we expect our EBITDA margin stabilizing at around 45%, 46% or we should expect…

Arun Chittilappilly: Yeah I do not think this will probably be high mark because now going forward we have an investment, a new capex, so EBITDA margin I think might come down a little bit but overall we should be able to manage good EBITDA margin but higher than this probably I do not know, it is probably unrealistic.

Kaustubh Pawaskar: Okay and one last question. On the Chennai project if you can provide some guidance when we should expect this project to start or still there are certain applications we have…

Arun Chittilappilly: We are planning to complete, government orders says we have a two year construction period and then we have a 10 year tax holidays on the local entertainment tax, so we hope to finish construction within the next two years and then two years from now we hope to open this park to public.

Kaustubh Pawaskar: Okay. Thanks sir. Thanks for the opportunity. I will get back into queue.

Moderator: Thank you. Our next question comes from the line of Angad Katdare with Monarch Networth. Please go ahead.

Angad Katdare: Thank you sir for the opportunity. First of all congratulations on the fabulous set of numbers. My first question is a bookkeeping question. Sir we have reported a total ARPU for FY2023 is 1243. Can you please give a split of ticket and non-ticketing.

Arun Chittilappilly: 75% will be ticket and 25% will be non-ticket.

Angad Katdare: Okay. My second question is so we plan to shift the ratio of ticket to non-ticket from the 75:25 to 60:40, can you please give a relative timeline for that.

Arun Chittilappilly: See that was a long-term objective, it is not something that we can do overnight. We hope to get to a 70:30 kind of number in the next two years and then 60:40 within the next five years so something like that is what we are planning.

Angad Katdare: Okay sir so we are seeing frequent post park events happening at all three parks. Can you please give a split of the total footfall coming from post-park events that would be helpful.

Arun Chittilappilly: I do not think we have, Satheesh do you have numbers for the events, I do not think we separately capture that.

Satheesh Seshadri: We do normally about three to five thousand footfall per event that is what the trend has been and these are all the mega events what we are doing and we are also doing every fortnightly we are doing the Saturday events at the parks which creates the momentum for us okay these things helps to create some vibes and you know putouts contents out so that is how it is being leveraged.

Angad Katdare: Okay, just to clarify three to five thousand includes all three parks every fortnight.

Satheesh Seshadri: Three to five thousand per mega event.

Arun Chittilappilly: Per event and per park.

Angad Katdare: And the frequencies fortnight?

Arun Chittilappilly: Not fortnight, this will be maybe once, so we will do about two events per quarter, so about 10000 per park per quarter something like that.

Angad Katdare: Okay one last question. Sir you had started a pilot project on wearable tech in Bangalore park, any update on that.

Arun Chittilappilly: It is still ongoing. It takes us maybe about six months to a year to finish that.

Angad Katdare: Okay. Thank you so much sir. I will get back in queue.

Arun Chittilappilly: Thank you.

Moderator: Thank you. Our next question comes from Anupama Mudra from Arihant Capital. Please go ahead.

Anupama Mudra: First of all congratulations for great numbers. So my first question is can you throw some light on your infra project like when it is going to start and what kind of projection do you have as far as the revenue contribution is concerned and the second question is regarding margins. It seemed like significant expansion in margin so what are the drivers for this margin expansion?

Arun Chittilappilly: Drivers of margin expansion is your ticket to capex ratio, so for example, the amount of your ticket you can charge, the ticket price that you can charge by the capex so if your capex is high obviously your ticket prices, you are not able to charge corresponding ticket price then obviously your margin will come down so that is the biggest one. Odisha project we hope to complete and we already started work since March so two years is the timeline so hopefully in two years from now we will be able to open the parks or maybe even earlier also but the two years is conservatively what we can.

Anupama Mudra: And what can what kind of contribution are we expecting from the park.

Arun Chittilappilly: Satheesh can give you some numbers.

Satheesh Seshadri: We are talking about five to six lakhs footfalls during the year one that has been the trend whenever a new park is opened and some 60 to 70% of the existing ARPU is what we are looking at in Odisha park.

Anupama Mudra: Thank you so much.

Moderator: Thank you. Our next question comes from Aejas Lakhani from Unifi Capital. Please go ahead.

Aejas Lakhani: Hi, congratulations on an excellent set of numbers. Sir three questions. First one is you know I have not really understood the Chennai Park comments. I was still under the impression that you had the local body tax concerns so is that done away with, could you brief us a little bit on that because?

Arun Chittilappilly: Yes we had asked for 10 year waiver of the local body tax and they have accepted that request so we do not have that problem anymore.

Aejas Lakhani: Okay and so therefore you have started construction effectively now.

Arun Chittilappilly: We will be starting soon yes but we are already preparing to start work there.

Aejas Lakhani: Perfect and I understood that and the other thing is that the local body tax you know waiver for 10 years will start once your construction period is over or?

Arun Chittilappilly: Yeah. There is a two-year construction period and then after that there will be 10-year holiday.

Aejas Lakhani: Wonderful. My second one is that you know if you could explain the unit economics of how the Odisha Park which is the more asset light park works so do you have a lease payment to be made during this with state government, your unit economics here if you?

Arun Chittilappilly: We do not have too much capex in terms of land because that is a big saving for us. Typically, we spend between 30 to in case of Chennai almost 100 Crores on land so that whole component will get completely erased. We have a very minute payment of lease so practically it is not a big amount at all for us so that takes away one big chunk of capex for us. The other thing that we will do in our asset like passes, we will be very careful in our choice of rides and attraction. It will have a higher mix of our in-house developed rides. Of course we will have also imported rides, but the mix will be slightly different and also we cater to a tier 2 city and also in keeping with the taste of that area so that is how we are able to pick it up by some let's say Rs.350 Crores to Rs.400 Crores to less than Rs.150 Crores so Rs.150 Crores will be the rough capex which we are planning and we will be able to charge roughly 600 to 700 ARPU there, so that will obviously give us good footfall to investment, ARPU investment ratio will be much higher there or equal to what we do like for example in a Bangalore, so this will work out for us. I mean these are the rough calculations we have for now.

Aejas Lakhani: Got it sir. Did you say the ARPU to capex ratio would be similar for a big park as well as a PPP park?

Arun Chittilappilly: Yes. It will be. In fact it will be slightly more favorable I think.

Aejas Lakhani: Okay and is it fair to say that you know this asset light model is what you know you would look to replicate with other state governments in the future or are you still open to purchasing land and then you know putting up your own park?

Arun Chittilappilly: We prefer not to do land purchase going forward because that makes our balance sheet very heavy. We are already a asset heavy company so going forward we would like to do more of asset light model but the asset light model can be done in a tier 1 and tier 2, so right now we are doing tier 2 but tier 1 is also possible.

Aejas Lakhani: Wonderful and just you have been there has been an impetus at your end to ensure that ticket sales are more retail versus the wholesale one where you have increased the group sizes and commission paid are you trying to curtail that so could you just give some color on probably over the last like say couple of years back how that retail to wholesale mix in your ticketing revenues has been.

Arun Chittilappilly: Satish can give some details on that.

Satheesh Seshadri: Yes. We have done about 33.1 lakhs footfall in that about 13.1 is groups and close to 20 lakhs is retail that is walk-in, so the ratio of walk-in vs group is about 60:40.

Aejas Lakhani: Wonderful and what was this ratio say three years back prior when you did not have this endeavor?

Satheesh Seshadri: It is just 1% here and there, that's it.

Aejas Lakhani: Okay so your recent efforts to increase more online sales convert more retail, could you speak a little bit more about the initiatives you are doing there to increase this retail ticket sale contribution?

Arun Chittilappilly: So as a policy we like retail footfall, also we are constantly tweaking our discount policies to ensure that we have more retail visitors and also it is a function of marketing, our marketing strategies is also completely different. If not a full year so we still did a lot of discount to get footfall back and so because this is last FY2023 is our first year after COVID so our retail to group ratio would remain the same, but this year you will see more focus on retail as against groups which is the way for us, we feel that is the way for us.

Aejas Lakhani: Got it and lastly could you speak you have spoken about trying to use wearable technology to reduce or to observe how people are spending time inside the park to…

Arun Chittilappilly: It is still at a piloting stage, so once we have some results we will share it.

Aejas Lakhani: Okay and any efforts on building the team for these activities these, mega 3 to 5. You have mentioned that you wanted to build a better team in place to execute so any?

Arun Chittilappilly: Yes this year we can expect an expansion to our leadership team. We are looking to induct a technology head and we also induct a HR head for people function so we will see some induction to our leadership team this year, maybe three people. Also Satheesh has put in his paper so we are also looking at a new CFO candidate so three, we can expect maybe three to four people we add to our leadership team this year.

Aejas Lakhani: Wonderful. You have been speaking to other governments for similar PPP model, any update on MP or any other state government?

Arun Chittilappilly: They are all very bullish in fact Punjab and MP have been extremely bullish for a Wonderla project to come in their state, so we can expect some announcement on these two but we are also talking to Goa and also maybe most likely Gujarat also we will initiate some discussion so these are some of the plans as and when there is some results we will keep you updated.

Aejas Lakhani: Thanks so much and all the best.

Arun Chittilappilly: Thank you.

Moderator: Thank you. Our next question is from the line of Keshav Garg from Counter-Cyclical PMS, please go ahead.

Keshav Garg: Sir I am trying to understand that our Q4 revenue is less than the Q3 revenue but sir the past trend is that our Q4 revenue used to be more than the Q3 revenue so sir am I missing anything or what is the reason for the same?

Arun Chittilappilly: Usually our fourth quarter is lesser than third quarter revenue. Are you sure you are looking at the correct number. I am not really sure Satheesh?

Satheesh Seshadri: You are right sir. Normally we do about 30% during the third quarter footfall and 20%.

Arun Chittilappilly: The fourth quarter is always bigger than third quarter, so I do not know where you got the number.

Satheesh Seshadri: Yes you are right.

Keshav Garg: Sir we already have Rs.250 Crores net cash in our balance sheet plus we are generating around Rs.200 Crores operating cash flow every year and I understand that for the Chennai park the land has already been acquired so what I am trying to say that don't you think that we are a little too conservative in our growth and that maybe we can take more projects simultaneously.

Arun Chittilappilly: So we are uncomfortable to take too many projects simultaneously. We did two projects simultaneously in Chennai and Odisha and that will take care of our capex for the next two years but also like I said just now we are looking at new project also, so we are building a pipeline of new projects that we can execute so as and when our existing projects under WIP complete, we can start new projects.

Keshav Garg: Sure sir, but in the next two years we would not start any new projects that we are sure of?

Arun Chittilappilly: Not sure. As of now we have these two completely green lighted so that we will proceed with those and as and when we get new projects again green lighted we will evaluate and take a decision at that point.

Keshav Garg: Sure sir and sir lastly for this FY2024 financial year I missed that you said that you have already taken some kind of price hike so what more price hike can we expect for this financial year?

Arun Chittilappilly: That is a function of adding new rides and footfall growth and yield and things like that so as of now, we are not planning anything else but from time to time we will do it.

Keshav Garg: Okay so thank you very much and best of luck.

Arun Chittilappilly: Thank you.

Moderator: Thank you. Our next question comes from Dhruvesh Sanghvi from Prospero Tree. Please go ahead.

Dhruvesh Sanghvi: Hello. Great set of numbers Arun. Congratulations to the team and just one what has been the tone for the current quarter because this being one of the best ones in the cyclicity of things, the coming quarter we have already probably closing the month end for May also so I think you have guided on 10% type of a footfall growth so are we seeing the similar trend for the?

Arun Chittilappilly: 5% to 10% is what we have predicted and I think we will be there somewhere there, we do not know yet.

Dhruvesh Sanghvi: Okay.

Arun Chittilappilly: But as of now we should be able to do that.

Dhruvesh Sanghvi: Right so why I was asking this particularly is that particularly when we see the Cochin park, before 2020 we used to struggle around 7% to 7.5% and like we have come back with a vengeance like anything above 11.4 lakhs footfall.

Arun Chittilappilly: Cochin and Hyderabad both have been top performances and in fact Cochin continues, both continue to be very good performers.

Dhruvesh Sanghvi: Even for the current ongoing year of FY2024 you feel that that on the higher base we will be able to do better than this right.

Arun Chittilappilly: Yeah I think so.

Dhruvesh Sanghvi: Okay fine and just one more part. In terms of the initiatives post-COVID that you have taken in terms of other non-ticket revenues which predominantly in the past used to be food let's say but that other part of the non-ticket revenues what is the total percentage today, is it already significant in terms of events taking up, let's say 5% to 7% of the total revenues this year or some light on that?

Arun Chittilappilly: It will be incremental so you can expect maybe 1% or 2% improvement in our non-ticket revenue because of this.

Dhruvesh Sanghvi: No sorry. What I am trying to understand is the initiatives, the new initiatives taken after COVID on the non-ticketing side, are they already significant in terms of 4% to 5% of the total revenues or no.

Arun Chittilappilly: That comes in both, that comes in not only food, it is also ticket also so we see a small improvement in both.

Dhruvesh Sanghvi: Okay fine. Thanks a lot. Thank you.

Moderator: Thank you. Our next question comes from Sourav Dutta from Minerva Asset Advisors. Please go ahead.

Sourav Dutta: Thank you for the opportunity. I had a quick question on the capex side. You had earlier guided for capex of around 9 to 10 Crores per park on the higher side which be around 30 Crores per park totally for the full year but for FY2023, the total capex is around Rs.44 Crores. I just wanted to understand if it is the Bhubaneshwar project or is there someone off here?

Arun Chittilappilly: Sorry I did not understand your question?

Sourav Dutta: Earlier you had guided for around 9 to 10 Crores of capex per park that should be around 30 Crores?

Arun Chittilappilly: The additional capex will not be 10 Crores, it will be 10% of our top line so we will keep it at 45 Crores for capex in our existing projects.

Sourav Dutta: So 10 Crores.

Arun Chittilappilly: Not 9 to 10 Crores it will be 10% our topline for new capex.

Sourav Dutta: Okay understood. Secondly the previous participant asked the similar question I just wanted to understand that since our future products are likely to be asset light and we would be generating around 200 Crores of cash flow every year and have a capex of 245 Crores or maybe in the March every year so our cash flows swell by around 160, 170 Crores each year, just wanted to understand why you are averse to paying out dividends, higher dividends or conducting buybacks and taking up more leverage for the expansions any reason for being so conservative and not using a leverage for the expansions?

Arun Chittilappilly: We have cash on hand, so we want to definitely use the cash, we have very high capex in our way, so we want to be prudent in our dividend so roughly 10% to 15% of our PAT we will give out as dividend that is the plan and so that is what we have been doing. I do not think no more than that because we have so many capex coming in our way.

Sourav Dutta: The future projects are likely to be quite asset light, there would not be any land expenditure as we just spoke about so?

Arun Chittilappilly: It will be, it is hard to predict so sometimes we will end up buying land also if some geography may not be able to get land through the government so we will end up buying so it is hard to predict every state has a different policy towards this so that is why we have to be a bit conservative.

Sourav Dutta: Alright sir understood. That is it from my side. Thank you.

Moderator: Thank you. Our next question comes from the line of Jins Varghese from Tavasya Capital. Please go ahead.

Jins Varghese: Hi just wanted to understand two things. In terms of you have guided for about 33 so this year we have done about 33 lakhs footfalls right, so going forward you think there is scope in Bangalore already about 11 to 12 lakhs so is there more opportunity coming from Hyderabad because that in terms of slightly lower so are you seeing any specific trend in these kind of footfall growth and also is there any plan to kind of say expand or brownfield expansion within these parks itself to kind of increase the footfall, that is the first question. Secondly in terms of so obviously there is a gestation in terms of like every time you identify a project and for the project to come on stream and promote the two-year kind of a time frame right so is there any acquisition opportunities or a park which is not doing well, you can take over and kind of shorten this time cycle so that there is more predictability or you know the some key growth does not come and there is more predictability is that even a feasible option going forward?

Arun Chittilappilly: So your first question is I kind of answered it in the previous question so we will earmark roughly 10% of our topline for expanding offerings at our existing projects so that is what we are getting little bit low on that pre-COVID but we are accelerating that and we will expand because our parks are pretty much running full every day especially during summer months so we will definitely expand so that we can have more footfall especially during season time. Second question, acquisition so we usually do not. We are not very bullish on acquisition because you know an existing operator will obviously want that valuation for his assets and then buying it and then modifying into our standards again more capex so I think the main differentiating factor for a Wonderla park is our high efficiency in our capex so when we acquire another company and then modify it, our efficiency will vanish so we are not very unless there is a specific opportunity we are not that open to acquisition, we are more happy to do maybe management contracts and things like that so that we are exploring but that also is hard because this is a very tailor-made offering it is not something that we can, it is not like a hotel where I can buy and rebrand it as a Wonderla hotel, building a park usually we have to do it from scratch so it is harder to do it, I am not saying it is impossible but it is harder to do it.

Jins Varghese: Okay but you would be open to something like that right so just because the growth will be very organic now right. I think for the next year, year-and-a-half that they are only looking at a small increase in their realization and some increase in footfall, but a big chunk of growth will only come maybe in FY2025 later up?

Arun Chittilappilly: Yes, yes.

Jins Varghese: In future if you can smoothen this or any thought process to it so that was what I was asking trying figure out?

Arun Chittilappilly: Like I said there are not too many amusement parks also right so that is the other challenge because there are not that many parks available in India and whatever is available people are willing to sell it, it is usually because of high real estate values which they want to unlock when we do not buy high value real estate as a policy so we always look for cheaper real estate so those are some conflicting requirements so based on that it is not that easy to find properties to buy or acquire.

Jins Varghese: Thanks a lot and all the best.

Arun Chittilappilly: Thank you.

Moderator: Thank you. Our next question comes from Sakshee Chhabra from Svan Investment. Please go ahead.

Sakshee Chhabra: Sir I wanted to understand that usually in Q1 we do 40% of our total year’s revenue but based on our Q4 performance the Q1 contributed around 35%, so based on the new events and all that we are doing are you seeing a change in the seasonality going forward?

Arun Chittilappilly: Yes. So our new strategy to kind of move away from seasonality and to get uniform footfalls throughout the year so that is something we had to work on that and so that is something that we hope to achieve this year also.

Sakshee Chhabra: Okay. Thank you.

Moderator: Thank you. Our next question from the line of Rahil Shah from Crowne Capital. Please go ahead.

Rahil Shah: Hello, good evening, so sir you are already existing in three locations right, you have been present there for a long time now and recently you moved to Odisha you moved a bit towards the east now so have you considered any other regions across India, do you have any plans in the future to do so.

Arun Chittilappilly: I just answered that. We have new projects that we are looking at in larger tier 1 and tier 2 cities across the country so we are talking to a few state governments whether we could do projects there so as and when we have confirmed news we will share with you but we are looking at Punjab, we are looking at Gujarat, we are looking at Madhya Pradesh, we are looking at Goa.

Rahil Shah: Okay. Sorry I missed that, but thank you for repeating and can you also repeat for me what capex you plan for Odisha?

Arun Chittilappilly: 150 Crores.

Rahil Shah: 150 Crores okay and so given you just mentioned that.

Arun Chittilappilly: Your questions are mostly repeated so if you could do your research and then come back it will be nice.

Rahil Shah: This is my last question and I just want to ask you said you will be moving away from seasonality and try and have uniform footfalls throughout the year so as for this year and someone mentioned that you will see meager growth given Odisha will coming up in FY2025 so what kind of can you give any outlook for FY2024 in terms of topline?

Arun Chittilappilly: Sorry. We do not do that kind of, I told you right. We cannot give you a clear guidance because, we are looking at a 5% to 10% footfall growth and a 10% ARPU growth 10% to 12% so that should give you a range.

Rahil Shah: Okay no problem. Thank you.

Moderator: Thank you. Our next question comes from Dhruvesh Sanghvi from Prospero Tree. Please go ahead.

Dhruvesh Sanghvi: Yes. Just also wanted to ask you did you even consider Imagicaa and participate in the possible restructuring which went through, I just wanted to understand the rational I mean I understand that it is over but if we did not participate why not etc and some background thought on what went inside your mind?

Arun Chittilappilly: So we were approached by Imagicaa. We just said we did not want to do Rs.500 Crores, 600 Crores capex that time during COVID and like I said we are doing more asset light kind of models now which is what we were more comfortable doing. Also like I said the Imagicaa was built with a different philosophy in mind they are very hi-fi on capex and so for us we have been getting into our standards would have been even more expensive after buying it we have to invest more so these are some of the reasons why we did not participate in that.

Dhruvesh Sanghvi: Okay fine. Thanks a lot.

Moderator: Thank you. Our next question comes from Angad Katdare from Monarch Networth. Please go ahead.

Angad Katdare: Thanks you again for the opportunity. Just one clarification. You mentioned the Bhubaneswar park ARPU will be around Rs.600, is it considering if it starts today or are you telling that amount for FY2025 when it will start, just?

Arun Chittilappilly: I did not say 600, it will be 600 to 800, it is hard to predict how the ARPU will be. We will see based on demand ARPU will change, so if we see high demand it can go up to even 900.

Angad Katdare: Okay. Thank you sir. That is it from me sir.

Moderator: Ladies and gentlemen we have reached to the end of the question and answer session. I would now like to hand the conference over to Mr. Bhavya Shah from Orient Capital, please go ahead.

Bhavya Shah: Thank you everyone for participating in this conference call today and I would also like to thank the management of Wonderla for taking time out and answering all the questions today. Orient Capital is the investor relations advisor to Wonderla Holidays. For any queries, please feel free to bring that up. Thank you so much.

Arun Chittilappilly: Thank you all for the call.

Moderator: On behalf of ICICI Securities that concludes this conference. Thank you for joining us and you may now disconnect your lines.

"Wonderla Holidays Limited

Q3 FY '23 Earnings Conference Call"

February 08, 2023

MANAGEMENT: **MR. ARUN CHITTILAPPILLY – MANAGING DIRECTOR – WONDERLA HOLIDAYS LIMITED**
MR. SATHEESH SESHADRI – CHIEF FINANCIAL OFFICER – WONDERLA HOLIDAYS LIMITED

MODERATOR: **MR. ADHIDEV CHATTOPADHYAY – ICICI SECURITIES**

Moderator: Ladies and gentlemen, good day, and welcome to the Wonderla Holidays Limited Q3 FY'23 Conference Call, hosted by ICICI Securities Limited. As a reminder all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing star then zero on your touchtone phone. Please note that this conference is being recorded.

I now hand the conference over to Mr. Adhidev Chattopadhyay from ICICI Securities. Thank you. Over to you, sir.

Adhidev Chattopadhyay: Good afternoon, everyone. On behalf of ICICI Securities, I'd like to welcome everyone on the call today. Today from the Wonderla Holidays management, we have with us Mr. Arun Chittilappilly, the Managing Director and Mr. Satheesh Seshadri, the Chief Financial Officer. Before beginning the call, I'd have to congratulate the management for delivering another very strong quarter. And I now like to hand it over to them for their opening remarks and take us through the role ahead. Over to you, sir.

Arun Chittilappilly: Good afternoon, everyone. Welcome to our Q3 and 9 months' earnings call. Joining me on this call is Mr. Satheesh Seshadri, our CFO. We are very happy to announce that during this quarter; we have achieved an impressive set of numbers. We have clocked a record-breaking revenue in Q3. This marks the fifth consecutive quarter with double-digit growth in revenue and footfall.

To begin with, I'm absolutely delighted to report that in 9 months, we have crossed the INR 300 crores revenue mark for the first time in the history of the company and 20 EPS mark has already been posted as the highest ever. We have consistently grown both value and volume. Our EBITDA margins have been a very healthy 52% and an extremely commendable performance bulky growth and profitability.

In our efforts to attract a very younger audience, we are promoting our parks as a destination for thrill, adventure and grand parties. Our initiatives to host concerts have received tremendous response with large sold out concert events, which have been held across Bangalore and Hyderabad in this quarter. Following the massive success for our Sunburn event in Q2, this quarter, we had a New Year party in Hyderabad and another large event in Kochi for New Year as well. A lot of these and more initiatives have contributed to generating higher footfall, compared to our Q3 and 9 months FY'20 for pre-COVID numbers, our footfall in this quarter registered continuous growth of 28%.

Sorry about that. I'm in the airport. So my connection is a bit bad, but -- so please forgive me. So anyway, our initiatives have contributed to a higher footfall compared to Q3 and 9 months FY'20. The total footfall has gone up by 28%, like I said. We continue to gain wallet share and grow our non-ticket revenue, exciting initiatives have help us improve merchandise sales in SPH to 23% growth per head.

Price hike has been absorbed well and we have reported a 27% increase in ARPU. Our strong operating leverage leads to an enhanced EBITDA, which continues to be in a rising trend. It has more than doubled from INR 27 crores to INR 61 crores, or up by 120%. I would like to highlight that we have registered highest ever EBITDA margin at 52%, which was expanded by 1,400 basis points.

Subsequently, our profitability is making new highs despite exceptional items in Q3FY20. We clocked a massive 85% growth in our PAT. For the 9 months, again, we've done some very good numbers. We have a INR 328 crores revenue reported, and it's a 44% growth compared to 9M FY20. EBITDA has been increased from INR 108 crores to INR 178 crores, which is a remarkable growth of 64%.

Our parks provide an excellent avenue for families and friends to bond together in a wonderful outdoor environment. So we are very bullish on this segment going forward. Thank you all for your support, and we can now proceed to Q&A, please.

Moderator: Thank you very much. We will now begin the question and answer session. The first question is from the line of Turaga Vivek from Bestpals Research & Advisory.

Turaga Vivek: Thanks for the opportunity. Two questions. One, on the new parks because you're tying up with Madhya Pradesh and other states, I don't know at what state. So if Chennai is getting delayed because we have enough cash. And even if we do the similar performance, even if we don't grow on this year, we'll have enough capex for 2 to 3 parks. So can you throw light on how are you thinking of capex and how confident are you on the Chennai one and if Chennai one doesn't come through what is the next stage where you think you can go ahead because of your -- I think, at least on the Twitter looks like you're doing around a lot of states.

And two, on your own -- I'm not asking for a guidance, but your impression on how next year would be given -- we will grow or it would be tough to maintain this year? Or do you think there's a reason to be optimistic about the next year's growth? Thank you Arun, and congratulations.

Arun Chittilappilly: Thank you. So we are envisaging projects for the coming financial year, which is our INR 350 crore to INR 400 crore project in Chennai and project in Bhubaneswar. The Chennai project, we're still waiting for waiver on the tax. As and when that is done, we will resume operations, start with construction. So, waiting till it is solved.

Regarding Odisha, I think we will be able to finish this on time, at some time in 2025, we will open this park for the public or the Chennai park might be delayed by another 6 months or so. But 2025 is when I think Odisha will open. And these 2 projects, we don't need to raise any more money. I think we are okay. Our internal accruals will be more than enough for these 2 projects. The other 2 projects, we will not be starting immediately. We will do currently only 2 projects of a time. So once Odisha park is done, we will start working on other projects and so on. So at that point, we might have to replace bring some capital. Currently, we are not looking to do that until 2025.

Turaga Vivek: So if Chennai is getting delayed, you will take up Madhya Pradesh one or nothing like that. You are very confident that Chennai will go through?

Arun Chittilappilly: For some reason, it gets further delays, again for a long time, then obviously, we will look at other projects. But otherwise we will continue with Chennai.

Turaga Vivek: So you have enough play that...

Arun Chittilappilly: And next year, I think we should grow by 15% to 20%.

Turaga Vivek: So you're thinking that you will be able to grow on this, even without -- assuming that given travel or none?

Arun Chittilappilly: Yes, I think -- I don't think that environment is over yet. People are still traveling and it should continue into the next year as well. Otherwise, I think our demand is coming, I don't think it will grow tremendously over this year's numbers, but I think we can expect some margin to grow there.

Turaga Vivek: So ARPU and volume together, you're getting low double digit at least?

Management: Yes.

Moderator: The next question is from the line of Kaustubh Pawaskar from Sharekhan by BNP Paribas.

Kaustubh Pawaskar: My question is again on the footfall. So for 9 months, we have already clocked around 25 lakhs footfall. So is it fair to assume that we will aim the year close to 30 lakhs footfall? And over the next 2 years, should we expect footfalls growing in the range of 6% to 8%? Because in the pre-COVID the footfalls were growing in low single digits.

But now since you have placed some strategies where you are expecting -- which are playing well for you, and we have still in quarter 3, you have achieved a 9 lakhs footfalls. So considering that, should we expect next year and year after that footfall is growing by around 6% to 8%?

Arun Chittilappilly: Yes, I think it's fair, minimum 6% to 8%, we are expecting, hopefully, more than that also. Let's see.

Kaustubh Pawaskar: Okay. And my second question is on the margins. So for 9 months, we are at around 52% EBITDA margin. So by -- maybe by the year we might close EBITDA margin at around 45% to 47%, depending on how the Q4 pan out.

But going ahead, should we expect margins to remain at this level for the full year at around 45% or 46% or there is a scope of further margin improvement? And whether in quarter 3, was there any one-off in case of expansion in margins? Or it was largely because of the strong growth in the footfall, which helped you to see better margins?

Arun Chittilappilly: Yes, the margins are some of the best that we've ever had. Probably worldwide in terms of number. I don't think it'll grow more than this. So margins could come down a little bit, but for existing parks, I don't think the margins will be a thing, but at a company level it could change. Satheesh, can you give more information on this? But I think I don't see margins going up more than this.

Satheesh Seshadri: Sir, normally, we make about 40% to 42% EBITDA margin. This year has been extraordinary. We have been able to contain some of the operating costs in all the parks. But with the projects coming up and the footfall going to the scalable level, these level, we might have to invest in resource.

And the cost, what we have hold for this year, we might have to expand it next year. So we might not be having this level of healthy EBITDA of 50-plus. We might be closing somewhere around 45 compared to 40, 42 what we have been doing earlier with the increase in income, we will be looking at around 45% margin.

Kaustubh Pawaskar: And my third question is on what is the contribution from online or e-commerce platform for your ticketing? It was in high single digit. Now where do we stand on that?

Satheesh Seshadri: We do about close to 15% to 20% online bookings.

Kaustubh Pawaskar: And the last question is on the new plans, new -- sorry, new parks you are coming up i.e. Madhya Pradesh, Punjab. So whether this will be close to the Odisha park, it will be smaller than your existing park in Bangalore, Kochi, Hyderabad? Or will it be close to the larger parks? And again, over here, are we looking at leasehold land where you will be developing the parks so then it would add stress to your balance sheet, so similar kind of Odisha model?

Arun Chittilappilly: Yes. So in Madhya Pradesh, we are not looking at a big park, maybe we are doing small. Depending on the size of the city and what the offers we get, we will do accordingly.

Moderator: The next question is from the line of Angad Katdare from Monarch Networth Capital.

Angad Katdare: One small bookkeeping question before I ask the question is, can you share the park-wise mix of group and walk-ins for this quarter, please?

Satheesh Seshadri: We normally don't give the group mix for the park level. But at the overall level, I can give it to you. Walk-in was at 44%, and group was at 56% for the Q3.

Angad Katdare: So last call, you had mentioned about investment in technology, you're experimenting with wearables and CRMs and you're waiting for results in the next 3 to 6 months. So any updates on that? And what will be the total investment going forward for that across the 3 parks, if it has decided to put the -- investment goes ahead? And will it be recurring or a onetime investment?

Satheesh Seshadri: The wearables we are doing a POC and investment in the Bangalore Park to start with. We have already invested about INR 1 Crore in this regard. So we will do the trials and everything for about a few months, and we will replicate the same model in other parks. So these wearables will help us with the seamless digital journey, number one, payment gateway for F&B and retail inside the park. And this will also help us to do some type of queue management.

Angad Katdare: Yes. So would the investments...

Satheesh Seshadri: It is all capital investment.

Angad Katdare: It's a capital investment. Okay. Yes. So one more question. So how much regarding the capex for Bhubaneswar and Chennai, how much capex has been done and how much is pending?

Satheesh Seshadri: For Bhubaneswar, as off we have done a commitment close to about INR 13.5 crores till 31st of December. And the further commitment of over INR 16 crores has been done till time and close to about INR 30 crores commitment is there for Bhubaneswar. We have already spent about INR 10 crores for Bhubaneswar till 31st of December 2022. The architect design, enabling and other works in progress. And of Chennai, there's no major investment, except for a small investment on the works. So what it was left out, we are just completing that. It's close to about INR 110 crores in Chennai is the investment overall.

Moderator: The next question is from the line of Darshan Jhaveri from Crown Capital.

Darshan Jhaveri: Congratulations on the great set of results. Thank you for taking the question. Sir, I think our businesses are a bit seasonal in nature. So Q1 and Q3 would ideally be the best quarter. So how is Q4 planning out right now? Are we seeing some how was January month? Could you know any way of footfall would it be similar to Q2 or how would it pan out?

Satheesh Seshadri: Normally, we don't give the existing quarter performance during the period.

Darshan Jhaveri: So in general -- sorry, sir?

Satheesh Seshadri: Overall trend is similar.

Darshan Jhaveri: And I also wanted to ask with regards to next year's growth that you said about 15% to 20% growth. But sir, with an increase of footfall and -- so how much of ARPU increase are we seeing? because I think we can unlock some value out there also. So because even a 10% growth in footfall and some similar growth in ARPU can help us a lot, sir. So what kind of price increase are we seeing for the next year?

Arun Chittilappilly: Something similar, I mean, we expect -- we might increase our prices by between 8% to 12% because our costs are so healthy, we are also confident to take for the price hike. Yes, it's reasonable to assume maybe 10% growth on what number -- growth for this year.

Moderator: The next question is from the line of Keshav Garg from Counter-Cyclical PMS.

Keshav Garg: Sir, many congratulations for excellent numbers, sir, it's very encouraging that we have opened a new vertical, which is to host concerts and parties. So I'm trying to understand that is this like a one-off, like on New Year's and so on or is it -- or can it be a regular Friday, Saturday, Sunday across our 3 parks, can be organized party?

Arun Chittilappilly: Yes. So we do -- I mean, right now, we are doing a few events like once a month or for large events, once a quarter, something like that. Small events we are doing once a week, once in 2 weeks. So it keeps changing. It's still a new field, so we have to keep evolving.

Keshav Garg: Sir, what I'm trying to understand that if we can arrange for some famous artist, then every weekend in every park can't we really do this?

Arun Chittilappilly: I think, we have the planned to do. Not every weekend, we can't do that. Maybe we would like to increase the frequency once we have a better team in place to execute this kind of thing. So yes, we are looking to expand into the whole event and park with activities, and different things we will be doing.

Keshav Garg: Sir, also now the apprehension is that since most people, they don't go to our water parks every year. I mean, they go periodically once in few years. And since after COVID, there was a huge lull. So this year now, there is a lot of pent-up demand which has come. And now we have a very high base.

So on top of this base next year, sir, how confident are you that, firstly, we can hold on to these numbers? And then like you said that you are expecting a marginal growth in volumes as well as realization. So as to overall growth can be 15%, 20%. So how confident are you about that considering that there is a major element of pent-up demand in this year's numbers?

Arun Chittilappilly: Satheesh, can you answer it, please?

Satheesh Seshadri: See, we have been trying few of the efforts or strategies, what we have put in place. And these strategies have been realizing for us in terms of digital marketing over traditional marketing. So our reach outs and the content management is more different. We have at least 2 activities per park per month for both the walk-ins and groups, consecutively we're doing.

We have also appointed institutional skill set and strengthening the institutional sales side of it, and we are optimistic the groups will perform, number three. Number four, we are also working on tour operators. So our strategies have been -- we have been consistently getting good feeds from these supports. And we feel it could continue for the coming years also.

Keshav Garg: And sir, I wanted to understand that, sir, how many resorts do we have? Do we have a resort in each of our 3 parks or do we have only one resort in one park?

Satheesh Seshadri: We are only in Bangalore Park correctly. We have 84 rooms resort in Bangalore Park. But in Kochi Park, we have tied up with one of the star hotels there, to offer the temporary offers. We are also exploring something similar to this day in Bangalore Park, and it is still in a testing phase. Once it is done, we will replicate that model in other parks.

Keshav Garg: So is there enough space in our existing 3 arks, like in -- so as to, let's say, make a resort or to expand or to launch new rides?

Satheesh Seshadri: Yes, we do have additional land currently.

Keshav Garg: And sir, in the investor presentation, you mentioned that we have 220-acre land bank. So this land bank includes our existing 3 parks or this is -- we are only talking about Chennai and Odisha?

Satheesh Seshadri: This includes the land bank, which is owned by the company that is at Kochi, Bangalore and Hyderabad.

Keshav Garg: And sir, lastly, just one word of caution. Sir, there are many companies in -- especially in Tamil Nadu and Andhra, sir, which had taken land on lease from the government for 30 or 40-year lease. And now when the lease has expired so government -- and they already have their plant over there, now government is asking for unreasonable increase in lease rentals. So we should keep this in mind because in Indian government, you know how this works so to insulate us over the long term.

Arun Chittilappilly: We'll see after 100 years, what is the lease amount, nobody can say it.

Moderator: The next question is from the line of Gaurav Gandhi from Glorytail Capital Management.

Gaurav Gandhi: Sir, what will be the capacity of Bhubaneswar Park and Chennai Park?

Arun Chittilappilly: Chennai will be similar to Bangalore and Bhubaneswar will be about half of it.

Gaurav Gandhi: Chennai is similar to Bangalore and Bhubaneswar?

Arun Chittilappilly: Around half the price half or maybe 2/3 of our big parks.

Gaurav Gandhi: 2/3 of our big parks. And once the government approval receives from Chennai government, how much time will it take to complete the Chennai Park from there?

Satheesh Seshadri: Yes, we are looking 18 months to 2 years.

Moderator: The next question is from the line of Meet Jagani from Meet Jagani Finance.

Meet Jagani: Congratulations for the great set of numbers. So I was wondering any timeline for this Chennai approval?

Arun Chittilappilly: We don't know. It could happen very soon, or it could take more time. We don't know.

Meet Jagani: Also, what precisely it is taking so long for this approval as we are waiting for a long time?

Arun Chittilappilly: That you'll have to ask the government. We don't know.

Satheesh Seshadri: So, we have to understand 2 things. One is we had incremental COVID period. And also, there was a change in government, okay? The elections were through and everything. The new government has come in place, and we are reviewing it. We are in constant touch with the government, as it is a government matter, we are also hoping that they are responding favorably, the hearing of our meetings, they're hearing us. We are hopeful that it will come, but we can't put a time line to it.

Meet Jagani: And have we taken any price hike in this quarter?

Satheesh Seshadri: We have taken. Last price hike cost in September. We have taken INR 100 price hike. We have not taken any price hike this quarter.

Moderator: The next question is from the line of D Kanoria from Aditya Mills Limited.

D Kanoria: I wanted to understand what is your average daily footfall in your Kochi Park? And what is the average spend per customer within per day?

Arun Chittilappilly: Satheesh, please answer.

Satheesh Seshadri: Yes, please. Kochi Park, we have done for the quarter is about 3.16 lakhs for this quarter is our -- both groups and walk-in footfalls together.

D Kanoria: That is for 90 days, this 3.16 lakhs?

Satheesh Seshadri: 3.16 -- 3 lakhs 16 thousand one quarter.

D Kanoria: One quarter is 3.16 lakhs?

Satheesh Seshadri: Yes.

D Kanoria: And the average spend per customer?

Satheesh Seshadri: The ARPU for Kochi Park?

D Kanoria: Yes.

Satheesh Seshadri: For the quarter, it is about INR 1,100.

D Kanoria: INR 1,100? Okay. And would you say that the January-March quarter is the leanest quarter in the year because of exams for children, etcetera?

Satheesh Seshadri: Kochi was INR 1,100 of the ARPU for the quarter.

D Kanoria: So I was asking whether the January-March quarter is traditionally the leanest quarter because of exams?

Satheesh Seshadri: See, the leanest quarter is normally -- Q2 is the leanest quarter because it's a monsoon period. And Q3, sometimes we get good response because many of the corporates and the schools and colleges wants to close the budget, okay? And also we have got some good seasons during the Q4 to in terms of Sankranti, Republic Day, Women's day and also the Holi and other things coming up, some seasons not there during the Q4. Q2 is normally the weakest of the quarter.

D Kanoria: Probably Q1 is the best because of holidays?

Satheesh Seshadri: Q1 is the best quarter from the footfall and the ARPU perspective because we have got the best rates during that time.

Moderator: The next question is from the line of Venkatesh Subramanian from Logictree Investment Advisors Private Limited.

Venkatesh Subramanian: My question is on the new growth opportunities at Punjab, Madhya Pradesh, Odisha. So 2 questions. What is the probability of something going through at Punjab and Madhya Pradesh? And in what time frame do you expected? And apart from this, are you also talking to other state governments as well, concurrently?

Arun Chittilappilly: See we are reasonably confident about Madhya Pradesh as they're very serious, they're very keen for us to invest in Madhya Pradesh ASAP. Punjab also they have been very forthcoming. Like again, these are government matters, so it's hard to finally say what is going to come out of it. But we are reasonably confident that these governments are very -- everybody seems to be very pleased to have a new investment and value creation in their states and actually for large amusement park, for all this to come in, especially in another large city. So we're hoping that a good percentage, healthy percentage. So we're reasonably confident, yes.

Venkatesh Subramanian: So -- and if that were to happen, at least by this calendar year, we will get to know whether it's working out or not.

Arun Chittilappilly: Not all of it. I mean, because we're talking to many state governments. For example, Madhya Pradesh and Odisha, they are very serious and things are more or less certain that who will go to and the others they're still in discussion.

Venkatesh Subramanian: So who else? You're talking to Gujarat as well? Is it, sir?

Arun Chittilappilly: We are doing a bunch of different -- lot of state governments. Most of them actually.

Satheesh Seshadri: These are all at a discussion stages, It's all government matters. So it's going to take some time for us to get clearance from the government. We will let you know once the MOUs are signed.

Venkatesh Subramanian: One follow-up question from an earlier participant. So you broadly said things are looking okay, and we can probably look at 15% to 20% growth next year overall. Did I get it right, sir, 15%, 20% in terms of top line broadly?

Arun Chittilappilly: Yes, 15% minimum, we should be able to do. That's the hope anyway. But again, these are unprecedented times. And we really don't know how the crowd and how public are going to react in different, different states. But we are hoping -- I think there is definitely a huge demand for travel and leisure, and I don't think that demand is going to be abate very quickly. Also traveling abroad has much more expensive than pre COVID. So I think a lot of people are not really -- traveling within India and I think that trend also should help companies like us.

Venkatesh Subramanian: Okay. But what do you see -- when you interact with your customers, basically, there's a lot of strong consumer sentiment broadly to spending.

Arun Chittilappilly: So far, yes.

Moderator: Thank you. Ladies and gentlemen, that was the last question for today. I would now like to hand the conference over to the management for closing comments. Over to you, sir.

Arun Chittilappilly: Thank you all for attending our Q3 conference call. And we hope to come back next quarter with even stronger set of numbers. And thank you all for your support and wish you all the best.

Moderator: Thank you. On behalf of ICICI Securities, that concludes this conference. Thank you for joining us. You may now disconnect your lines.

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WONDERLA PARKS AND RESORTS

Date: 20/11/2022

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Dear Sir/ Madam,

Sub: Q2 FY23 earnings concall transcript (Revised)

This has reference to Q2 FY23 earnings concall transcript uploaded on the exchanges dated November 15, 2022 pursuant to regulation 30 of SEBI (Listing Obligations and Disclosure Requirements) Regulation 2015.

In this connection, we would like to inform that the aforesaid Q2 FY23 earnings concall transcript submitted to stock exchanges contain typographic error caused inadvertently.

On Page 8 of 19 : Investments in Orrisa already made is inadvertently printed as 70 crores whereas management said 7-8 crores.

We affirm that there are no other changes in the Q2 FY23 earnings concall transcript.

We sincerely regret the inconvenience caused in this regard.

Kindly take revised Q2 FY23 earnings concall transcript on your records.

Thanking you,

Yours faithfully,

For Wonderla Holidays Ltd

YELLAMRAJU SRINIVASULU RAJU

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Date: 2022.11.20 18:38:35 +05'30'

Srinivasulu Raju Y
Company Secretary

"Wonderla Holidays Limited
Q2 FY '23 Earnings Conference Call"
November 10, 2022

MANAGEMENT: **MR. ARUN CHITTILAPPILLY – MANAGING DIRECTOR – WONDERLA HOLIDAYS LIMITED**
MR. SATHEESH SESHADRI – CHIEF FINANCIAL OFFICER – WONDERLA HOLIDAYS LIMITED

MODERATOR: **MR. ADHIDEV CHATTOPADHYAY – ICICI SECURITIES**

Moderator: Ladies and gentlemen, good day and welcome to Wonderla Holidays Limited Q2 FY '23 Results Conference Call hosted by ICICI Securities. As a reminder, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal and operator our pressing star and zero on your touchtone telephone. Please note that this conference is being recorded.

I now hand the conference over to Mr. Adhidev Chattopadhyay from ICICI Securities Limited. Thank you and over to you, sir.

Adhidev Chattopadhyay: Good afternoon, everyone. On behalf of ICICI Securities, I'd like to welcome everyone to the Wonderla Holidays Limited Q2 FY '23 Results Call. Today from the management, we have with us Mr. Arun Chittilappilly, the Managing Director; and Mr. Satheesh Seshadri, the Chief Financial Officer. I'd now like to hand the call over to the management for their opening remarks. Over to you, gentlemen. Thank you.

Arun Chittilappilly: Good afternoon, everyone. This is Arun Chittilappilly, Managing Director of Wonderla Holidays. Welcome to our con call. So welcome to our Q2 and H1 FY '23 earnings call. Joining me on this call is Satheesh Seshadri, our CFO. I hope everyone had a great time over the recent festivities. I'm very proud to share that we've been consistently raising the bar with our performance and scaling new heights. We had a blockbuster results in Q1 FY '23 and as well as Q2, building on the strong momentum that we have registered the best ever revenue performance in our second quarter as well.

We have been at the forefront of the experiential industry in India, and people are increasingly exploring their adventurous side and looking for high thrill and that's what we have seen as a result in Q2. Historically, Q2 has been seasonally challenging, and a weak quarter marks a potential rain in Southern India. This year as well, we've had unseasonal rains in many parts of our -- including Bangalore, Kochi and Hyderabad.

Our strategic efforts are to drive footfall quite easily, we get a good response. Initiatives like add-on park site events, enhanced digital marketing, reaching the young audiences and judicious pricing strategy have enabled us to effectively pull our audience. We also ran very innovative marketing campaign like during Ganesh Chaturthi, during Onam, during Daughters Day, Grandparents Day, Independence Day, etcetera, etcetera. This was led to significant rise in in footfall, an improvement of 1,800 basis points from 58% in the corresponding COVID quarter of FY 20, 76% in Q2 FY '23.

Footfalls have gone from INR 3.5 lakhs to INR 4.7 lakhs in this quarter, a growth of 32%. Year-to-date, for the first half the growth of footfall is 26%. It's hardening to see that our efforts and our teams have made a tremendous response. All our parks have witnessed double-digit growth in footfall. Bangaluru 35%, Hyderabad 18%; and Kochi, 38%.

Our parks are a destination for all ages. We are taking this to the next level and positioning our park for marquee events. The Kochi Park hosted our first ever sun burn festival in the city, an electronic music festival headline by globally famous DJ Nucleya. The event attracted around 3,000 people. We're also consciously placing ourselves to become a destination of choice for people who celebrate festivals.

In this quarter, we celebrated a lot customers like independence Day, Navratri, Dusshera, special decorations and exclusive F&B offerings were also done for our visitors. We have a widely recognized and beloved brand, which is we are now leveraging to bring wallet share and grow our non-ticket revenue. We have exciting activities on weekends and improved merchandise has led to a 20% growth in spend per cap. Coupled with the calibrated heightened ticket prices, we've recorded a 22% increase in ARPUs.

Coming to our financial performance of the quarter. We have clocked a robust growth over the pre-COVID run rate from FY ’20. Revenue has increased by 62% from 40% to 66%. EBITDA has more than doubled from INR 8 crores to INR 23 crores, up 159%. We also saw EBITDA margin expand by 100 basis points from 20% to 33%.

I'm happy to report that the strong growth has brought increased profitability. We have registered a PAT of INR 10.5 crores, with a PAT margin of 15%. For the first half of FY '23 compared to the corresponding period, revenue is at INR 215 crores with a growth of 36%. EBITDA has increased from INR 81 crores to INR 117 crores, a growth of 45%. EBITDA margin has stranded on 49% to 53%. PAT has grown at 78% increase from INR 42 crores to INR 75 crores.

Our parks provide an excellent avenue for families and parents bond together as in wonderful outdoor environment while making memories. Customer centricity is at the core of our resort. We are undertaking an ambitious project to enhance our customer engagement sand experience by expanding personalized offerings to our guest.

We thank you for your unwavering support and prices to deliver value in the long term. We can now proceed to Q&A.

Moderator: We take the first question from the line of Ashwini Agarwal from Demeter Advisors.

Ashwini Agarwal: So I have two questions. During the COVID years, you had taken a lot of steps to cut costs. Now as business comes back, some of these costs will need to be restored. So I was just wondering, that the margins that we are seeing in Q1 and Q2, have the costs normalized? Or will the cost normalize going ahead? So that's question number one.

And question number two is, if you can give us a granular update on Chennai. Maybe I'm reading it wrong. But in the footnote, the way I read I felt there was some progress in Chennai, but I could be wrong. So help me understand that?

Arun Chittilappilly: Satheesh, you want to take the call -- the question?

Satheesh Seshadri: Yes, during COVID levels, we were -- the priority was to cut the cost, and we brought down the cost to about INR 3.5 crores per month. Majorly, there was cut in the all the fixed cost and also reduction in the labour force and other things. But as we open the park, the resources are back, and we are working as a full one operation. In which case, they cost us back to the marginal situation. Plus the inflation of two years has improved in that.

And all the costs in terms of labour, maintenance, advertisement, and if the cost of goods for F&B is back on the levels, okay? That's number one. And on the Chennai project, we are closely following up with the government of Tamil Nadu to help us to waive that LBT issue. And we are hopeful that it is at a critical stage now. And I think we are positive, the government will heed to our requirement, and we will be getting some good news in the close future, is what we anticipate.

Moderator: We take the next question from the line of Jay Shah from KZB Investments.

Jay Shah: Congratulations on an excellent result in Q2, sir, which is usually quite challenging due to the rains. Mr. Arun, my question is for you. I recently read an interview wherein you mentioned -- and it's even therein your presentation, about the technical technological upgrade and enhancement that we are providing at the Bengaluru Park. So just with regard to that, if you could elaborate on the time line and the cost involved. And when would we be looking at it for all the amusement parks also?

Satheesh Seshadri: Sir, I will give you a prelude of this. We are working on upgrading of our variables. See, whenever a guest is coming, we want...

Arun Chittilappilly: I'll take that. Yes, I'll take that question. Yes. So what we feel is -- to how to interact our park and our staff in the park, we want to make that more efficient. Right now, a lot of park processes, are managed and we have very limited visibility on how people, how they spend inside the park and we don't have too much data on that. So what we are planning to do is, one is to use, like Satheesh said, use variables to collect more data.

The other part is also to try and build some software, which will help us also understand how people -- crowd inside and how -- which are the areas where people spend more time, which are the areas which are non-ticket areas where these people – what are the kind of things to spend on in terms of non-ticket or what is the people's ordering behaviour, how people spend time on rides, queuing, lot of things. So wearables is a big part of it, but there is also a lot of other things that we have to do. So right now, it's a pilot.

We are just working on it, but we don't have a current -- I think it's going to cost us maybe in the region of maybe INR 5 crores, the whole thing. And this will take maybe 1 year, 1.5 years. And of course, once we have -- the piloted cost for us is about INR 2 crores. Once we ready the whole venture of, what do you call it -- once we are happy with the pilot and we see some results in that, and then we will only then at that point spend the remaining amount.

Jay Shah: This INR 5 crores is only for the Bengaluru amusement park, right?

Arun Chittilappilly: No. Yes, INR 5 crores, I think, is for Bangalore.

Jay Shah: So basically, what we're trying to do is we're trying to figure out the cluster formation, which are going to happen at the park, and then how you can optimize and make it efficient if I'm not mistaken.

Arun Chittilappilly: Yes, something like that. Yes. So that's the way we are going to do this, yes.

Jay Shah: And these wearables would have payables also, if I'm not wrong? So this...

Arun Chittilappilly: Yes. So the wearable is -- it has two components. One part is we can use it for payment. One is it's got a dual frequency bank, so we can actually absolutely track the person, how they're using -- I mean where they are exactly inside the park and stuff like that. So yes, it has two chips, which will help us both the payment and also tracking the person.

Jay Shah: And we're looking at the time line is around one year, sort of Q2 of next year?

Arun Chittilappilly: Sorry?

Jay Shah: We are looking to implement this by Q2 of next year, right?

Arun Chittilappilly: Yes. So we hope to have more clarity on this. We should be able to do the final testing by with another six months. And after that, we will see how we can roll out So the whole process, yes, by Q2 of next year.

Moderator: We'll take the next question from the line of Mr. Dhruvesh from ProsperoTree.

Dhruvesh: Sir, I missed the comments on Chennai project. The two parts that are ongoing, if you can elaborate what is the capex, which is already spent. And looking at the cash flows now, can you get the confidence and urgency to move ahead with slightly more speed in achieving both the parks, including Chennai?

Arun Chittilappilly: Just can you give me repeat? Lost you a little bit.

Dhruvesh: So all I'm trying to say is the two parks, which are planned, if you can help us understand what is the spending, which is already done in the last six or 12 months, Odisha and….

Arun Chittilappilly: Satheesh can answer that question.

Dhruvesh: The second is in connection to that, looking at your existing cash flows and the better times that we may see in the next six months, you may be looking at more than INR 250 crores of cash flow this year. Is there a sense of urgency to probably get the Chennai theme or some other internal done so that we can see the fruits in the next three, four years for other two, three parks?

Arun Chittilappilly: Yes. Of course, I mean, we are trying to get Chennai and Bhubaneswar off the ground. So hopefully, but I am reasonably confident that we will be able to start both before the end of this financial year. We are planning to start the Odisha not next month. It will -- we already started work there. So I think in Odisha, we don't have too many delays. Chennai still -- we don't -- we have in word final the thing about the tax exemption yet. So until that happens, we can't do anything concrete on that. But what we are hearing is it should be done in the next -- I mean, hopefully, very soon. But that's the government matter, right? So could be one month, so could be one year. So we are hoping that it should be done in one month and maybe less than one year. That's what it was -- that's all I can say at this point.

Dhruvesh: What if done, of course will get started.

Arun Chittilappilly: Yes.

Dhruvesh: Is it not making you think that okay, now things have stabilized, bounced back so sharply? Let's move on with another two projects because...

Arun Chittilappilly: We also have interested money already there, right? So we want to create that also to a logical consistent Chennai is a big market for us. So we want to finish that. And reasonably sure, it will get done. And we are looking at other opportunities also, but we don't want to do more than two projects simultaneously. So we are talking to other players in other states and something we could be looking at another project also. In case we feel that Chennai doesn't come through, definitely, we will look at another one. We'll start working on the other one.

Dhruvesh: Sure. And the numbers you were asking somebody to answer that.

Arun Chittilappilly: Satheesh?

Satheesh Seshadri Yes. So we have got about INR 330 crores for Chennai, of which we have already invested close to INR 115 crores. And Odisha is about INR 120 crores, and we have already invested about INR 7-8 crores in Odisha.

Moderator: We take the next question from the line of Mr. Bhavesh Choksi from GB Capital

Bhavesh Choksi: Congratulations on the good set of numbers. So what I wanted to ask was with respect to cash flows. So I noticed about an investment of INR 8 crores spend on the investing activities. So at least give us some light on that.

Satheesh Seshadri: It's more of a sustaining capex, which we have taken during the quarter.

Bhavesh Choksi: And the next question is with respect to, like we have registered good growth in footfall, but we are yet to see a significant uptake on the Hyderabad footfalls, Hyderabad path footfall. So like could you give us like how are you planning to upscale it?

Satheesh Seshadri: Could you please repeat that again?

Bhavesh Choksi: So my question was that we have registered a good growth in our footfalls, but we like to see a significant upside of footfalls in the Hyderabad park. So can you, like, help us, like, how you're planning to scale it up?

Arun Chittilappilly: Hyderabad has been one of our top performers. If you look at our first half, Hyderabad has outperformed. I think, Hyderabad, before COVID, Hyderabad used to do less than 20% of our revenues. Now as I understand it, it's almost 27% of my total revenue. So Hyderabad is definitely performing better. But yes, I think there is definitely more to be unlocked in Hyderabad, especially in the group segment.

That, again, is something that we have to work, we are working on. It's not going to bounce back immediately because we are still building our sales thing in Telangana and those markets. I think next year, we will probably have a better group visibility. This year, because we are coming out of COVID, I think, group footfalls are very erratic. So sometimes we get them. Sometimes we don't get them. It just depends on -- there are so many factors at play. We are getting good footballs. But yes, it can be better. I think in the next one year, we can see Hyderabad contributing even better.

Satheesh Seshadri: Just to add also for you, for the current two quarters, if you see compared to the pre COVID levels, we are 33% up, okay. On Hyderabad, there is still scope to improve. We are working on it, as MD told you.

Bhavesh Choksi: So this question was purely that just because the Kochi Park is older, right? But still, it is outperforming. So that is why.

Arun Chittilappilly: Yes, got it. He has answered you.

Moderator: We take the next question from the line of Mr. Sachin Kasera from Svan Investment.

Sachin Kasera: Congratulations for a good set of numbers. I had first question on the Chennai. So how fast can we try to reduce the time line, also receive the approval? Is it that simultaneously a lot of preparatory work? And hence, in a normal scenario, then time taken is 100, we'll be able to finish the project 60%, 70% of the time line?

Arun Chittilappilly: In Chennai, I think once we get our approval, we need roughly about 18 to 24 months to finish the park. We are opening to finish in 18 months, but it could take maximum 24 months. We will not take that -- more than that. So I think in about 2.5 years from now, keeping some time for this approval and all that to also come through. 2.5 years from now is a reasonable time.

Sachin Kasera: Sure. Secondly, I think you even talked about increasing share of ancillary revenues in the last conference call. Can you tell us how the trend has been for this quarter? And any specific initiatives that you are looking to take to further increase the share of ancillary revenues and the overall revenues?

Arun Chittilappilly: Yes, we have done a lot of things. I think it will be there in our presentation also that we are doing a lot of non-ticket revenue. We want to improve cost-ticket. So a lot of things. We are revamping our restaurants. We are revamping our resorts also actually because the resort given a lot of room nights and pleasant surprise. So we are investing more in each of those verticals so that we can get more out of it. Yes. So you will see that coming to fruition in the next few quarters. Yes.

Sachin Kasera: Sure. And last question was, you had also indicated that you are looking at two more options for growth. One was if you could explore some sort of a franchise model. And second was the -- some of the surplus land that we may even after assuming the planned expansion for the existing parks. You were looking at some sort of...

Arun Chittilappilly: We've never said that we are going to sell land and existing cost. I think you have the wrong information.

Sachin Kasera: No, I did not say, I don't say that. I said that. You had mentioned that you could look at options of how to unlock and monetize...

Arun Chittilappilly: Yes, monetize. So we are looking at that. Yes. So we want to do more maybe adventure based activity. So that's what I already told you is the resort, and we will be using some of that land for expanding our resort back -- doing an adventure park adding more room to the resort, resort is running almost capacity now. So I think it's time for us to add capacity to our resort and then make it a slightly more larger business. And so that we can do the same at our other parks also. So we will be doing more experiments on that in our Bangalore Park in the next one year. And then once that comes through, we will do that in the other parks also.

Sachin Kasera: This would, this thing that you're in Bangalore would help you handle more visitors on a daily basis? Or if you could give us more details on that?

Arun Chittilappilly: Yes. So we don't have too much detail on it. Once it's ready, we will let you know.

Sachin Kasera: Sure. And are we also looking to extrapolate anything on the franchising side in terms of opening new parks on a more...

Arun Chittilappilly: We have been focusing more on doing projects in the last quarter. So we've not really looked at franchise. It is the only thing we've had too much to do. Once we do want to get Chennai Odisha, off the ground and that's what we've been working on. Franchising models are there, but it's not really -- actually, honestly, actively, we've not been able to follow it up, especially in the last quarter.

Moderator: We take the next question from the line of Mr. Venkatesh Subramanian from Logic Tree Investment Advisers.

V. Subramanian: Mr. Arun and team, congratulations on a very nice performance. I have two questions. So one is a big picture question, which is I think in your last call and in your presentation, you have highlighted it. Broadly, can you give us an idea, say, over a three year time line, three, 3.5 year time line, considering that by then, hopefully, Chennai would be commissioned, you want to make progress on Odisha. And last call, you had mentioned of some interest in Gujarat as well. Over a 3.5 year period, if I were to just watch and be a very passive participant in the growth of the company, where do you think we could be, A, in terms of footfalls, B, in terms of number of parks and C, in terms of ARPU at that point of time? I know that this could be, I'm not going to hold you. Just broadly, do you have like a vision saying three to four years from now, this is where we want to get to? And how to get there?

Arun Chittilappilly: Yes. I think in three years from now, we will definitely have two more parks up and running. So obviously, our number of footfalls would have at least gone up by a factor of 1.5x, is where we are right now or 1.6x And ARPU also would have three years, you can compound, let's say, about 7% per year. We're planning to take about 5% to 7% price hike every year. So its impact that.

V. Subramanian: Right. And apart from the two more parks, are you planning to initiate anything across other states and places?

Arun Chittilappilly: Yes, we will do that. But then again, like 2.5 years, if you want to see where revenues coming in from, I don't think it will be more than two parks in the next two to three years. Two more parks will contribute revenue, but we will be definitely working on more projects also.

V. Subramanian: Anything on Gujarat, specifically?

Arun Chittilappilly: Gujarat also, we have been talks with the government, but we've not initiated any solid plan for Gujarat yet. Most likely, Ahmedabad the place that we want to do something. We have been talking to the government, and they've been proactive, but we are not sure whether we will invest directly or -- like somebody has mentioned we would do it in franchisee model. So we are exploring those kind of things, right now.

V. Subramanian: So just to summarize what you're saying is over the next three years, the realistic global thing is two parks and 1.5x the number of footfalls that we have. That's probably a goal.

Arun Chittilappilly: That's, something like that is possible, yes. .

V. Subramanian: Anything, any update on the gaming part, I think you had mentioned something in the last year's annual report?

Arun Chittilappilly: So in gaming, I think, so we will not be doing, because we are not a software company. We will be partnering with somebody, and we are looking to see how we can do that. So again, it at a very experimental stage. It probably want to take some time for us, before we can have a concrete plan on that front. Because also, we don't want to do what other people are doing in games like we are not going to some gambling, those kind of games. So I think it's also an evolving kind of feel. So we are observing it very closely. We are watching what's happening. And at some point, we will definitely want to get into it. So we are in the process, looing, meeting different companies and planning what they're doing. So it's more like a learning phase for us right now.

V. Subramanian: And then last one, which is the Q1 and Q2, considering that pre-COVID cost and during COVID cost, the current EBITDA margins and net profit margins broadly are sustainable over the next few quarters?

Arun Chittilappilly: I think so. We should be able to, of course, it will keep fluctuating a little bit. It will not be exactly the same. Every quarter it will show fairly different numbers. But yes, I think this year, after the end of this year, I think we can probably have a new baseline on to how our numbers will be because this is still only two quarters of post-pandemic era, right? So I'm also eager to know how Q3 and Q4 will perform. Honestly, they're doing well. We are doing very well. But finally, the numbers and ratios we like to wait and see. But I think we should definitely do far better than what we've done pre-pandemic.

V. Subramanian: Okay. So currently, in October, November, you are quite doing quite well in the third quarter, broadly. Yes.

Arun Chittilappilly: Yes. We are doing a bit better than pre pandemic.

Moderator: We take the next question from the line of Himanshu Upadhyay from O3 Capital.

Himanshu Upadhyay : My question is on the group bookings. So what growth we are seeing? Is the mix changed dramatically? Or in Q2 FY '23 versus Q2 FY '20, are the group bookings remain the same proportion of footfalls what they were pre-COVID, some idea on that? And what can be the sustainability of this growth in football games? How do we understand that thing?

Satheesh Seshadri: Can I take this on, Arun, sir? .

Arun Chittilappilly: Yes. Sure.

Satheesh Seshadri: Yes, your observation is good. Compared to -- during the pre-COVID, we were groups were 42%, and walk-in was 58% in Q2. And now it is 23% and 77% The walk-in -- the retail footfall actually increased in Q2 of this year. But if you take an H1 scenario, okay, you take the complete H1, the scenario is 21% was groups and 79% was walk-in and 23% was groups and 77% was walk-in in current year.

So in H1 scenario, it is almost evened out, okay? But in Q2, yes, your observation is correct. The retail footfall were not just up. And going forward, these two quarters, if you take Q3 and Q4, it's normally a group quarter for Q3, and we can expect bigger groups for coming during this quarter. And the end of the year, we have the seasons, so we will have a good walk-in during the season time, that is starting from 15th of December.

Himanshu Upadhyay : And one thing, we had a lot of focus on group activities through schools and colleges and offices. So have all our channels started focusing? And are we back to pre-COVID level in terms of activations and everything on the group activities?

Satheesh Seshadri: On the activations on the groundwork on the legs on the road, everything is happening. And we have got a good traction of colleges and the corporates in Q1 and Q2, which was really good. And Q3 is normally the school group. So we are hoping that the school group comes back to us.

Himanshu Upadhyay : And the realization, how different are they? Let's say, group versus footfall?

Satheesh Seshadri: It's like a retail versus wholesale because the retail footfall is almost full ticket. And group footfall, the discount starts for anywhere between 20% and more than 30%, plus the commissions also there.

Himanshu Upadhyay : Sir, my question was, is it similar to pre-COVID, or are we able to reduce the discount in comparison to pre-COVID because there...

Satheesh Seshadri: We have reduced the, what we have done is we have increased the group size. Pre-COVID group size was 10 plus. Now we have made it 20 plus. So we have put a barrier has been increased for the group. So what we are trying to do is you come in a large number than you are for discount. We don't want to entertain a smaller number. Smaller number will be still the retail ticket and full toll ticket, yes.

Moderator: We take the next question from the line of Sourav Dutta from Minerva India Under-served.

Sourav Dutta: Just wanted to know if you can provide me the park-wise mix of walk-ins versus routes?

Arun Chittilappilly: For the H1 or Q2?

Sourav Dutta: For both possibly.

Arun Chittilappilly: Okay. I will just share it with you. Okay. Park-wise mix of walk group for H1 was like this, okay, annual park H1 is about 30...

Satheesh Seshadri: One second. Just a second. 86-14 at Hyderabad was 86 - 14; Kochi was 58-42. Bangalore was 85-15; and overall was about 77-23. That is the H1 numbers. I repeat it. Hyderabad was 86-14; Kochi was 58-42; and Bangalore was 85-15. And overall is 77-23. Walk-in vs group percentage in H1.

Sourav Dutta: For Q2?

Arun Chittilappilly: You want for Q2? Hyderabad was 81-19; Kochi was 68-32; Bangalore was 81-19; and overall was 76-24.

Moderator: We take the next question from the line of Ashwini Agarwal, Demeter Advisors.

Ashwini Agarwal: This is a follow-up to the opening remarks about second half -- or rather the current quarter also looking quite strong. So obviously, we are hearing of a lot of revenge tourism that is happening, and you might be benefiting from that as well. I mean is there any way for you to kind of figure out if this is an extraordinary period? Or do you think that this trend of strong footfall will continue into fiscal '24?

And connected question is that over the next four to six quarters, still Bhubaneswar and Chennai start kicking in maybe four to eight quarters from now. What's going to be driving the growth? Or is it going to be a record fiscal '23 and then probably consolidation in fiscal '24?

Arun Chittilappilly: Yes. I think so your guess is as good as mine in terms of how next year will be, will that be better or worse in this year is, I mean, we love looking at a crystal ball for that, and even that may not give you. But I think we should be able to hopefully grow on this and not see too much of a dip next year. I don't think there'll be a dip next year. That's what we are counting on. And also, I feel like at our group footfall will not have rebounded to pre-COVID levels, figuring more retail footfall.

So now will that pattern, say, next year? Again, we don't know, but I think we want to definitely improve this segment. So we do expect more upside there next year. So yes, I think next year would be more consolidation, but I think we'll see some growth also. That's what we are hoping for. And then, of course, the further growth would happen from maybe new parks. It will happen in two years from now and onwards.

Ashwini Agarwal: So one question that I didn't ask, but I implied and I was wondering, is there any way for you to increase footfall at your current parks? Are there capacity issues especially during weekends or during the holiday season that you can address? Is there something that you could share with us?

Arun Chittilappilly: We are doing -- we do have capacity. I mean, of course, we don't get even footfall at any point in time. So they are highly fluctuating and volatile, depending on many, many factors. So remember, we'll be able to say that we will run at capacity every day, but it just doesn't work like that. Now one of the ways to improve your capacity utilization is to have more digital pre-sales. So that's what's happening now more on the online sales and more from the sales.

That ratio is going. It used to be 5% of the growth. And now it's more like 20% of my total sales. So that, I think, is a good indicator for us to-- so that we want to grow. And then hopefully, that will help us say that, the kind of football we'll have, for sure. But, I mean, it's still going to be, this business will always have an element of unpredictability to it. I don't mean we can completely wipe that out. Yes. Hope that answers your question.

Ashwini Agarwal: And another thing is that on sort of F&B and other products that you sell in the park, I mean, two, three years ago, you started in earnest. And I'm very happy to see -- and great job done by all of you in terms of the sales, which are other than the ticket sales, that's continuing to grow. Do you have any sense that you could share with us as to what's the headroom there? I mean you must have done an analysis that some people spend, let's say, INR 500, others spend nothing. And how do you activate...

Arun Chittilappilly: We are still building our intelligence in this aspect. Like I said, we really don't have too much insight on how people are spending and spending patterns. It's still -- we don't have too much intelligence there. We do know what the people are spending, and certain numbers of these restaurants are doing so much. But I don't have behaviour patterns of how people spend. So that will take -- like I said, once we have our system all in place, it's going to take us more time to understand how people spend.

But what we are doing in the meanwhile is to make sure that we have better offerings, we are seeing more non-ticket revenue spend. And that means that we are getting higher-paying customers compared to pre-COVID. Ticket prices also way higher. If you look at our ticket prices, it has gone up by almost 20%, 25% compared to pre-COVID. So that obviously is changing the profile of non-ticket spend also. So now according to that spend, we have to up the game in terms of non-ticket revenue.

So that is what we are doing right now. Now what ratio? I think 65 35 is possible in India, but the global -- this thing is about 60 40, but we may not get there because I think -- so that is the result also, and a lot of non-ticket spend have to grow. It will grow eventually. But I think right now, we are at 70, 75, 25. That can become maybe 65 35 or maybe 70 30 first; and then global is 65 35. So that's the way we look at it

Moderator: We take the next question from the line of Himanshu Upadhyay from o3 capital.

Himanshu Upadhyay: See, we have seen a significant growth in non-ticket revenue. So 311 has become 364 over last three years, okay? But can you give some an idea of what percentage of this growth in non-ticket revenue is from volume and value and more number of customers buying more, some...

Arun Chittilappilly: Satheesh will be able to give you more details on that.

Satheesh Seshadri: Yes, you are -- there is an impact on inflation also in this account, and we are done about 10% price increase. Okay, the balance is on account of volume there. And coming to the offerings, it is not just -- we can't tell the number on volume because the offerings we are trying experimenting various thematic food and also seasonal food items with our visitors, which have been very well welcomed by the visitors. So value, there has been a 10% decrease on account of inflation, and the remaining also on volume.

Himanshu Upadhyay: Okay. And any -- so the median -- this is 364 is mean, okay? And 311 was mean. But how is the median moved? Let's say, how many people are spending more on -- some more clarity on that. Or what we are doing has been helpful?

People are appreciating those services? How do you get a better understanding of that?

Satheesh Seshadri: Our NPS is more than 90%. We have continuously clocking in despite this good visitor improvements and growth. Our NPS has been consistently above 90%. And we are closely watching our customer service levels. We are focused on the customer experience. So it has been very consistent.

Himanshu Upadhyay: Sir, my question was on the non-ticket revenue. Let's say, X percentage of people were spending about 311. And now what is the number of people who will be -- so the percentage of people who are coming to the -- our space would be spending more. And one more thing. When the retail people are more, would have the...

Satheesh Seshadri: It is difficult to answer because we are not talking about one segment of people, okay? We are talking about a college group. We are talking about school group. We are talking about the corporate, okay, and also the walk-ins. The walk-ins normally spent -- that is 60% of the crowd do a good spend, okay? But if you take as crowd, walk-in or you take it as a group or college, the spend is going to be lesser, okay? I can very well put that. Nearly 60% of the people spend over INR 300, and the remaining 40 will spend INR 250 sub 300 rather.

Himanshu Upadhyay: So because what you stated earlier was the retail and the walk-in versus this has increased in this quarter versus Q2 FY '20. So again this footfall -- or the change in the footfall mix also helps in better...

Satheesh Seshadri: It will be -- one of the -- if you go back -- Arun has been insisting that currently, our group versus walk-in is at 40 60. We want to slowly move towards 75% walk-in and 25% group. So that is what our -- the more the retail, the ARPU will be better.

Moderator: Ladies and gentlemen, that was the last question for the day. I now hand the conference over to the company management for closing comments.

Arun Chittilappilly: Thank you all for attending our Q2 Investor Call. We hope to do better in the coming quarters. And like I said, I'm really looking forward to this year being a spectacular year for us. And yes, I hope to see you all soon. Thank you very much.

Moderator: Thank you. On behalf of ICICI Securities, that concludes this conference call. Thank you for joining us and you may now disconnect your lines.

"Wonderla Holidays Limited
Q1 FY2023 Earnings Conference Call"

August 12, 2022

ANALYST:	**MR. ADHIDEV CHATTOPADHYAY - ICICI SECURITIES LIMITED**
MANAGEMENT:	**MR. ARUN K. CHITTILAPPILLY – MANAGING DIRECTOR – WONDERLA HOLIDAYS LIMITED** **MR. SATHEESH SESHADRI – CHIEF FINANCIAL OFFICER - WONDERLA HOLIDAYS LIMITED**

Moderator: Ladies and gentlemen good day and welcome to the Wonderla Holidays Q1 FY2023 Earnings Conference Call hosted by ICICI Securities. As a reminder, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing "*" then "0" on your touchtone phone. Please note that this conference is being recorded. I now hand the conference over to Mr. Adhidev Chattopadhyay. Thank you and over to you Sir!

Adhidev C: Good evening everyone. On behalf of ICICI Securities, I would like to welcome everyone to the Q1FY23 Call. From the management, as always, we have with us Mr. Arun Chittilappilly, the Managing Director and Mr. Satheesh Seshadri, the Chief Financial Officer. I would like to congrats the management for a great quarter and I would now like to hand over the call to the management for their opening remarks. Over to you, thank you!

Arun Chittilappilly: Thank you for that introduction. Good afternoon everyone, and thank you for joining us. This is Arun Chittilappilly, the Managing Director of the company. Let me say that the first quarter is like a milestone quarter for us, we have seen blockbuster results after like almost two years of the pandemic. It gives us a lot of confidence that we are going to emerge stronger after the pandemic this quarter has also proven that our customers and general people are willing to go out and experiment with outdoor activities and fun and so that is a strong business proposition for us. As a result, we have witnessed the highest ever quarterly revenue EBITDA, PAT since inception. We have experienced some truly phenomenal as footfalls growing by some 24% compared to FY20, which was our last normal pre-pandemic quarter. Now we are entering a new dawn of value creation and growth ahead us.

The financial highlights coming to the financial numbers for quarters we registered revenues of 152 Crores clocking in a growth of 26% compared to 121 Crores in Q1 FY2020. Our EBITDA has grown by 30% to 94 Crores compared to 72 Crores for the same period in FY20. Our margin is at 62% and PAT for Q1 FY23 stood at 64 Crores growing by 53% compared to 42 Crores in Q1FY20.

Operating highlights: Demand for leisure activities has resumed with a vengeance. As you all know our customers continue to view us as a great way to spend a day of leisure, and they are proving this through their surging footfalls and each sequential quarter. We also have had an outstanding performance from our resort division, where we had almost more than 80% occupancy, the highest ever that we have done. We have also seen footfall growth across all the parks. While some portion of these footfalls could be attributed to pent-up demand, a great part has also come from a fundamental demand that continues every year and supported by compelling events and strategic marketing and marketing activation initiatives that we have implemented to drive demand. These measures and our continuous focus on customer centricity have contributed to some of these numbers. We also focused on special events and plans during all quarters in the last two years and some of these included our DJ events, Rhythm night and summer fiesta those kinds of things.

Secondly, we have also offered special park plus offerings and also launched some new rides to attracted leisure seekers. We have implemented a lot of innovative marketing campaigns, mostly digital, to encourage walk-in and group-based footfalls. These initiatives have reached a large number of customers and built a strong demand for us and with very less marketing costs. Backed by all these efforts we have a collective footfall of roughly about 11.18 lakhs in Q1FY23 compared to 8.99 lakhs in Q1 FY20. With these strong numbers we have crossed all pre-COVID markers for footfalls and I am happy to say that we are moving in the right direction.

We have two new projects as you may know. I am pleased to inform that we have signed an MOU with Odisha government for the development of an amusement park in the state capital city of Bhubaneswar. For this development we have released 50.6 acres of land for ninety years in the Kumarbasta village within Khorda district of Bhubaneswar. We are planning to develop this product with an investment of less than 125 Crores. This will be done through internal accruals this should ultimately expand our top-line and bottom-line. The other project that we have in Chennai and that has been put on hold for now I mean it is not on hold, it is just that we are waiting for the government revert on our request of waiving local body tax (LBT) for our project. We are reasonably sure that this will happen, but we do not know the timeline it could happen in this quarter. That is pretty much it. Thank you all for your continued support look forward to seeing you at our parks and do we all go over to the question-answer session.

Moderator: Thank you very much. We will now begin the question-and-answer session. Ladies and gentlemen, we will wait for a moment while the question queue assembles. The first question is from the line of TVK Vivek Kumar from Best pals Research. Please go-ahead Sir.

TVK Vivek Kumar: Thank you. Good evening Arun. Great to see, super numbers. So, the first question is this Chennai theme, how many years will it take and how do you plan to finance it? The second question is, can you repeat this kind of numbers this year or how much of it is revenge, and how much is attributable to your marketing and increased whatever sale prefer that you are doing at your end? I know you cannot predict next year but assuming that no COVID and all the things are out of the way in terms of outdoor things, are you sure that we can grow these numbers even by a small amount in terms of footfall with our marketing efforts? Thank you, Arun.

Arun Chittilappilly: Yes, I think we can grow this business quite a bit. Like I always said that we expect at least one million per year, and we have not reached that number yet, so I think there is definitely headroom for all of our parks to grow. If we see our footfall numbers, Cochin and Hyderabad had shown almost 38% or 39% growth in footfalls, whereas Bangalore has shown I think 7%, but this shows that we have still not reached that one million mark per park, so I think there is definitely a lot of headroom. The Chennai project, if we get all the approvals, I think we should be able to start next year and we will do most of the work with our internal accruals and we might take some debt on.

TVK Vivek Kumar: Sorry to ask the same question, how confident are you in your marketing efforts? Is there anything else that you are thinking in terms of what you can do to increase your footfalls? I am asking because that was a problem for the last decade, across all parks.

Arun Chittilappilly: No our parks are running full. For the first quarter, I do not think we could have more footfalls than this. It ran pretty much full throughout, especially in May, and we were completely sold out. Maybe in June, we could have a little more footfalls in the following year. So I think growing on top of this, footfalls for next year, I do not know how much we can grow but we can see. We will have to look at a possible price hike, which already planning to do, but I think for our existing parks I think we are in a very good place.

TVK Vivek Kumar: Okay thanks and all the best Arun.

Arun Chittilappilly: Thank you.

Moderator: Thank you. We take the next question is from the line of Aditya Shah from Rhythm Advisory Services. Please go ahead.

Aditya Shah: Congratulations Arun on the good set of numbers. My questions regarding two three things, which is what is the expected free cash flow that we planned to generate for next year or probably the coming two-three years? Second, if you are not taking any debt for the Chennai project, sorry not raising any capital for the Chennai project or the Odisha project, do we have any plans for raising any capital in the next two-three years? I am asking because our outlay would be around 400 crores, that is what I think. The third point is that the last ROE of 15% with us was probably in year 2015 or 2016, so do you think that going forward we would be able to maintain an ROE between 15% and 18% in the future or once it touches 15%-18% and then we go down again because of the capex and then again we go up?

Arun Chittilappilly: We do not look at ROE in that sense because these are very capex heavy investments so we do not have a benchmarked number like this, but I think we are happy with anything more than 12% and I think Sateesh can give more this thing all the numbers.

Sateesh Seshadri: I will take your questions one by one Sir. The first one is on the cash generation, see in the year we generate about 100 Crores cash on the surplus, and for the investments in.

Bhubaneshwar and Chennai Park, we will be requiring a total investment of 125 Crores for Odisha and about 220 Crores for Chennai if we have to go ahead.

Arun Chittilappilly: And over a two-year period

Sateesh Seshadri: Over two years period so in that two years we will generate about 200 Crores and we have a cash surplus now in form of investment and cash of about 200 Crores so we will try to do as much possible with internal accruals on the investment front. Number three, if you see the ROE is actually going to be difficult for you to guide why that shift happened because the Hyderabad Park came into the operations, so now if the Chennai and Odisha parks are going to come again the, ROE is going to reduce, because it takes at least four years to pick up the business. When we did the Ind-AS migration we also had a land revaluation of about 300-400 Crores 385 Crores, so this will hit on the return. While we are going to add parks the returns are going to fluctuate.

Aditya Shah: So broadly speaking then what is our intention of adding parks on an annual order or by annual basis? I am asking because, just to have an idea, currently we have two in plan - that is what as we know - but considering the capital outlay being around 300 Crores per park going forward, if at all, we plan any new ones, let say if we do not have a government deal as in Odisha. My question is regarding this because it is not clear about what is the ROE that we would want to make on a continued basis because as investors that is something that anybody would be looking at very closely.

Arun Chittilappilly: It is hard for us to predict an ROE number, all we can…

Aditya Shah: What is your expectation? What you want to do, as you said 12% and above that is what you said.

Arun Chittilappilly: Yes, it is something around those lines is that we hope to do but anything more than that is we are obviously thinking.

Sateesh Seshadri: See ROE is again it is not a static number, we talk about the business we see the potential in business is there, when you go by the potential and business when the topline grows automatically your ROE is going to go up like the potential rather than that is why we are going for a Capex a new park. See we have to grow our topline in two aspects, number one is leveraging or existing assets of the e park. Number two is when as Arun as said correctly, we will try to achieve one million footfalls, which we were doing before. So, with three parks we will try to record 30 lakh footfall with the existing asset. When the new asset coming in my topline is going to grow, the first approach will be how you will reinvest and head to the topline. ROE or an EBITDA is only a consequent of what you are going to do, it is not a rigid factor. So, we are seeing potential in this business and we see there is abundant opportunity in the north of India so we will grow slowly moving into newer parks and that is the one way of improving your topline.

Aditya Shah: No definitely there is ample opportunity absolutely no doubt, so you are one a great business.

Sateesh Seshadri: When you are in the expansion stage you do not talk much about the ROE now, it is only a consequent.

Aditya Shah: Okay got it. Thank you. I will come back again if I have more.

Moderator: Thank you Sir. We take the next question from the line of Gaurav Gandhi from Glory Tail Capital Management. Please go ahead.

Gaurav Gandhi: Hi Sir. Congratulations on the excellent set of numbers. My first question is Sir do you allow any movie shooting or marriages to happen in the park or do you have any kind of facility for planning to develop any?

Arun Chittilappilly: Yes we do, we have a lot of movies which are shot in our park and weddings, especially in our resort not in the park as such but weddings usually happen in the resort. It is not a very big market for us but we do get a lot of especially nowadays, as people want dramatic scenery for photos so because of that we do get a lot.

Gaurav Gandhi: Alright. That is it from my side. Thank you.

Moderator: Thank you. The next question is from the line of Dhrushil Jhaveri from Crown Capital. Please go ahead.

Dhrushil Jhaveri: Sir, first of all congratulations on a great set of numbers. I just wanted to know, so what is our two three years plan, like this number of 150 Crores nearly as you said if you want more footfalls. So over the period of time, how much would be sustainable or what would be your year-end target or may be FY2025 target? Could you throw some guidance on that front?

Arun Chittilappilly: It is hard to give guidance because we will have new parks by FY25 at least one new park may be even two. So based on that I think we will have to look at numbers and Sateesh may share something like that of calculation…

Sateesh Seshadri: Our short-term objective as Arun had already suggested it has to be broken into two parts one of the existing park which is Bangalore, Hyderabad and Kochi where we will try to achieve a million of footfall, now we are at around 25 lakhs that is 2.5 million our aim is to go to 3 million footfall in these three parks at a minimum level, this is our number one objective. Number two is expansions, when the expansions happen in Chennai and Odisha for the first few years it could add up a million more in footfalls, so we are talking about footfall of three to four million in 2025.

Dhrushil Jhaveri: Okay Sir and I am assuming with increased capacity you would also be planning to raise prices so next year in Q1 we should be better by this number and our prices will go up.

Arun Chittilappilly: Yes for sure. See pricing this year we have not gone up only about 2%-3% compared to FY20 there is headroom for us to grow pricing so which we will be doing.

Sateesh Seshadri: Normally the topline increases on account of both volume and price that we agree with. Coming of two years of COVID our immediate focus was how to improve the footfall and improve the demand we were focusing on that, now that we have achieved the first step we would be looking at the pricing, pricing we have been doing judiciously if you are seeing the pricing for the last one year and one and half years we had slowly improved the pricing and what it is just above the pre-COVID levels, now we have to work on the inflation part of it.

Dhrushil Jhaveri: Okay can I ask more question Sir?

Arun Chittilappilly: Yes.

Dhrushil Jhaveri: Sir, could you just explain a bit briefly how does our project economics work? Like it takes around two years to build and then three to four years to break even payback period, could you please give a small explanation on how does a project work?

Sateesh Seshadri: I will answer this. See let us take the example of Hyderabad Park, in the second year of operations we have registered EBITDA positive. Okay, our immediate focus will be how we can achieve EBITDA positive in the immediate year, that is second year or so, and then take up the revenue at the top at the higher levels, that is how we work. Secondly, we have to be appreciative of the fact that if I had to do a park now, and do five years down the line, and it is going to cost me at least two or three times the cost, we are missing out that. So ifI developed the park at Hyderabad at around 250 Crores, the same park for me to develop is now 350-400 Crores, so I think there is an inherent project cost that is going to go up. So ideally, the growth has to be from the existing park and the newer projects, which we are going to develop, and the unit economics is get the EBITDA positive in the second year.

Dhrushil Jhaveri: Okay. Thank you, Sir. That answers all my questions. Thank you so much and all the best Sir.

Arun Chittilappilly: Thank you.

Moderator: The next question is from the line of Mr. Ron Sen.

Ron Sen: Arun are we looking at being an operator of some of the parks of India? Is there a model you like to explore given your expertise of operations and having an in-house team? So this could be some kind of a revenue share model or asset-light strategy in future?

Arun Chittilappilly: Yes we are exploring that it and we had request from other parks to do this. We have not found the right pick yet, whenever we find it we will definitely look at also.

Ron Sen: My second question was any other vectors of growth that Wonderla is exploring? I understand during COVID I think you did some bit on the food delivery, something on the food space, but I think that was rolled back. But anything in the online gaming space? Or maybe increasing the resort offering given in the three largest parks in which you have enough space? So any thoughts over there?

Arun Chittilappilly: Yes, so this year we are going to do some experiments on our resort project and we are going to expand our existing resort in Bangalore in a few different directions in terms of adding more things to do for people, adding more thrill and adventure to the old resort and probably retaining and redoing some of our F&B. Those kind of things we are going to do this year and based on how that does and how it improves our occupancy and revenues that we got in Bangalore then we take a call on doing may be a larger one in Hyderabad and we can do a similar one in Cochin and we can do one in Chennai and we can do one in Bhubaneswar so that obviously is something we can also look at.

Ron Sen: Alright.

Arun Chittilappilly: That is in resort we are looking as one then we are definitely looking at digital online offering for like how can we make Wonderla relevant in the digital space in terms of whereas gaming or virtual reality and augmented reality which is on something that we have already worked on in some fashion in our park we are obviously looking out how well we can use it and how it can augment our revenues.

Ron Sen: Okay thank you for that. Just one last question any update on the Goa state project?

Arun Chittilappilly: This year we are not really looking at, I am just concentrating on Chennai and Odisha, but we are also talking to a few other state governments, we definitely want to build a pipeline of projects that we can go out and execute it. So, we are definitely talking to Goa, Gujarat and bunch of different states and whenever there is some announcement, we will definitely keep you posted.

Ron Sen: Thank you so much for answering this question and wishing you all the best for the coming quarters.

Arun Chittilappilly: Thank you.

Moderator: Thank you Sir. We take the next question from the line of Rahul Jajoo from R Consultant.

Rahul Jajoo: Congratulations Sir for a good set of numbers. My first question is when you say Chennai and Odisha Park coming in how much revenue you are expecting from these parks and follow up question to these what do you think about the spike in demand is it a pent-up demand or do we expect similar growth in future?

Arun Chittilappilly: For the park in Odisha, we are doing a light version so we are going to spend about between 100 and 120 Crores there and our ticket price also will be probably about 60% of what we charge in our larger parks so maybe about Rs.600 - Rs.700. So that is the way that pricing will work. We get about roughly half a million visitors in our first year so we can do the math on what the revenue product will be and that will keep growing, and we should get about maybe 8 lakhs to about 10 lakh visitors there also, 8 lakh is what I think more realistic in a place like Bhubaneswar. Chennai will be a bigger park like our existing park in Bangalore and so you can do the math from there. That was your question, right?

Rahul Jajoo: Yes. My second question is as we all can see inflation is coming in and everyone is comparing things with inflation so do you think like is going to impact our business also?

Arun Chittilappilly: Not really. If you think about it, we have actually increased the price of our F&B and ticket quite a bit in this year itself, we are going to take further price increases and because we do not have a direct comparable for our offering and I think pricing is always been one of our strong point we can increase our price and not worry about declining footfall so we are definitely looking for the price hike.

Rahul Jajoo: Okay thank you. And Sir my very last question, what is our current overall capacity utilization in different park and what is the current capacity utilization?

Arun Chittilappilly: It is hard to predict that right now because of our theoretical capacity and what we can actually keep but theoretically we can have 10,000 visitors per day per park, but we are probably at about 5000-odd. What is our Q1 average Sateesh?

Sateesh Seshadri: Sir in the year we do about 25 lakhs.

Arun Chittilappilly: I am saying this Q1 what will be the average?

Sateesh Seshadri: Q1 average would be more than about 4000 visitors.

Arun Chittilappilly: Yes so, we can still add more people if we want.

Rahul Jajoo: Thank you so much.

Moderator: Thank you Sir. The next question is from the line of TVK Vivek Kumar from Vespa Research. Please go ahead.

TVK Vivek Kumar: Arun during the COVID you just mentioned that we are working on how to create a brand awareness for even when visitors outside, in their life, like not in the park. So, are you thinking about anything to do in those terms? Like you said that we want to be relevant throughout, the price will be relevant more time when they are just inside the park, we are trying something on that I think you said or just I do not exactly who said it but during the COVID you mentioned that we are thinking very deeply on these things so anything on that?

Arun Chittilappilly: Yes that is actually we did that and we have been very successful in that that is why we got this kind of footfall. I think the way we do our marketing is completely different now. I cannot give you too much detail all I can tell you is we do mostly digital marketing and we do very precise targeting of people who are thinking about going out somewhere and we are able to target them very accurately and give ads and offers so that is how our marketing is working now. So when people are thinking about an outing we should be in their consideration. We do a lot of things for that.

TVK Vivek Kumar: Thank you and all the best Sir.

Moderator: Thank you. We take the next question from the line of Meet Jagnani from PS Associates. Please go ahead.

Meet Jagnani: Thanks for the opportunity and congratulations for good set of numbers. Sir, my first question is if this Chennai project is materializing in say one or two quarters so are we looking at any other second option or we will go ahead with only Odisha say next two years?

Arun Chittilappilly: We are definitely looking at other options also like I mentioned we are always looking out for new projects so if Chennai does not work out, we look at something else. There are always at least two-three projects in our pipeline we want to keep it like that and we are trying to grow that pipeline now. I think there are a lot more opportunities and a lot of states are looking at investment in that tourism sectors so we are talking with a lot of state governments with the which we whether we can tie up and do new projects. So that will help us to reduce our capex also.

Meet Jagnani: My question is regarding price hike are we looking at price hike across all the parks or is it at any given one park?

Arun Chittilappilly: Cannot tell you I mean definitely we are looking at price hikes across the board at some point the second half of this year, may be not this quarter but next quarter definitely we can look at.

Participant: Okay thank you very much and congratulations for nice set of numbers.

Moderator: Thank you Sir. We take the next question from the line of Avishri Shah an individual investor. Please go ahead.

Avishri Shah: Good evening sir, and congratulations on the good set of numbers. Sir I have a couple of questions. Can you put some light on the park wise performance and I see you are frequently adding rides in the park so what is your plan ahead on that?

Arun Chittilappilly: We always keep adding rides to the park something that we have been doing for a very long time every year we roughly spend about 10% of our topline in adding rides into our parks so that is definitely one thing. Then if you look at our footfalls, I think highest growth in footfall happened this quarter for Hyderabad so almost 36% growth in footfall I think 34% growth in Cochin and what is the percentage growth in Bangalore?

Sateesh Seshadri: I will tell Sir, Hyderabad we got 39% growth in footfall 46% growth in revenue and in Kochi we got 38% growth in footfall and 34% growth in revenue and in Bangalore it was 7% growth in footfall and 12% growth in revenue.

Arun Chittilappilly: Bangalore is already running almost very full even before COVID but there is lot of headroom for us to grow in the other two parks and that is that.

Avishri Shah: Okay. Sir how frequently do you keep adding as in on a quarterly monthly basis or yearly?

Arun Chittilappilly: Every year we will add something.

Avishri Shah: Okay and one more in last quarter you had mentioned an asset-light model for the new park so how much pricing we will be keeping for that park?

Arun Chittilappilly: We will have 60% of our full-size park price.

Avuishri Shah: Okay and thank you that is it from my side. Thank you.

Moderator: Thank you. We take the next question from the line of Mr. Anil Jain from Equity Passion Capital. Please go ahead.

Anil Jain: Thanks for the opportunity and congratulations on the good set of numbers. I wanted to know if you could throw some light on our business, in terms of divided into Q1, Q2 ,Q3 and Q4 in terms of footfall and revenues?

Arun Chittilappilly: Q1 and Q3 are stronger quarters Q2 and Q4 tend to be slightly weaker, changing now with our digital marketing I think of course Q2 will be a weaker because of the rains and now opening up schools and colleges that will impact on footfalls, this is roughly that is how it works.

Anil Jain: Roughly can you give some out of 100 suppose 100 number in a year Q1, how much is in Q1, Q2, Q3 and Q4 approximately?

Sateesh Seshadri: See the Q1 is the main quarter for us and we record about 40% of our revenue during Q1 which is about 9 to 10 lakh footfall we achieved during Q1 and this year we have achieved little more than that and Q2 and Q4 together is about another 30% and Q3 is about 30%.

Anil Jain: And for Q3?

Sateesh Seshadri: For Q3, if you take it is again a season so Q1 and Q3 will be good numbers and Q2 and Q4 will be slightly moderated.

Anil Jain: Okay so two quarters combined percent approximately 70%?

Sateesh Seshadri: Yes, roughly about 65-70%, yes.

Anil Jain: In your Kochi Park footfall that we had in pre-COVID level, but your revenue has not increased 38% but your revenue has increased 34% can you throw some light on that, based on the footfalls?

Sateesh Seshadri: Yes, see the revenue or the ARPU is a factor of the job mix between retail and group footfall if you take the Kochi Park per se we had 19:81 in Q1 FY2020 and now the footfall was about 50:50 group and walk-in so that has reduced the revenue some extent.

Anil Jain: Okay got it. Thank you.

Moderator: Thank you Sir. We take the next question from the line of Sagar Shah from Sunshine Capital. Please go ahead.

Sagar Shah: Can you share the details of tickets to non-tickets ARPUs?

Sateesh Seshadri: Yes, if you take ARPU it has two components which is ATP which is average ticket price that is 987 and SPH which is a combination of F&B and retail it is about 313 both put together we have recorded 1300.

Sagar Shah: Okay and Sir you already mentioned like you have switched from traditional to digital marketing so can you share like how much marketing expenditure we have every quarter against the revenue?

Sateesh Seshadri: Our percentage of marketing expense is about 8%-9% of revenue. Normally our ratio.

Sagar Shah: Okay. last is like how soon we can see the Chennai Park coming in under taxation matter that can be resolved like?

Arun Chittilappilly: Hopefully within the next one quarter.

Sagar Shah: Okay Sir. Thank you.

Moderator: Thank you very much. We take the next question is from the line of Gaurav Gandhi from Glory Tail Capital Management. Please go ahead.

Gaurav Gandhi: Arun Sir can you share your understanding regarding how many times the same person visits the park if he visits once or whether he comes back or what is the time period.?

Arun Chittilappilly: Usually we get the maximum of two visits per year is usually what we get, there are heavy users who come ten fifteen times a year but that is a very small number most of the people may be once or twice a year.

Gaurav Gandhi: Okay thank you.

Moderator: Thank you very much. We take the next question from the line of Mr. Sachin from Swan Investments. Please go ahead.

Sachin: Good afternoon and congrats for a very good set of numbers. Two three questions one in your presentation you mentioned that you have lot of success plan in existing park itself so are you looking at any more capacity adding more rides at the existing parks and what type of Capex we are looking here?

Arun Chittilappilly: Yes we are constantly going to add newer attractions so we are planning some attractions to be added in Hyderabad right now that is our smallest park and newest park so it needs some addition of rides because now we are getting huge crowds there also so some expansion will be happening some F&B expansion will be happening, Bangalore is going to see some expansion so in all three parks this year you will see a lot of expansion and refurbishment.

Sachin: Will it be minor capex or like15-20 Crores Sir all three put together?

Arun Chittilappilly: Yes, it will be in that range only.

Sachin: Second, I think currently your issue of per ticket is like 75: 25 ballpark so what is the ratio like globally and is there a scope to improve this ratio substantially in favor of non-ticket?

Arun Chittilappilly: Yes, of course the global ratio is 60:40 and we are at 75:25 so we should be able to get that soon so that is part of the expansion that we are doing in our F&B also, we want to change our F&B offerings to more value added offerings again aided by our digital transformation so we understand what kind of people are buying what kind of food, so that intelligence we need to do some work on that hopefully within the next year that system will be up and should be able to give more varied offerings, F&B and merchandise and so whatever expansion is happening in that area.

Sachin: But do you think over the medium to long term we can also expand to the global benchmark?

Arun Chittilappilly: In a developed country matrix we will not be able to achieve I think that you know that if I think if I now developed country people are spending as much as on food as we are spending on ticket that happens in think may be in India it will take some more time, but I think eventually yes we will also get there. Yes, three to five years we would want to increase into let say 70-30, but 60-40 I think probably it will take more time.

Sachin: You also mentioned that typically at good times your each of the parks can do a million visitors every year but you also mentioned that the capacity is much larger, we do know there are season variations, but in general what do you think we need to do so that we can improve probably some million in a year over a two three year to select 1.4-1.5 million per park?

Arun Chittilappilly: So I think, yes, that means we will have to utilize our capacity much more smartly like how our airlines do that they will oversell some capacity or they will do some dynamic pricing they will do, there is a lot of tech element that will come in if we want to do that and improve a capacity so we are also planning to do things like that so that we are more efficient with our ticket.

Sachin: We should be calling college and revenue management, or yield management so do we have we are investing significantly in terms of software or are we boosting the digital marketing

Arun Chittilappilly: We will give some insight what we are trying to do on that market.

Sateesh Seshadri: We are developing our own software for that the ticketing process that will be completely digital, nobody else has that kind of software so we have to develop it pretty much in-house but of course it will have the elements of CRM and Salesforce automation and those kind of things, so we are building an entire stack but it take about a year to finish and hopefully we can also look a dynamic pricing for a ticking also once that is up.

Sachin: Just one last question Sir, we heard that in Goa there is an expressway airport coming in and the government wants to develop that more as an entertainment hub so are we looking at any options near the new expressway airport in Goa in terms of opening the new park or exploring any new opportunities there?

Arun Chittilappilly: We are talking to the Goa government. We might be doing something there right now is just in discussion.

Sachin: Sure. Thank you.

Moderator: Thank you Sir. We take the next question from the line of Mr. Anuj Sharma from MC Investments. Please go ahead.

Anuj Sharma: Thank you for this opportunity. Arun you just told that the Chennai Park, should be out within the quarter or so, so the probability of getting it or not it is zero or one scenario or there could be a scenario wherein lower LBT is considered and will be fine with it?

Arun Chittilappilly: I think it should get done most likely I would say with the 80% confident that it should get done but then we do not know nothing is certain 100% so but we are looking at it. They are reasonably sure that it will go through.

Anuj Sharma: Okay at the terms which have already intended for, correct?

Arun Chittilappilly: Yes.

Anuj Sharma: Alright. This is based on your assessment as to how things are moving in the bureaucracy?

Arun Chittilappilly: Yes.

Anuj Sharma: Alright. Thank you so much.

Moderator: Thank you Sir. We take the next follow up question from the line of Mr. Meet Jagnani from PS Associates. Please go ahead.

Meet Jagnani: I just wanted to get an idea on your expense so could we maintain the current run rate of expenses or could we see any increase in expense deducting depreciation included increase its new capex?

Arun Chittilappilly: See when we do new capex obviously the expenditure will be different but on a steady state, I think for our existing parks our expenditure I think should be on a control.

Participant: Okay. Thank you.

Moderator: Thank you Sir. We take the next question from the line of Neha Sharma from Pearl Global Investments. Please go ahead.

Neha Sharma: Hello good evening Sir. Congratulations on the good set of numbers. And Sir one question can you give some guidance on the footfall on the revenue for the coming quarter?

Arun Chittilappilly: I do not think we can give revenues I think all we can say is we should do better than FY2020, we will probably do a little better than that also, yes so that is we are hoping to beat FY2020 numbers margin this year that hoping to do.

Neha Sharma: Okay that is it from me. Thank you.

Moderator: Thank you very much. Ladies and gentlemen that was the last question for the day. I now hand the conference over to the management for closing comments. Thank you and over to you Sir!

Arun Chittilappilly: Thank you all for attending our earnings call for the first quarter. Looking forward to more exciting news and updates from Wonderla Holidays. Thank you all for joining. Thank you.

Moderator: Thank you. On behalf of ICICI Securities Limited that concludes this conference for today. Thank you for joining us. You may now disconnect your lines.

"Wonderla Holidays Limited Q4 FY 22 Earnings Conference Call"

May 27th, 2022

MANAGEMENT:	**MR. ARUN CHITTILAPPILLY - MANAGING DIRECTOR, WONDERLA HOLIDAYS LIMITED** **MR. SATHEESH SESHADRI - CHIEF FINANCIAL OFFICER, WONDERLA HOLIDAYS LIMITED**
MODERATOR:	**MR. RUSHAD KAPADIA - ICICI SECURITIES**

Moderator: Ladies and gentlemen, good day and welcome to the Wonderla Holidays Limited Q4 FY22 Results Conference Call hosted by ICICI Securities. As a reminder, all participant lines will be in the listen-only mode, and there will be an opportunity for you to ask questions after the presentation concludes.

Should you need assistance during the conference call, please signal an operator by pressing "*" then "0" on your touchtone phone. Please note that this conference is being recorded. I now hand the conference over to Mr. Rushad Kapadia from ICICI Securities. Thank you, and over to you, sir.

Rushad *Kapadia:* Thank you, Lizann. Good afternoon, ladies and gentlemen, and welcome to the Q4 FY22 results conference call for Wonderla Holidays. We have with the management, Mr. Arun Chittilappilly, the Managing Director, and Mr. Satheesh Seshadri, the Chief Financial Officer. So, I would now like to hand over the floor to the management for their opening comments without further delay. Without, comments remarks. Thank you, and over to you, sir.

Arun Chittilappilly: Thank you. Good afternoon, everyone. Thank you for joining us today. We extend a warm welcome to all of you at this conference to discuss the results of Q4 for FY '21-22 for Wonderla Parks and Resorts. I'm pleased to inform you that our company has delivered a healthy performance in the midst of a pandemic year. We registered a revenue growth of 232% YoY with revenues at INR 127.5 crore in FY22, compared to INR 38.4 crore in FY20-21. This performance reflects our brand strength and public trust in our company and offering. The clarity of strategy on achieving growth and strategy clarity on achieving growth and growth, growth development, operational excellence. The results clearly endorse our resilient business model and asset quality. Also, our stakeholders depend on our ability to provide a safe and hygienic environment for our employees and customers.

The parks were closed from mid-April until August due to the Delta variant. In December and January, during the Omicron variant, reposed a great challenge for us. However, our focus on leveraging digital marketing, scaling content, consistent park activities, experiments, and thematic and F&B and retail innovations with seamless execution helped us achieve a solid finish to the year with marked improvement in our revenue and EBITDA positions. We are constantly making efforts to please our customers in innovative ways. There were so many different events that we have done in the last quarter. The highlight of one of which was Women's Day, where we recorded the highest footfall ever in our 22 years history of 32,000 visitors. This event response was the most encouraging, and the crowd's enthusiasm was at its peak.

–all all our initiatives received such tremendous responses from our customers. As a result, our total footfalls for the quarter exceeded 4.9 lakhs and a total of 10.5 lakhs for the entire year. The Q4 football helped us to breach the pre-COVID level of revenues for the quarter EBITDA and PAT. Q4 started with the fresh round of government restrictions because of the Omicron variant. We had weekend lockdowns in Cochin and Bangalore. The footfalls improved only towards the end of February, but the footfalls have been pretty robust from March onwards. The footfalls were dominated by women's day and our Holi celebrations; all three parks recorded the highest March footfalls since their respective openings. We're pleased to inform you that the company has returned to a positive EBITDA, and we are dedicated to offering memorable experiences to our customers. Our performance is a testimony to our resilience and our employees' superb customer service and commitment.

We also continue to strengthen our brand value and target to cross new operational growth and operational milestones ahead. Thank you for your continued support, And. I look forward to seeing you in our park soon. Thank you.

Moderator: Thank you, ladies and gentlemen; we will now begin with the question-and-answer session. The first question is on the line of Himanshu Upadhyay from O3 Capital. Please go ahead.

Himanshu Upadhyay: Hi, good afternoon, and congrats on a good set of numbers. See, I am attending the call for the first time, and I have some basic queries. So, the first question is, would it be correct to say that for a successful park operating company, the two things to look for are how they sweat the assets more in the novelty every time the customer comes besides good experience and safety. So, these would be the two critical factors for success.

Arun Chittilappilly: I think operational excellence is paramount because safety is the big issue, and cleanliness and hygiene. So those are its gold standard. Only the parks can do that very well. And then, of course, you need to continuously add new attractions and new events and new things to entertain your guests.

Himanshu Upadhyay: And secondly, do you think increasing the number of rides will have a limited ROI beyond the point that that limited little? See, we have a decent size of land in the three operating parks and have a good number of rides, and we can take them to 70 or 80 in the future, but beyond the number, will the ROI need not be met through the rides only?

Arun Chittilappilly: I think our parks are big enough, especially Bangalore and Kochi; I don't believe so, they are planning to add rides. If you're going to add any rides, now we will remove some of the old rides. So that's what we are doing and for our capacity of about 12,000, I think we already sufficiently have enough rides. We don't want to add too many rides but depending on the year and for example, the kind of rides that we said in 2002 or 2003, are very different from the rides we are adding now in 2022. So that way I think, I mean, obviously the kind of experiences we are giving is slightly different. So, yes, I hope that answers your question.

Himanshu Upadhyay: And means we will still have undeveloped land. So, what can be the future development plan here? And one thing related to this….

Arun Chittilappilly: We are not planning anything right now. We might add more rides, or we could add other facilities; we have not thought about it because land historically has been got for us at very cheap values.

Moderator: Thank you. The next question is on the line of Sanjay Awatramani from Envision Capital. Please go ahead.

Sanjay Awatramani: Thank you so much for giving me this opportunity. So just wanted to know what is this other counter collection and cooked food share revenue?

Satheesh Seshadri: In the park, there are a few counters which we have given on the revenue share model. The revenue from those on from share from confectioners, number one, number two is the other collections i.e basically, we have got the digital watch and additional locker fee and other things what we charge. So that is the other collections.

Sanjay Awatramani: Okay. And the following question is what is the progress on Chennai and Odisha Park, which we were planning to open, and what is the total expected Capex, which we are doing for Chennai?

Arun Chittilappilly: Okay. So, Chennai, right now it, 's on hold. We have not started any work there. We have invested about a hundred crore, mostly in the land itself. We have another IINR 350 crore to INR 400 crore investment. I think we don't know the exact number yet, but we have an outstanding issue with the taxation there. So, unless that is sorted out, we will not be able to start. And so, we are negotiating with them; I mean, we are talking to the Tamil Nadu government to see if we can find a solution. So, at that point, whenever that is done, we will start work. I think it is looking positive. We should be able to do it before the end of this financial year. I think decide one way or another. Odisha is a smaller project, about less than a hundred crore. That one, I think is again Odisha government has invited us to set up the park there, and they're giving us, land almost, for a very nominal lease and things like that. But we are planning something smaller. It'll be about less than a hundred crore quarter investment. And our ticket price will be lower. But for us, Bhubaneswar initially looks like an exciting market to do a light version of our park. This project, I think, we should be able to get off the ground this financial year itself.

Sanjay Awatramani: Okay. Sir, just a follow up on this Chennai one you are optimistic that you will start construction work, or the construction will be completed by FY23 end?

Arun Chittilappilly: I think we will make a decision on Chennai and Odisha. Odisha is already progressing. Chennai will decide on whether to construct or not this year. And then accordingly we'll take a call, because currently, it's not viable for us to build the park because the taxation there is very high. So, if that is not removed, then I don't think we'll be able to make, so that call, we will take this financial year. That's what I meant.

Sanjay Awatramani: Okay. And the last thing I wanted to confirm was what will be the Capex for FY'23, And the Chennai thing, you mentioned that INR 350 crore to INR 400 crore exact Capex is not yet in line. Right. I mean, which is the additional Capex?

Arun Chittilappilly: We don't know yet. So, including the land, I think we are proposing less than INR 400 crore, but we will have to see how much. Sathish, we don't know the thing yet. Right?

Satheesh Seshadri: **Yes,** Sir, as said correctly, we are still waiting for the approval from the government to wave off the entertainment tax; subject to that, we are not starting the project. Otherwise, we would've started the project, number one. Number two, the initial project that the Capex was at INR 330 crore. But based on the approval, when it comes, we have to redo the estimate; possibly it could go up by another INR 10 crore or INR 20 crores, and on the Chennai project. The Odisha project's initial outlay is about INR 120 crore, including the fees we are paying to the government and other things. So that's where it is. The construction timeline scheduled is about two years from the time we start the construction. So that's how we work.

Sanjay Awatramani: Okay. And what is the Capex for FY23. This will be the latest from my end.

Satheesh Seshadri: See, we have got sustaining Capex. Every year we have about INR 30 crore of supporting Capex and some new rides, what we propose for the parks. For the project, we have identified initial payment of about INR 10 crore to the government for the lease completion and everything. And we have identified the earmarked about INR 50 crore for this year for the park's approvals if it comes in Odisha. That's why we have an earmark. and while we are very positive about the Chennai project still, we are not able to put a date when the government will approve.

Moderator: Thank you. We'll move on to the next question. That is on the line of Kaustubh Pawaskar from Sharekhan by BNP Paribas. Please go ahead.

Kaustubh Pawaskar: Good afternoon, sir. Thanks for the opportunity, and congrats on good set of numbers. So, my question is on footfall. So, this quarter, despite the fact that there was a third wave scare, we did a 4.9 lakh of footfalls and out of that in March itself, we did around 3 lakh footfalls, so now we are into our season, like April, May is one of the strongest season for us. So, should we expect footfalls to be much better than what you clocked in March and considering the run rate should we expect footfall to reach to pre-COVID level in a FY '23?

Arun Chittilappilly: So, we are expecting it around pre-COVID level. We are not sure yet, because again, the quarter is not over we could go above or below, but we don't know. But as of now, the footfalls are healthy yes.

Kaustubh Pawaskar: Right. Any thought process for the year? Because we have been hearing from the hotel industry that domestic leisure travel and domestic tourism is pent up demand

Arun Chittilappilly: Aa of now, yes. It's looking very strong, but again, like I said, I'm repeating it again and again, but we don't know right. About COVID if this is going to come back and it's going to affect again, we don't know hopefully it'll not happen if that is the case, then obviously things should be good for us this year, but if there is a scare of another wave and things like that, then obviously, then those things have to be considered.

Kaustubh Pawaskar: Right. And sir earlier you used to provide the footfalls for all the three parks. So can you just help me with the footfalls for three parks and the ARPU.

Satheesh Seshadri: You can reach out to us separately. We cannot give month wise, for the quarter we can give. You can reach us separately, please.

Kaustubh Pawaskar: Sure. We, I will do that. Okay. Thank you.

Moderator: Thank you. The next question is on the line of Dhruvesh Sanghvi from Prospero Tree. Please go ahead.

Dhruvesh Sanghvi: Yes. Can you expand a little bit more on, what is the exact reason for reconsidering the Chennai thing? I mean, on the taxation side, with some numbers, if you can highlight state-wise or some thought process around it that why is it so important?

Arun Chittilappilly: So, GST we pay on ticket is about 18%. But on top of that in Tamil Nadu there's an extra 10% tax on every ticket that is sold in every amusement park or movie theatre. That makes our project unviable, especially a large project.

Dhruvesh Sanghvi: So that this is 28% collectively, right. Or 38%?.

Arun Chittilappilly: 28%.

Dhruvesh Sanghvi: Right. But does it mean that probably, you know, three, four years waiting and then making this decision I mean the income of the country or some macro numbers start to look favorable considering that this 28% remains 28% or it will still be unviable. I mean, some thought around it, of course.

Arun Chittilappilly: We don't know. We don't know where we are trying to get the 18% on the GST on the amusement part ticket itself is very high. It used to be less than 10% three, four years back now that has become 18%. Now we will not be able to sustain high Capex in this sector. If you are going to charge more than 18%, 20% tax, then the viability of the project itself it'll be suspect. And this is not only for Tamil Nadu any state, if the tax on ticket becomes very high for an infrastructure kind of business where a large Capex is fully upfront, right. So, this will not make sense for us businesswise. So we'd rather look at other states like Bhubaneswar, Gujarat, where we have been invited, wherever we get invitation from the government to set up the park, we will look at it favorably.

` We were invited by Chennai government, but this was five years back. And since then, Jayalalitha passed away. So many things have happened. So now it's DMK rule and they are willing to relook at this whole thing. The problem happened only after GST because, until GST the tax on ticket in Tamil Nadu was 10%. That was always there, but other taxes were not there. So after GST came in, this 10%, they retained it. So that's the issue.

Dhruvesh Sanghvi: Yes. Right. And one question related to, I mean, you know, when we look back at almost all the con calls of course I'm not talking about the COVID years, two years. Pardon me, this question is a slightly longer one. Sorry. So, what happens is, you know, we as investors are probably thinking that over a longer period of time where affordability starts to kick in better there is a chance that this 7 lakh 8 lakh, average footfall per year can probably go to 10 or 11, which slight increases in the ticket prices as well. Let's say 4-5% a year, kind of a scenario is this of the thinking that even you have as an assumption and how much more work do we need to do to expand that 7 lakh to 10 lakh on a sustainable basis.

Arun Chittilappilly: See 7 lakh to 10 lakhs. It should not be a problem depending on the year. If there are, you know, favorable conditions economy is doing well, if everything is good, then obviously we'll hit 10 lakhs and we have hit that in the past. But the last time we hit that was I think, 2016 or '17 ever since the GST regimen, because our ticket price has gone up. And I think there construction also has been little muted, especially in our sector. So, but I think we still can improve, we will be able to see those kinds of numbers again. And it is a function of the marketing that you do. I think we were not into digital marketing those days. We were doing a very different kind of traditional marketing that is completely changed in the last one year especially post COVID. And that's why we are seeing huge numbers especially in odd month also, we're getting good footfall, but too early to say what number we will get. We'll see.

Moderator: Thank you. The next question is from the line of Surendra Singh Reddy an individual investor. Please go ahead.

Surendra Singh Reddy: Good afternoon. Thanks for giving me the opportunity. Let me go slow. This is about efficiency of especially rides. So, I went through a recent concall from Six Flags where it said 30% of the seats were empty because groups who don't want to split up. So, in order to drive out those inefficiencies they set up single liner riders, I mean, single rider lanes. So, can you shed some light on inefficiencies in our park operations?

Arun Chittilappilly: We don't have those kind of problems. We have people we fill up every ride. Initially we are during the COVID months, I think we used to follow, but now we are filling up our rides fully.

Surendra Singh Reddy: So, we don't have those kind of things, like groups don't want to split up.

Arun Chittilappilly: No, no, no. Some very, very, very small numbers. I don't think it's a significant number for us.

Surendra Singh Reddy: Great. Good to know. Another thing do we have any longer waiting lines at food courts or something like that where customers would be disappointed, waiting for hours and get back to the rides, something like that?

Arun Chittilappilly: Going to any amusement park means you are going to wait. I don't know whether you have been to any amusement park weathers international or Indian part of the thing is waiting. So, because we only have the certain number of rides and depending on the crowd, there will be waiting involved. Right now, we are in the busiest season, so people do have to wait at least 15, 20 to half an hour and maybe like for our roller coaster you have to wait for 45 minutes odd, but that's normal. That's how the industry works.

Surendra Singh Reddy: Got it. Yes. The only concern is like, I've went to Arlington Six Flags. The concern here is that you end up waiting long time and you missed some interesting lines.

Arun Chittilappilly: Yes. That's part of the day. Wait till you go to Disneyland, you let to wait even more. Yes.

Surendra Singh Reddy: Got it. But so yes, you guys always working on driving out these kinds of things.

Arun Chittilappilly: Yes. I mean, in India, I think we do try to reduce queues as much as possible because generally in India, discipline is also a bit less, so we are really aware of it, but I think there is some amount of queues is unavoidable, but I think generally in our parks, we have a very efficient system of managing our crowd between the water park and the ride park. And we've not really had too many. Even if you look at our online reviews, maybe in our peak seasons, you will see, queues are long, queues are long, but otherwise it's not a big problem for us.

Surendra Singh Reddy: Great. That's really good to know. And so, I haven't been to any parks, sorry about that. So, do we have any display of installed across the park about the waiting time or something like that?

Arun Chittilappilly: Some of the rides, some of the popular rides we do show waiting times. Yes.

Surendra Singh Reddy: Right. Okay. So, the customer is like aware of the rides.

Arun Chittilappilly: He's aware. He can see. And it's also very evident when you see the queue. We'll know that this ride is popular, and people are waiting. So that happens.

Moderator: Thank you. The next question is from the line of Monica Arora from Galaxy Investments. Please go ahead.

Monica Arora: Thank you for giving me the opportunity and congratulations on good set of numbers. You said that you're planning some Capex expenditure, so any plan to take, take debt exposures, or you are planning to infuse more equity, like how you'll be funding this.

Arun Chittilappilly: I think we have internal accruals for currently for whatever Capex are we planning to do this year. We might take some small amount of debt. Yes, that's it.

Arun Chittilappilly: This year we are not planning any debt. Satheesh can give more light on that.

Satheesh Seshadri: Yes, sir. as of now with only Odisha Park comes, we can go ahead with the internal accruals, if only one park starts. If more than one park starts, then we might go for a debt proposition. And usually, an average we create more than INR 100 crore per year. So, the internal accrual should be sufficient to cover the expansions.

Monica Arora: I may have missed it. So how much is the Capex plan?

Satheesh Seshadri: For the Odisha project, the Capex plan is INR 120 crore. And for Chennai project, the estimate is about INR 330 crore. Both of them can go up based on the situation and the experience required there. Number one. Number two currently, as of 31st of March, more than INR 120 crore, we have in hand, so that can take care of the immediate requirement. The construction period is two years. So, there will be internal accruals during that construction period, if both the parks come, we might need some loan, we will approach the bank.

Monica Arora: Okay. And how is the overall scenario in terms of your capacity utilizations? If I talk in the park, so after all these COVID pandemic first cycle, second cycle, and all this now, do you see that situation on the ground is it normal? Like pre-COVID people coming as usual? How is it? would you to throw light on that?

Arun Chittilappilly: Right now, it's better than pre-COVID. We are also experiencing the whole phenomenon of event, travel, and tourism.

Arun Chittilappilly: You know, so we are seeing that extra demand which we don't know how long that will last, but I definitely feel that if there are no further waves this year should be a good year for us.

Monica Arora : Actually, because it is an ongoing summer vacation kind of a thing right now.

Arun Chittilappilly: For example, March is not a summer occasion. It's the time when we have all the schools…

Monica Arora : No, I'm asking about the ongoing, like right now.

Arun Chittilappilly: I'm giving you an example that March is traditionally a very weak month for us, but this year we've done traditionally what we do in April. We've done in March. So, April is season and March is off season, but we have done April numbers in March, right Satheesh.

Satheesh Seshadri: Yes.

Monica Arora: That's wonderful.

Satheesh Seshadri: Ma'am, please understand that the management has taken very proactive steps in terms of liberating, the digital marketing. Innovation in F&B and retail, then improving the retail footfall adding more content to the media and by bringing all influencers and doing park plus events. Also encouraging the away markets. We are also trying to do something with the north and other things. So, we are doing all the positive steps, and I think these things will add on to the footfall and you could see a good trend coming up or building up in the near future.

Moderator: Thank you. The next question is on the line of Manoj Dua from Geometric. Please go ahead.

Manoj Dua: Most of my questions has been answered. Could you throw more light on the new initiative, like digital have taken in some food and beverage, anything which was normal?

Arun Chittilappilly: So basically, we are doing a lot of experiment. I mean, we can't tell you everything about it, but because there's a huge list of things that they're doing. But it all comes from a lot of analytics-based marketing that we do online which we are, which I think we've been able to crack that very well. So, we have completely stopped using traditional media and we use only digital marketing. We do use traditional media only as fillers unlike before, when we used to rely more on traditional media and less on digital. So, the reverse shift has happened after COVID and that has worked really well for us because our marketing spend has come down at the same time our footfalls are going up. So, I think it's still an emerging phenomenon. We are still doing a lot of things. The full result of all that is yet to come.

Manoj Dua: Great. And as you said your booking has been digital now as 50% as compared to 15% somewhere I read about that, is it true now?

Arun Chittilappilly: Yes, about 30% I think bookings have been online, which was only 10%, I think, pre-COVID.

Manoj Dua: Okay. And so, getting more and more booking through digital, any data analytic, any insight you have bought more?

Arun Chittilappilly: Yes, so, we have, that's why we know the kind of customers who coming to us. We are using that to retarget and do remarketing and a lot of other things, which we never could do before that is also helping us to improve results.

Moderator: Thank you. The next question is on the line of the Vivek Kumar from Bestpals Research & Advisory. Please go ahead.

Vivekkumar: Thanks, Arun. Thanks for the opportunity. So, my first question is on if let's say Chennai gets delayed, what is the next park or next state or location that you are looking at? And my second question is okay, this year, there's a revenge kind of a thing that you are alluding to because of which you're seeing demand. So, what are the steps that you think, or you should take to make sure that this repeats, even if let's say there's no COVID and on a normal year, how do you make sure that you grow on top of this year and sustain those footfalls.

Arun Chittilappilly: Will be hard to say how we can sustain footfalls on top of a revenge tourism year, we will have to wait and see. But like I said earlier, we've done a complete change in the way we do marketing to our customers. We have lot more insight on what kind of people are coming, where they're coming from? What is the age group? What is the demographic? We know a lot more information now. So, I think we are able to target our marketing a lot more precisely, you know, instead of carpet bonding, we do more laser guided marketing. So that has really helped us, I think. And hopefully that we will expand and so we are still trying to implement a full CRM for our company and changing our website. So, a lot of things are still in the pipeline. It's still not finished. I think once for the whole the marketing stack when it goes online, I think we should be able to have a lot more analytics and we should be able to really target, we will be able to even predict football hopefully one day. So that is the goal.

Vivekkumar: Sir. Also, can also talk about how we keep at least two activities per park per month.

Arun Chittilappilly: So, another thing that we are changing the experiences in our park by adding new varieties of F&B. That can be, we are also redoing some of our F&B outlets. We are asking small amounts for that. Every part we're going to upgrade our F&B outlets and have more F&B points and also do more collaborations and get new kinds of F&B. You know, what is the best trending outside. We should be able to get that in the park. So, lot of that kind of activity in terms of improving our non-ticket to ticket ratio, also, we are doing. In addition to the marketing. And also, we are doing some big events once in a while, which attracts a lot of crowd and the new crowd. For example, we do rock shows concerts. We have done rain dance, we've done holi we've done women's day. So, a lot of different, different things we have been doing to create a buzz in the market. Yes.

Vivekkumar: And the location if let's Chennai delayed, what is the other location that you'll consider? Which is you think we're looking?

Arun Chittilappilly: We are looking at a few other locations. Immediately, obviously we look at Odisha after that we are looking, Goa is one place that we are keen to do something. Again, we have been invited by the Goa government to do something. We've been invited by the Gujarat government also. These are some of the other places that they're looking at here.

Vivekkumar: So last question in general or the long run, if you are to maintain, if you think as a company, what are the internal things that you think as a company you should do and what are the external things as the economy that should happen? So that footfall grows in the longer, like last 10 years, if you have seen our footfalls are not grown. So, let's say, I just want you….

Arun Chittilappilly: Footfall until demonetization, our footfalls is growing very, very, if you look at our footfall trend, it is growing at almost 20% CAGR for the till 2017.

Vivekkumar: No, no I'm going Park wise – sorry Arun, I'm not trying to stop you, but if you go, park wise, Kochi has actually come down a lot for the last 10 years. Bangalore has gone to 1 million came back. Hyderabad, I do not want to comment because you just opened just two years before COVID. So, I don't want to comment on Hyderabad. So, I'm just asking in the long run, what are the things?

Arun Chittilappilly: See I think of 1 million to 1.2 million is, will be the maximum for our park. We can't do more than that. So, but we hope to get there very quickly. So, like I said, we have a couple of issues. One is I think the economy was not doing well post demonetization. So, then the GST came in and the tax on the ticket went up. So, our ticket pricing. So, two, three different, different issues. And we were late to switch to digital. We should have done this digital switch, maybe in 2018 or 2019 we didn't do that. We're doing it now. But you know, so I think all those factors put together has prevented us from, reaching our potential in terms of footfalls. I think I'm seeing some change there and then we will definitely be able to– crack in a million and that should not be hard for us, but again, I can't promise you that this year, because we don't know what is going to happen.

Vivekkumar: No, just in general I'm asking as a company because I think you are not two years back. So, most of the con call questions we had seen was mostly on why we were not able to achieve the potential in terms of the company. So, I was just trying to understand I'm investor in your company from IPO.

Arun Chittilappilly: I think we had a marketing issue because I think young people who consume our parks they have moved where since 2016, whenever Jio happened, I think since then the huge population has moved completely online. So, targeting them with TV or newspaper ads it's not really helping, so that shift we've done now, which we should have done maybe two, three years back, I think that has helped us a lot. And which has also helped us reduce our cost tremendous.

Vivekkumar: So, reaching, maintaining a 1 million or let's say in each park would not be a very aggressive assumption, right. To model your company.

Arun Chittilappilly: It's not a very aggressive assumption. We should be able to do that. Yes.

Moderator: Thank you. The next question is on the line of Anuj Sharma from M3 Investments. Please go ahead.

Anuj Sharma: See two questions. One is you know, if we look at parks globally some of the parks can reach a capacity of 3 million and in India we are not, we are not a country with many parks, but the population is meaningful. So why do you say we are constrained at 1, 1.2? Is it, is it that the capacity to pay is limited or have we designed parks in such a way that….

Arun Chittilappilly: Yes. I think our park are designed for about a million or 1.2 million kind of size. If you want to do 3 million, we obviously have to build a much bigger park.

Anuj Sharma: All right. But in terms of….

Arun Chittilappilly: We can do, I mean, if numbers increase to a point where let's say we hit 1.5 million in a year and that also can happen, right. Sometimes we don't expect football. And then for example, last March, the same thing happened. We didn't expect that kind of football suddenly it happened. So that has happened before also, so initially when we opened our park, it was called Veegaland in Cochin. The capacity was only half a million. Then when we realized that in our second year or third year, we already almost reached 800,000 or whatever, that's when we expanded the park. So, we will, we can expand each of our parks depending on the number of people who are coming. We can eventually make it a park, which can handle 3 million visitors. We have surplus land so we can do that. In its current size, each of our park can handle only about one to 1.2 or max 1.5 million.

Anuj Sharma: Got it. So, in terms of capacity side, we have excess capacities. We can build up to that, but you know, when you evaluate many countries, what is critical juncture wherein this threshold crosses are meaningful. I mean, we still are meaningful, but just suppose 2 million or 3 million, what changes in economies or any trigger points which leads to this?

Arun Chittilappilly: I think the people's propensity to spend, have to improve you know, because if you want to build a park, which can attract to 2 million visitors, obviously it has to be a bigger park. Obviously, our Capex will be higher and people have to be willing to pay that kind of ticket. It's also a question of the people's ability to spend, right? If you compare, to the US where people spend about $15 to $20 on a movie ticket how much do they spend here? INR 300, right? That's not even about $5. So that difference will always be there. And that will prevent us from making huge parks. And which is also the same reason why a company like Disney or Six Flag can't afford to build a park in India because they'll never make the money back. – As India is still a developing country we have to do it for our crowd.

Anuj Sharma: Yes. Thanks. And just one more question. See, you talked about the non-ticketing revenues and efforts we are making in fact, I meant to ask a question on gaming entertainment and themes and extending the part time. So, you know, how you've experimented multiple things, how much we can gain from the non-ticketing revenues based on whatever experiments we have done and what is the traction there?

Arun Chittilappilly: So, our goal, yes, our goal is to get to 60% - 40% right now we are 75% - 25%, 75% ticket and 25% non-ticket. Our goal is to get to 60-40. I think we should be able to get there in a few years, two, three years.

Anuj Sharma: All right. Thank you so much and wish sure on the best.

Moderator: Thank you. The next question is the line of from Gaurav S from Glorytail. Please go ahead.

Gaurav S: Thanks for the opportunity. Most of my questions everyone asked earlier I just wanted to congratulate you on the good set of results and the way you have handled the business in the entire COVID situation is absolutely amazing. I mean the negligible cash burns you have done that shows the intent, you know so congratulations on that part and any plans in Maharashtra to take on Imagica or something like that?

Arun Chittilappilly: Those are too big. I mean, in terms of Capex and, you know, there are other legal issues. So, there are so many hurdles and we are not an asset construction company, so we will not be able to take that risk. We have offered to manage the park for them because I think we can unlock a huge amount of value but we are not going to invest in any such currently. And I think that park has already been sold to somebody else.

Gaurav S: Yes. It's sold to Malpani Group. And whenever you will plan in future, maybe 3, 4, 5 years I just have a suggestion that the Nasik Mumbai area that in middle of that is the good area to go for. Pune Bombay has already been taken and Nashik Bombay has, you know, some wonderful views and scenes, and most of the people come there, so that's a good place. Yes.

Arun Chittilappilly: We definitely will hope to come to Maharashtra sometime.

Moderator: Thank you. The next question is on the line of Mithun Aswath from Kivah Advisors. Please, go ahead.

Mithun Aswath: Yes. My first question, if you look at FY19 pre-COVID, we are about 25 lakh footfall are we in, you know the run rate currently, if we continue do you look at reaching those levels in FY23 and also wanted to understand what are your average ticket prices now? Have they been increased based on the FY23 versus the FY '19?

Arun Chittilappilly: I think it's hard to predict, what's the footfall for the year gonna be, because, like I said, again, it depends on whether there are further COVID waves and lockdowns and all those kind of things. All that will definitely affect people's propensity to go out to a crowded place. So, if that doesn't happen, I think we should be able to do better than FY '19. Satheesh can give you some details on the ticket prize.

Satheesh Seshadri: Yes. We have come back to the ticket price. We have come back to the pre COVID levels and we have been very judicious on the ticket pricing. We see how the trends go up. Okay. We don't push the ticket envelope too fast. We see the trend. And then now as such most of our parks are at pre COVID level.

Mithun Aswath: Right. Just one other question was globally, we've seen most of these parks, which do very well, are a tourist destination? But you know, the three parts we have are just in cities may not be really tourist hubs. So is there any thought of, you know, maybe starting something say Goa, which would you know, a lot of tourist as well.

Arun Chittilappilly: Yes, of course we are looking at Goa as one other option.

Mithun Aswath: Okay. Thank you.

Arun Chittilappilly: Thank you. The next question is from the line of Dhruvesh Sanghvi from Prospero Tree. Please go ahead.

Dhruvesh Sanghvi: The question has been answered. Thank you.

Moderator: Thank you. The next question is on the line of Manoj Dua from Geometric. Please go ahead.

Manoj Dua: Thank you for taking the question again. Any change in customer behavior post-COVID in terms of spending, are they spending more in food and beverages now, are they ready to take the fast-track tickets, So some light on that.

Arun Chittilappilly: I think we are seeing a much higher spend compared to pre-COVID, especially in Q4 itself, you can see that. Also, I think more retail footfall, for example, we are less dependent on groups now, post COVID than we were pre COVID.I think we used to depend heavily on group sales, now our dependent on group sales for all three parts has reduced. So, Cochin is an exception. They still get huge groups there, but are the other two parks, dependence on groups have come down, which is a good sign. I think that means that higher spending customers who are coming paying full price. And then obviously people who pay full price will intend to spend more inside the park. And like I said earlier, we are doing more F&B and retail options and different thematic offerings that we are doing. Which has helped us improve those numbers.

Manoj Dua: Okay. As you said, 1.2 million is the capacity in whichever park you have built, but if we get more number that expanding our park is not a difficult option for us?

Arun Chittilappilly: It's not difficult; we can do it.

Manoj Dua: Okay. Thank you and best of luck.

Moderator: Thank you. The next question is from the line of Vinay K from Prudential Investments. Please go ahead.

Vinay K: So, I this is a general question. I just wanted to know since you've been witnessing a pandemic and you handle yourself perfectly well, how do you see the company for the next three, four years from here? Is there a vision, something that you have?

Arun Chittilappilly: I think it's like I said, I mean, coming out of a pandemic if that is truly over and there is no other pandemic or any other big shock that is going to come to you know, the customers going out, I think we should be able to have two, three years of excellent growth. That is why we are also now looking at expanding to other cities. And like I said earlier, many state governments have invited us to come and set up the park in their respective states. We are evaluating Goa, then Gujarat, and Odisha obviously we are doing soon. So, like that, I mean, there are a lot of opportunities. We are also thinking about like I said earlier, we are looking at taking over large projects, which maybe other people have invested and maybe converting that into a Wonderla park and on a revenue share or a management basis. So, we are exploring some of those opportunities. As time goes by, we will form up our plans on these.

Vinay K: Okay, sir. Thanks for your answer. Thank you.

Moderator: Thank you. The next question is on the line of through Dhruvesh Sanghvi from Prospero Tree. Please, so ahead.

Dhruvesh Sanghvi: Yes, sorry. I had one more thought, which I want to discuss. when we see, you know, the today's time in terms of overall entertainment there are so many new forms of entertainment which are coming, including gaming and even the malls because the theaters are getting challenged due to Netflix, they are also rethinking on how to create further experiences. Considering the kind of time that we have, and we still in India do not have a large Saturday, Sunday culture. In that sense, is it not creating a tougher environment for us to really get people because travel times are increasing and a couple with a kid wanting to come will have to essentially spend five to seven or 5,000 to 7,000 and get really tired and be in the sun. I mean, how does all of this thing look to you and is this a challenge at all?

Arun Chittilappilly: No, that is not a challenge at all actually, because if you look at the outdoor entertainment, where there is active fun, high speed, thrill, splashing, water, these things are never going to go out of style. You know, even if you're born in 1990s or 2010 or 2020, or 2050, some of these physical activities I think are going remain for example, a mall will always be an indoor activity or, you know, it's going, what you can do there is always need be limited. We are an outdoor activity. All our parks are in between beautiful landscapes in nature, on Hills valleys, those kinds of places. So, it's a more outdoor and it's an active outdoor kind of entertainment that I don't think will go out of style because, if you look at all the parks all over the world, they've all been growing from 1800 also the oldest park in the world in Copenhagen, they're still doing well and they're still growing. So, I don't think this segment will have that issue. but having said that, of course, the kind of entertainment that we offer could also evolve. Like, for example, now we are doing physical right. I think in the future, there'll be a mix of physical plus virtual and some will be fully virtual, all that can happen. But I think the sense of physical active outdoor fun is not going to change.

Dhruvesh Sanghvi: Fair enough, fair enough.

Arun Chittilappilly: Like you cannot replicate a water slide or roller coaster virtually. The feeling that you get right is not possible to replicate that. And going with friends and family.

Dhruvesh Sanghvi: In one of the previous concalls, I think you had used the word, you know, Insta friendly places and creation of those situations or something like that is what I remember. So, are you really looking to change?

Arun Chittilappilly: Yes. So like, for example, like I said, we are an outdoor our parks are beautiful. If you look at our, hashtag on Instagram, Wonderla, will have far more pictures than for example, a mall or in fact, in any other amusement park in India, I think Wonderla ranks, number one in terms sheer number of pictures and videos that you see on Instagram. I think we are number one. So that itself shows you and also, you should remember that people don't go to Wonderla park every week. Like you go to a mall, you go to a Wonderla park, maybe once a year, twice a year, thrice a year. Not more than that. Right? Because you always go with friends, family for a special location, birthday anniversary, I don't know whatever else. Right. Or just your bunking class with your friends and you are going to go with your girlfriend to the park. So those are the kind of outings that we get. So those are not as frequent as going to a mall. So, I think the chances for us to have drop in visits is much lower than compared to a mall because a mall will always have a high frequency, right. You go to watch a movie, maybe two, three times a year, at least, right. That can come down because of Netflix. Whereas you don't come to a place like Wonderla more than two, three times a year.

Dhruvesh Sanghvi: Fair enough. And the second one, you know, when, I mean, again, we have been hearing that you are evaluating certain takeover opportunities or newer places or invitation, but I mean, if we can just put a little bit more sanity to these, let's say, just to understand and guess the timelines that, okay, when will we have some outcomes available? So, is it like that? Okay. There are 20 opportunities which have already come to you on your table, which you have thought through and discarded. Something like that. Is that a correct estimate or some thought around it?

Arun Chittilappilly: We have about three or four, which are we are evaluating currently. That's how I would put it. There are other opportunities, for example, we could do a park in every large city in India. I think there are about a hundred large cities in India, which are more than 1 million population. I don't know. So that is possible. Technically, it's possible to build in all those cities, but obviously these are large Capex. There is a lot of local government support required. There is a lot of land acquisition, there is government approvals are there these kind of tax issues we might have to sort them out. I don't know. So, I think every state has different laws.

Dhruvesh Sanghvi: So that is, so that is why this question, because it is such a long gestation thing that, you know, five years back when we started thinking Odisha or Chennai, it is still not even started, you know, into construction, maybe over time when we have more, more power.

Arun Chittilappilly: That is a fate of our country, you know, what can you do about it? Land acquisition is hard. Getting approvals is hard. Taxation is hard, everything is hard. So, and we are a large Capex, right? We are not like a Multiplex, where you can rent it and then, but build it very within three months and start operating because the mall is built by somebody else usually. Right? We have to build everything from scratch, and we are a very large investment also compared to doing a multiplex. So, we definitely have its own challenges. And that is one of the reasons why you don't see that many Amusement parks also, right. Even globally, it's not like Disneyland is not building a Disneyland in every country, they will not be able to do it. It's not sustainable.

Moderator: Thank you. The next question is on the line of Rahul from R Consultant. Please go ahead.

Rahul: So, my question is according to you, which park performed best in last financial year or out of the three parks?

Arun Chittilappilly: I think Bangalore always performs the number one and then I think followed by Hyderabad and followed by Cochin, right Satheesh.

Satheesh Seshadri: Yes. Bangalore is the top park.

Rahul: Okay. And sir my second question like we are getting good traction and things are back to normal. So, are we planning to increase ticket price in the coming quarter?

Arun Chittilappilly: Yes. We have already increased ticket price three times. We're going to increase one more time June 1st onwards, because we're seeing huge demand and many days our footfalls are crossing 5,000, 8,000 like that. So, because of that, we are increasing prices and we are also even thinking about dynamic pricing, but that'll take a little more time because that depends on our IT system to be up and running. So, it'll take some of time.

Moderator: Thank you. The next question is from the line of Vivekkumar from ***Bestpals Research*** & Advisory. Please go ahead.

Vivekkumar: Thanks Arun. There's only one question. What are the locations? You said you were considering some locations in terms of management where you will have revenue share. What are the locations or it's too early to say?

Arun Chittilappilly: It's too early too. I mean, we are not really….

Vivekkumar: You think in the next two, three years, one or two will definitely get to the logical conclusion.

Arun Chittilappilly: Definitely we want to get into that market because we feel like that is something that we can.

Vivekkumar: At least you can talk about where is it North, West? So at least the location, I'm not asking a specific detail of the project.

Arun Chittilappilly: It'll be north and west. Yes.

Moderator: Thank you. The next question is on the line of Neha Sharma from Pearl Global Investments. Please go ahead.

Neha Sharma: Hello. Sir, good evening. I just have two questions. Do you have any plans to increase the park capacity in the coming year for the existing park, can you throw some light on that?

Arun Chittilappilly: See, depending on football, we'll definitely keep expanding our parks. We've been doing that for a long time. Compared to inception, our parks have definitely grown in size. Cochin has more than doubled in size. Bangalore also maybe 30% larger, Hyderabad we are still adding, – as Hyderabad is still our small park. So, we will be investing in more rides in Hyderabad as footfalls are growing now and now Hyderabad has become our second-best performing park. So yes, we'll keep adding and facilities. Yes.

Neha Sharma: Okay. Sir one more. Can you provide some guidance on the expansion strategy, which states are you targeting?

Arun Chittilappilly: It's hard to say, like I said, we look at large cities typically as a catchment. We are open to all types we can do coastal cities, like Cochin. We can do Bangalore, we can even do hot places like Hyderabad. So, I think it's very versatile that way we can do it in any kind of climate only thing where we have to regulate in terms of the weather. We have to maybe have more indoor, more outdoor facilities. So that is not a criteria for us. Obviously, we look at ease of setting up and whether we've been invited by the government to set it up or not, because that makes things a lot easier for us.

Moderator: Thank you. The next question is with the line of go west from Gaurav S form ***Glorytail.*** Please go ahead.

Gaurav S: Hello, sir. I just had one more question. Do you have any in-house ride manufacturing unit and if yes, I mean, can you just throw some light on ride procurement process? How do we?

Arun Chittilappilly: We have been manufacturing rides since 2000, so 22 years we've manufactured rides. We have made everything from small Kiddy rides to water slides to even roller coast, to virtual reality, everything we've made. We even have about three or four patents to some of our rides, even our iconic Sky Wheel that's there in our logo also. That's also completely made by us.

Moderator: Yes. Thank you. The next question is from the line of Surendra Singh Reddy. An individual investor. Please. Go ahead.

Surendra Singh Reddy: Just a quick question. Thanks for giving me opportunity again. So, what happened to Colombo given the situation in Sri Lanka, we still considering the park operations over there. Are you still on the table?

Arun Chittilappilly: No, I don't think we've not heard from them yet. I'm guessing right now it must be on hold, but we had an opportunity to take over a park in Colombo, but I don't know what is the situation? Maybe it'll get delayed is what I assume.

Surendra Singh Reddy: But it's not completely off the table. Is that correct?

Arun Chittilappilly: It's not off the table. I mean, we are open to looking at it. They've already invested a huge amount of money there. They've got the best international, design consultants to come and design that park. And I think a lot of orders also have been placed. So, I think the park will get set up at some point, but we don't know when.

Moderator: Thank you. The next question is from the line of Harshit Vohra from Multiwave. Please go ahead.

Harshit Vohra: Hi sir. If we decide not to go ahead with Chennai project what would be the financial implications of backing out from the project?

Arun Chittilappilly: We don't have any, we just have to sell the property. I don't think that will be a problem for us and we are not going to lose money as values have already skyrocketed over there. So that is an option we can liquidate the asset or we can definitely try to do a different kind of investment or we'll figure it out, but I don't think it'll be a lost cause but we are hoping that we should come through all the signs are telling us I think the new DMK government is more aggressive now, so hopefully they will also get more investment into the state.

Surendra Singh Reddy: Okay. Thanks, sir. That will be all for me.

Moderator: Thank you, ladies and gentlemen, that is the last question. I now hand the conference over to the management for the closing comments.

Arun Chittilappilly: Thank you all for attending the Q4 FY '22 conference call. We look forward to a good Q1. As of now, we are very happy with the response we've got. We hope that we can keep up the momentum and we have a lot of exciting plans for the coming years. So, hope to see you all soon again. Until then thank you and goodbye.

Moderator: Thank you, ladies and gentlemen, on behalf of ICICI Securities that concludes this conference call. We thank you for joining us and you may now disconnect your lines. Thank you.

“Wonderla Holidays Limited
Q3 FY2022 Earnings Conference Call”

February 11, 2022

ANALYST: **MR. ADHIDEV CHATTOPADHYAY - ICICI SECURITIES LIMITED**

MANAGEMENT: **MR. ARUN K. CHITTILAPPILLY – MANAGING DIRECTOR – WONDERLA HOLIDAYS LIMITED**
MR. SATHEESH SESHADRI – CHIEF FINANCIAL OFFICER - WONDERLA HOLIDAYS LIMITED

Moderator: Good day, ladies and gentlemen, and a very warm welcome to the Wonderla Holidays Limited Q3 FY2022 Results Conference Call hosted by ICICI Securities Limited. As a reminder, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance, during the conference call, please signal an operator by pressing "*" then "0" on your touchtone phone. Please note that this conference is being recorded. I now hand the conference over to Mr. Adhidev. Thank you and over to you Sir!

Adhidev C: Good morning, everyone. Thank you for `joining us on the Wonderla Holidays Q3 FY2022 Results Call today. Today from the Wonderla management, we have with us Mr. Arun Chittilappilly, the Managing Director, and Mr. Satheesh Seshadri, the Chief Financial Officer. I would now like to hand over the call to the management for their opening remarks and just a summary of the quarter gone by and the road ahead. Over to you, thank you!

Arun Chittilappilly: Good morning, everyone and welcome to the Q3 earnings of Wonderla Holidays Limited. Wonderla has started to restore confidence and lift the spirits of the citizen to go outdoors, and entertainment and we are pleased to inform you that our parks were smoothly operational during Q3 FY2022. Our Hyderabad and Bengaluru parks are in fact operational for the full quarter whereas Cochin park was partially operational.

During Q3 FY2022, the company focused on its efforts to provide a safe environment with COVID protocols and uncompromising priority placed on protecting our people. We also paid heightened attention to protecting our balance sheet through astute cost control initiatives and cash preservation.

We have also been following a park plus strategy wherein we try to bring in crowds to our parks after park hours so that also has resulted in good footfalls for us along with such strategies we also ran various campaigns and events and a lot of moment marketing initiatives.

All these initiatives seemed a strong footfall during the quarter exceeding about 3.8 lakhs and for the nine months, we have exceeded about 5.6 lakhs of footfalls. We are seeing some tremendous pent-up demand and desire in people to venture out again after being confined indoors for a majority of part of the two years.

Coming to our performance it gives us a lot of pleasure to inform you that despite multiple headwinds including severe weather conditions and the prevalent fear of the third wave led by Omicron virus we are reporting a very resilient and strong financial performance. We are also reporting better operational numbers in terms of footfalls and ARPU.

Our Q3 FY2022 was the best quarter over the last seven quarters. We are also PAT positive for the first time at 4.5 Crores, the gross revenue for the same period was about 50.1 Crores and our EBITDA stood at 16 Crores. Our performance reflects the outcome of our strategic focus on increasing footfalls from various segments and our experimentation with new ideas introducing an array of F&B and non-ticket revenue sources.

Sharing updates about the current Q4 in progress and the onset of the third wave led by Omicron. There have been restrictions, which have impacted Bengaluru and Kochi parks. The Bengaluru park was closed for two weekends in January and then reopened around January 22, 2022, whereas the Cochin park was shut for about two Sundays in January 2022. We have seen a decline in footfalls; however, I think now since the wave has abated, we are seeing recovery in footfalls and also the restrictions on weekends have been lifted.

With overall restrictions loosening up gradually, we look forward to steadily moving back to pre-COVID levels of business very soon. We thank you for all your continued support and look forward to seeing you at our parks. Thank you.

Moderator: Thank you. We will now begin the question and answer session. The first question is from the line of Nikita from Galaxy Investment. Nikita you may please go ahead.

Nikita: Thank you for taking my question. As you mentioned that super strategy attracting footfalls of more than 1K, how many such events like more such events you have planned for this quarter?

Arun Chittilappilly: I think we will keep doing events like that depending on how we see demand. Like for example we did it for Dussehra and we did it for New Year depending on how things improve and when we see an opportunity in terms of a festival or an event and where we can actually have after hours park off the park and we will do events like that do not because it is something that we are doing new. We do not have a timeline for it yet, but maybe in a couple of years, we will have a strong timeline for that, maybe we could do something for Holi or we could do something for Valentine's Day but Valentine's Day we are not doing because we are just coming out of the wave and we are not seeing that kind of traction yet, so maybe we will do it. I do not see us being able to do much this quarter. We might do more in the next quarter.

Nikita: Okay and is it possible to give park-wise tickets ARPU?

Arun Chittilappilly: Satheesh I do not know whether we usually share park wise ticket

Satheesh Seshadri: We do not share park-wise ticket ARPU, but I can share the ARPU breakdown for consolidated.

Arun Chittilappilly: I can share the ARPU. We did the average ticket price for this quarter at 886 and our retail and F&B was about 303. Total ARPU was 1189 and the pre-COVID level it was 934, Q3 2019-2020 ARPU was 934 so we have done close to 1200. This is basically because of the walk-in and group mix. We have a better walk-in and group mix this time.

Nikita: Thanks.

Moderator: Thank you. We have the next question from the line of Niteen S Dharmawat from Aurum Capital. Please go ahead.

Niteen Dharmawat: Thank you for the opportunity. Couple of questions; you mentioned about the marketing expenses with some effort that you are taking so can you tell us the budgeted marketing expenses, percentage of revenue for this year versus the pre-COVID level?

Satheesh Seshadri: I can give you some details on that. The advertising marketing, we have spent close to about 4 Crores during this quarter for 50 Crores revenue and pre-COVID level we have spent about 7.1 Crores. I mean when I say advertising marketing it includes all the marketing efforts, the BDP spent and everything together was 7.1 Crores on a 73 Crores revenue.

Niteen Dharmawat: Got it and that is for again for the quarter only, right?

Satheesh Seshadri: I am talking about the quarter for 2019-2020 pre-COVID level versus the current quarter.

Niteen Dharmawat: Got it. Thank you so much. My second question is you mentioned about Kochi being operational partially so what is the situation now in the month of January Kochi as well as other parks are they operating at full capacity or partial capacity?

Arun Chittilappilly: There was some shutdowns for Kochi in January but not a full shutdown just partially weekend lockdown kind of a thing but now as of February everything is okay.

Niteen Dharmawat: Wonderful. Thank you so much and all the best.

Moderator: Thank you. The next question is from the line of Kaustubh Pawaskar from Sharekhan by BNP Paribas. Please go ahead.

Kaustubh Pawaskar: Sir my question is on the footfall so you mentioned that you have achieved around 3.8 lakhs of footfall this quarter so can you just give me the breakup of footfall for your various parks?

Satheesh Seshadri: We have recorded about 1,76,000 footfall for Bengaluru, 91,000 for Kochi, and 1,13,000 for Hyderabad park, 3,81,000 is a footfall for the quarter.

Kaustubh Pawaskar: You are operating at around 50% capacity in all the three parks right Sir?

Satheesh Seshadri: There is no restriction on 50% capacity.

Arun Chittilappilly: There was some restriction I think in some parks but not for the entirety of the quarter. I think in the beginning there was some restriction in Kerala or towards the end I think there was a restriction in Kerala, so stuff like that.

Kaustubh Pawaskar: Right so when things were normalized in quarter three like during the festive or before the emergence of Omicron, at that time what was the capacity utilization for your parks? Was it better than 50% because I guess your revenues have now required to 70% of pre-COVID levels in quarter three and Q3 is one of the important quarters for you after quarter one so whether the capacity utilization was much better in Q3?

Arun Chittilappilly: Not yet because I think we have not really had a quarter where we did not have any restrictions, so even last quarter there were some restrictions like for example towards the end, we were told not to have New Year parties in Bengaluru. We could not do any, so some of those events had to be cancelled because around New Year is when the new Omicron wave started. Everybody started panicking around end of 2021 so we still have not had a quarter where all three of our parks are allowed full capacity.

Kaustubh Pawaskar: Right. I can understand that Q4 will be, again there will be some kind of.

Arun Chittilappilly: It will be similar only. It will be similar. It will not be full capacity but hopefully, I mean if there are no further lockdowns I mean I think we are hopefully seeing the end of the pandemic and things should improve from now.

Kaustubh Pawaskar: My question was more from the FY2023 point of view. Say now that the things would move towards, there would not be any significant restrictions from here and Q1 is one of the strongest quarters for you so considering that and you have already mentioned that you are witnessing a lot of pent-up demand, so considering that do you expect Q1 to be?

Arun Chittilappilly: I think if there are no other further restrictions I think we should do better than pre-COVID but again we do not know, I mean what is going to happen and if there is a new wave or something, in fact when Omicron started everybody said the wave will happen only in February, March but wave happened only in January itself so I do not think we can predict. Still, I do not think we have come to a normal stage yet. We are still going through the pandemic, so it will be hard to predict.

Kaustubh Pawaskar: Sir in this quarter we did EBITDA margins of around 29% which is very strong considering the business environment and the way the business is shaping up looking at the volatility so if we have 29% EBITDA margin and if things normalize in Q1 or maybe FY2023, should we expect margins to move up to around 30% to 35% percent what you used to do historically?

Satheesh Seshadri: Yes, Sir because it all depends on the footfall. The better the footfall the capacity is there, once the footfall improves the EBITDA margin will improve.

Kaustubh Pawaskar: Sir one last if I can. In Q3 which was one of your strongest days where the footballs were maximum and if you can share that number?

Arun Chittilappilly: As I was saying, we still do not know how it is going to play out but it looks like all the signs are showing that there would not be much restriction and if there is no other major variant of concern or things like that I think we should have good footfalls going forward.

Kaustubh Pawaskar: Sir one the footfall number, which was one of the strongest day or weekend where you have seen footfall hitting maximum in Q3?

Satheesh Seshadri: We have taken more than 6000 numbers in Bengaluru Park on a particular day, the date is in October.

Kaustubh Pawaskar: Okay and that was how much of that particular day capacity?

Satheesh Seshadri: See each park for us can easily do about 9000 and we have also handled beyond that and so on that particular day our maximum footfall was in Bengaluru Park close to 6300 numbers and overall footfall was about 10,000 on 15^{th} October and 16^{th} October we had about 11,700 footfalls.

Kaustubh Pawaskar: That is overall for all the three parks.

Satheesh Seshadri: All three parks together and again Bengaluru was the highest with 6200.

Kaustubh Pawaskar: That is wonderful to hear. From this, we can indicate how the demand is shaping up for you so that is wonderful to hear, and all the best for your future quarters. Thank you.

Moderator: Thank you. We have the next question is from the line of Harish Shah from HS Capitals. Please go ahead.

Harish Shah: Thank you for taking my question. I have basically two to ask. Number one what is your park-wise mix of tickets to non-ticket spend for this quarter and secondly with third-wave receding what would be your immediate or medium-term plan for the coming quarters?

Arun Chittilappilly: Our mix of ticket and non-ticket is about 75:25. Obviously, we are in a recovery mode again after the third wave. So we need to like ramp up footfall but you know usually Q4 is not really a very strong quarter for us. I mean it is also an exam quarter, so a lot of kids have exams and things like that so not really a very strong quarter depending on how we see footfall trends emerging and I think they are emerging quite well. We will do different marketing spends, but mostly we do not do too much because we save that towards the end of the quarter when our summer season starts. We do not do that much in Q4.

Harish Shah: Thank you and all the best.

Moderator: Thank you. We have the next question from the line of Manoj Dua from Geometric. Please go ahead.

Manoj Dua: Good morning, Sir. In the last seven to eight quarters, we were battling with pandemic and so this was a different battle. Now assuming that the pandemic is over and it is turning to endemic is it a right time to ask what new initiatives this company is thinking going forward, any exigency towards. What about Chennai park so little bit format what you can do, if you can give some color? That is my only question.

Arun Chittilappilly: Yes, I mean like I said once the footfalls are stable and I think we are getting there almost I think we should be able to look at new projects, so we are definitely looking at Chennai and our park in Bhubaneswar. I think maybe by the end of this quarter, we will finalize which one of these we will take it forward in the next financial year. Most likely, I think we will start off with our Odisha project and I think when there is a final announcement on this we will definitely keep you updated and Chennai also I think we are still working with the government to see whether we can remove the deadlock on this so as and when there is news we will keep you updated.

Manoj Dua: Thank you and best of luck.

Moderator: Thank you. We have the next question from the line of Meet Jagani from PS Associates. Please go ahead.

Meet Jagani: Arun congratulations for a good quarter compared to the last seven quarters, so my question is, are we sticking to our expansion plan starting from April 2022 or shall we still wait for seeing how the pandemic evolves?

Arun Chittilappilly: No. I think we are reasonably confident that I mean the worst is over, so we will be definitely kick-starting all our expansion plans. As and when there is an update, we will keep you posted like I just said. We do not have anything to announce right now but whenever there are updates on this we will announce it.

Meet Jagani: Suppose if we go for the Odisha Park first as you mentioned in the last question should it also take two years for the completion of that park for going live?

Arun Chittilappilly: It will take about two years; roughly two years is the timeline for us to complete one project.

Meet Jagani: Thank you.

Moderator: Thank you. We have the next question from the line of Siyaram who is an individual investor. Please go ahead.

Siyaram: Actually, I just want to know whether we are going to participate in the auction for Imagica auction that is going to happen in this month. I just want to ask, are you going to participate in the Imagica auction that is going to happen this month?

Arun Chittilappilly: Probably not because I think there is too many issues. For us, it does not look very attractive. We are not going to invest directly in it. If some ARC or somebody else invests we are willing to help them with it. We are not going to invest directly in it. I mean that is not what we are looking at right now.

Siyaram: But does not it look like a lucrative offer given that they have given offer price of 575 Crores, a very big and it is actually big as an opportunity to expand to the recent.

Arun Chittilappilly: I mean there are too many issues with the project and operationally also there are issues. I do not know whether we will be able to take over something like that and also their footfall trends also have not been very encouraging. Even during the pandemic, they have not been able to get their numbers decent. I do not know. It does not look very exciting for us and in fact the last ARC we wanted to take over that asset. They have themselves backed out of it so that does not give us a lot of confidence unless if somebody is willing to take up the asset we can help, we can be an operator, but I do not think we will enter as an investor in it.

Siyaram: Thank you so much.

Moderator: Thank you. We have the next question from the line of Adhidev. Please go ahead.

Adhidev: Thanks for the opportunity. Arun and Mr. Seshadri if you could just tell us about any inflationary pressures which are there in the business? I understand we have been in obviously cost savings mode because of the pandemic but when things fully normalize how are you looking at your employee costs and other optional expenses versus pre-COVID on an absolute basis?

Arun Chittilappilly: I think as the pandemic abates and our operations slowly ramp up to the full operation, I think our costs also will go up and inflationary pressures will be there but like we have been able to demonstrate in the last quarter our ticket price is also quite elastic. Actually, we increased our ticket price, I think almost by 30% last quarter and still, we had good footfalls so in that sense I think we are in a good space. We are not really concerned about inflationary pressures on our business.

Adhidev: Do you expect getting into maybe second half of next financial or whatever the ARPU growth outpacing the increase in costs. Is there some further margin expansion possible as compared to pre-COVID levels?

Arun Chittilappilly: Hard to say that because the main difference is we are doing a very different strategy for our marketing compared to before 2020 so it could happen but we are not really sure how the margin expansion will happen but I think like I said before the moment footfalls improve and sentiment improves our margins will expand so in that sense, we are hopeful but I cannot put a definite number on it.

Adhidev: My final question is on our marketing strategy. Obviously, we had to rely on the digital format a lot in the pandemic but now the things are opening up, so just qualitatively how different, how different things going to be going ahead over the next one year?

Arun Chittilappilly: I think a lot of this will be permanent. We have realized that digital marketing is the way forward for us. So have not really spent anything on traditional media, almost two years now and which is a huge change for us in terms of our marketing strategy, so we are still learning the digital world as such because it is still a new area for us but there is a huge area that we can learn and I think we can strengthen our position in the digital world quite easily and also for our target audience which are usually young kids and young adults, digital marketing is definitely the way of the future, so I do not think we will go back to a traditional method anytime soon unless there is a huge change in the way the people behave which I do not think will happen.

Adhidev: That is very helpful. That answers my questions. Thank you.

Moderator: Thank you. As we do not have any further questions I would now like to hand the conference over to the management for closing comments.

Arun Chittilappilly: Thank you all for participating in the Wonderla Holidays Q3 FY2022 result update. We wish you all the very best and please stay safe and take care. Thank you.

Moderator: Thank you. On behalf of ICICI Securities Limited concludes this conference. Thank you for joining us.

"Wonderla Holidays Limited Q2 FY2022 Earnings Conference Call"

November 11, 2021

MANAGEMENT:	**MR. ARUN K. CHITTILAPPILLY – MANAGING DIRECTOR, WONDERLA HOLIDAYS LIMITED**
	MR. SATHEESH SESHADRI – CHIEF FINANCIAL OFFICER, WONDERLA HOLIDAYS LIMITED.
MODERATOR:	**MR. ADHIDEV CHATTOPADHYAY – ICICI SECURITIES LIMITED**

Moderator: Ladies and gentlemen, good day and welcome to Wonderla Holidays Limited Q2 FY22 Results Conference Call hosted by ICICI Securities Limited. As a reminder all participants' lines will be in listen-only mode, and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing '*'and '0' on your touch-tone phone. Please note this conference is being recorded. I now hand the conference over to Mr. Adhidev Chattopadhyay from ICICI Securities Limited. Thank you and over to you sir.

Adhidev C: Good morning everyone. On behalf of ICICI Securities, I would like to welcome everyone today on the call. From Wonderla Holidays Management, we have with us Mr. Arun Chittilappilly - the Managing Director and Mr. Satheesh Seshadri - the Chief Financial Officer. Now I would like to hand over the call to the management for their opening remarks. Over to you, thank you.

Arun Chittilappilly: Thank you. Good morning, everyone. We welcome you to this conference call to discuss the second quarter results of the financial year 2021-2022. Hope everyone continues to stay safe and had a great festive season period.

Due to the second wave of COVID, our parks were closed from 19th April. In Q2 all of our parks remained closed in the month of July. As the COVID threat slowly reduced and economic activities gradually picked up again, we reopened our parks in a phased manner. After receiving all necessary approvals, Hyderabad Park reopened first on 5th August, followed by Bangalore Park on 12th August, and then Cochin Park on 1st September. So for almost half of the quarter, we didn't have the parks open. The parks were initially opened only on weekends and public holidays, while the Bangalore resort had resumed operations on 5th July. As we did previously on the first day of re-opening, we welcomed COVID Angels, the people who had gone out of their way to help other people during the COVID second wave. We welcomed them and their families by providing complimentary passes as a gesture of thanks. We were overjoyed as this initiative was very well received and admired by them. We had a huge number of attendants. We had about 2,500 people at Hyderabad, about 4,400 people at Bangalore and about 3,300 people at Cochin.

In the quarter, we prioritized and achieved a hundred percent vaccination for our entire staff, including both on roll and off roll employees. We continued to improve our engagement with the customer base and launched attractive offers throughout the quarter for various events like Engineer's day, Daughter's Day, Grandparent's day. We also did a buy one get one ticket free for elders. All these activities got an encouraging response, and it helps us to motivate people to come to our parks again. Now we see a tremendous desire in people to venture out again, after being confined indoors for a major part of two years. We see a huge demand coming back. After the introductory offers and phased opening, we resumed full-scale operations and normal ticket prices from September in Bangalore & Hyderabad and resumed full operations for all days in Cochin only in November.

In Q2 FY22, the total footfalls across our parks were 1,47,000. The gross revenue was about Rs. 18 crores and EBITDA loss was about Rs. 3.5 crores. As the majority of our population gets vaccinated, gradual unlocking increases, and COVID-related restriction reduce, we are on track to reach normalcy, with many other industries already at pre-COVID operating levels. As the third quarter is filled with festivities and pleasant weather, our parks are sought-after destinations for people to come out and celebrate. And we are already witnessing improving traction and are very optimistic about resuming full-scale operations very soon. We thank you all for your continued support and look forward to seeing you in our parks.

We can now proceed to Q&A. Thank you very much.

Moderator: Thank you very much, sir. Ladies and gentlemen, we will now begin the question and answer session. We have our first question from the line of Kaustubh Pawaskar from Sharekhan by BNP Paribas. Please go ahead.

Kaustubh Pawaskar: My question is, since you have now commenced operations fully, do we have any restrictions on the capacity per day, considering the fact that demand is going to be strong, people want to move out?

Arun Chittilappilly: There are still restrictions. The government order says we should not run at full capacity. So, we are still running at half capacity as abundant caution. But in some markets the restriction like for example, in Karnataka the restriction has been already lifted. We are allowed to operate at full capacity. Cochin continues to be at the half, and I am not sure about Hyderabad. Satheesh do you have any data on that?

Satheesh Seshadri: We can operate sir.

Arun Chittilappilly: Yes, we can operate at full capacity. So, except Cochin, we are allowed to operate at full capacity. Kerala market is also slowly seeing a recovery. So, we expect restrictions to go off soon. But even with this like, 6,000 capacity is still a huge number for us. So, we are not really concerned about that at this stage because we are still in the ramp-up of demand. So, it is not a concern for us.

Kaustubh Pawaskar: In this quarter we have seen a lot of extended weekends. How was the festive season, were the footfalls strong, during the festive times in Bangalore and Hyderabad?

Arun Chittilappilly: During the festive season, Bangalore has outperformed compared to pre-COVID, Hyderabad also performed decently. But like I told you earlier, Cochin is still reopening. We just resumed full operations only for the last 10 days. Cochin is seeing pretty good numbers but it is still too early to say for Cochin. It is just that we're not open every day during Q2 but for example, on Dussehra, Diwali we were open every day. So, we are quite happy with the way the numbers turned out. Of course, we will get to see that next quarter.

Kaustubh Pawaskar: On the ticket prices, the introductory price was around Rs.799, but now have you increased the prices or still you are working on Rs.799?

Arun Chittilappilly: Yes, we have increased our prices. We are not fully to pre-COVID prices yet. But we are almost there, may be a 4-5% difference. But that also will be changed in the coming months.

Kaustubh Pawaskar: So, 4-5% lesser than the pre-COVID prices. Is that the right understanding?

Arun Chittilappilly: Yes.

Satheesh Seshadri Currently the prices for weekdays is Rs. 999 and weekends is Rs. 1199. What is important for us, is the average ticket price.

Kaustubh Pawaskar: What is the pre-COVID prices?

Satheesh Seshadri Pre-COVID prices varied across parks. Bangalore is higher, but the other two parks are in the same range. The Cochin and Hyderabad Park is about Rs. 999

Arun Chittilappilly: We have still about maybe Rs. 50-Rs.100 where we can increase.

Satheesh Seshadri: …in the case of Bangalore Park and then the other two parks.

Arun Chittilappilly: So, we still have a little bit of headroom to increase the ticket prices and as demand is growing, we are going back to pre-COVID prices.

Kaustubh Pawaskar: Anything on the bookings, like how things are for the quarters? As you said that you are seeing a pickup in demand, but how are things on the booking front like on your digital platforms, and what tractions?

Arun Chittilappilly: Yes, it is all doing extremely well. Now we get almost one-fourth tickets booked from our website, which is a huge change compared to pre-COVID. Almost 24% of the bookings come through online. So, as Satheesh said, that also helps us improve our average ticket price, average revenue per user. So, those are encouraging times.

Moderator: We have the next question from the line of Meet Jogani from PS Associates. Please go ahead.

Meer Jagani: We used to have a constant ticket price increase over the year. Are we maintaining that policy, like 10-15% increase every year?

Arun Chittilappilly: No, we don't do 10-15% every year. We usually do 5-7%, maybe little less than inflation. we will be able to do that, because in all the markets that we operate, we are the top choice and we are probably about 15-20% more expensive than the next best amusement park. But that is a reasonable gap because our offering is also very superior. So, we can command premium pricing.

Meer Jagani: What were the average footfalls in this quarter and compared it to a pre-COVID level was it the same or below pre-COVID levels? The average footfalls.

Satheesh Seshadri: We worked for about four days a week initially, for the Bangalore and Hyderabad parks and Kochi park also. September onwards, we worked all the days for Bangalore and Hyderabad parks. And taking the number of days worked for FY22, this quarter we recorded average footfalls about close to 2,000 in the case of Bangalore Park, and 1,100 in the case of Hyderabad Park. Kochi Park, we are close to about 900 footfalls. Bangalore Park in pre-COVID level for the entire 92 days was about 1,500 and Hyderabad Park was about 980 and Kochi Park was about 1,300. So, Bangalore & Hyderabad Park footfalls were more than the pre-COVID level.

Moderator: We have the next question from the line of VP Rajesh from Banyan Capital. Please go ahead.

VP Rajesh: You mentioned that 24% of the customers are coming directly to your website for buying the tickets. I missed the pre-COVID number. What was that number for this metric?

Arun Chittilappilly: About 10%.

VP Rajesh: As you were saying that Bangalore and Hyderabad are seeing pre-COVID footfall levels so, what is the thinking on increasing the pricing now, given that there is significant inflation in wages as well as other supplies?

Arun Chittilappilly: We are planning to do another price hike in Q3. We will do that whenever there is a need. And we have not reached a pre-COVID prices yet. So, because of that, there is still some headroom for us to do that, and so we are doing it gradually.

VP Rajesh: So, by Q4, assuming there is no third wave, you will be sort of back to normal pre-COVID operations?

Arun Chittilappilly: Yes. So, we are hoping that by end of this financial year, if there is no third wave, we should be able to get to pre-COVID or even better. That is what we are hoping for. Let us see.

VP Rajesh: I remember that you were doing some interesting experimentation with your foods business, when we met about two years ago.

Arun Chittilappilly: We did that as an experiment and once our parks resumed the full operation, we decided to discontinue it as we were understaffed when we re-opened our parks. During COVID we had drastically reduced our staff size and we also had salary cuts. Once we re-opened, we had to start hiring. So, we decided to put a pause on that. We are now focusing on bringing those offerings to our parks directly instead of doing it as a cloud kitchen. That has been helpful for us because we have a food lab where we experiment on new food and pricing and fun foods etc. So, we are continuing in our parks, we are not doing it outside.

VP Rajesh: On the food business, what was the percentage of revenue from PAT versus pre-COVID level in this quarter or let's say in the month of October?

Satheesh Seshadri: We recorded about Rs. 810 average ticket price during the quarter, as against Rs. 796 in the Q2 FY 2019-2020. We recorded about Rs. 298 spend per head on the non-ticket revenue this quarter as against Rs. 278 during Q2 FY 2019-2020. As you know, in FY 2020-2021 the parks were closed on account of COVID. So, the comparative figures are for only 2019-2020. So, we were close to those two numbers. Due to higher walk-in, we were able to record higher ATP or realization of the ticket price.

Moderator: We have next question from the line of Anuj Sharma from M3 Investments. Please go ahead.

Anuj Sharma: One of the entertainment parks, Nicco was sold or I suppose there was a resolution. Did we participate in this deal? And if yes, then did we miss out for any parameters? The reason why I am asking is this park seems to be closer to our operating models versus other parks. So, some thought process into this.

Arun Chittilappilly: No, we have not looked at Nicco Park, because it is a Government joint venture and, their ATP is very low compared to ours. Our ATP as Satheesh just told you is about Rs. 800-Rs. 900. So, they are not direct comparable. Nicco is a very small amusement park compared to us. So, not of interest to us.

Anuj Sharma: But was there a scope for us to take over and maybe increase it, or that would have been a difficult journey? And in relation to that, are we also evaluating because there might be some stress and we have been talking about it for some time. Do you see some stressful opportunities in the sector?

Arun Chittilappilly: There are a lot of amusement parks that have come for sale. Nicco, couple of parks in Delhi, there is Imagica in Bombay, there is one more small park in Bombay, then the bunch of parks in Tamil Nadu. So, there have been a few. It is just that when we evaluated them, most of them were not fitting our business model or they were too expensive or they had other issues which prevented us from taking over. So, we don't want to buy any of them out as of now, but we are willing to do a revenue share or an operating model in some of these parks. So, we put forth some of those proposals. We don't know what is happening yet because it is a long-drawn process and some of these projects are in NCLT. So, not yet conclusive but let us see what happens.

Anuj Sharma: So, if I may assume that despite such stressful scenarios, if we were not able to, for whatever reason and be fairly clear that we will mostly beyond the organic path rather than any of these inorganic, is that a fair assumption?

Arun Chittilappilly: We are mostly focused on our own expansion plans because we like to do Greenfield projects. For example, we were invited to do a park in Chennai, we have been invited to do a park in Orissa, and we have also been invited by the Gujarat government to do something in Ahmedabad. So, we do have a few offers like that. So, we are trying to see how we can revive those. On top of that we have distressed assets up for sale etc. We are evaluating all of them, I don't know, it just depends on what finally works out for all parties interested. Hard to put a finger on it and say that we will not do it, but of course like you said, we would prefer to do our own projects as and when all the clearances are approved. We would prefer that because we are specialized in designing our own parks and building them at a very low cost compared to competition. So, some of those advantages will not be realized if we take over other parks. So, that is the way we look at it.

Moderator: We have next question from the line of Piyush Sharma from Minerva India Under-Served. Please go ahead.

Piyush Sharma: Question to Satheesh sir. So, I know that there are a lot of moving parts here, your ATP is an average of Rs. 810 versus almost say about Rs. 1000 in September, number of days of operation, specific days of operation in a week, F&B mix etc. etc. So, many moving parts here, some sort of a pro-forma would be helpful. If you were to hazard a guess here, if it was Rs. 17 crores of revenues in a quarter, let us say if the entire quarter was similar to September, what would that number look like? It seems to me like back of the envelope calculation will give me somewhere north of Rs. 40 crores.

Satheesh Seshadri: See we had two parks working for four days, as you said correctly, and Kochi Park was not operational on all the days in September, and the other two parks were fully operational and ticket prices also we had differential ticket prices. And whenever we work in such situation, we also try to optimize the cost in terms of the manpower cost and requirement in utilities and other things. But when you work on a full-fledged park, the dynamics are totally different, which you have correctly put it. But looking at the equation and how we fared, if we reach more than one lakh footfalls we will be close to the breakeven. So, coming to the September, we recorded about 94,000 footfalls for the month of September. So, we were close to the breakeven that time. Hope it answers.

Piyush Sharma: Sort of. So, what you are telling me there is 2/3rd of your all footfalls for the quarter came in September month alone.

Satheesh Seshadri: Yes, because see August we opened, 5th of August in Hyderabad and Bangalore we opened only on 15th and they were operating only four days a week. So, we had only 54,000 footfalls in August and 94,000 footfall in September while Kochi was not operational, but we carried the cost. September month we were close to 94,000 which is close to a lakh.

Piyush Sharma: So, let us say if 2/3rd of your footfalls were in September alone and that month definitely at higher ATP than your quarter average, that month had higher days of operation per week than the quarter average, and had more weekends than a quarter average. My guess is almost 80% of your revenues were booked in the last month of the quarter. Would that be fair assessment?

Arun Chittilappilly: Not 80%. I would say 60% of our revenue came from September.

Satheesh Seshadri: 2/3rd came in September and 1/3rd in August.

Arun Chittilappilly: And 0 in July.

Piyush Sharma: That is correct. Of course you were not there in July. So, 94,000 or 1.47 lakhs, it is only in the two months, got it. Another question on COVID F&B restrictions what are those restrictions specifically?

Arun Chittilappilly: Right now we don't have any restrictions on COVID, in two parks. In Kochi we have a capacity restriction of about 6,000 visitors max per day.

Piyush Sharma: I am talking about F&B only.

Satheesh Seshadri: Initially when we opened the park, only in Kochi Park we had the F&B restriction, on the seating capacity and the table arrangement and other things. But that is also removed by now. So, we don't have any restriction in the F&B now.

Moderator: We have next question from the line of Kaustubh Pawaskar from Sharekhan by BNP Paribas. Please go ahead.

Kaustubh Pawaskar: Yes, just wanted to understand on the Chennai Park, any thought process like, still in a wait and watch mood or you would like to go ahead with that project?

Arun Chittilappilly: No, we have not yet taken a decision because we are still waiting on the Government to get back to us on our proposals. Whenever we have some information, we will definitely intimate to all of you.

Kaustubh Pawaskar: And, similarly on the Orissa Park anything on that front?

Arun Chittilappilly: Yes. Orissa also they are very keen for us to start. But we have internally taken a decision not to start any new projects in for the remainder of this financial year, because our focus is entirely on reviving business, and that is what we are doing right now. We will only do the new projects in FY23.

Kaustubh Pawaskar: Anything on the international parks like, they have been open for a while now and how things are looking over there which will give us a sense for how Indian parks will be shaping up over a period of time? Anything on the international, especially the ones which are the old.

Arun Chittilappilly: The international parks, especially in countries where COVID has been contained properly, are seeing a huge resurgence of visitors. In fact, records are being broken in some of the parks, especially China I am hearing that a lot of the parks have been full. But then again now they have restrictions. So, there is no direct comparison. We hope that if things improve and we are allowed to stay open and there is no third wave and there is no craziness, we should have a very good ramp up of footfalls in all our parks.

Kaustubh Pawaskar: Currently whatever footfalls you are receiving in all the three parks are not in groups. Those are the visitors who are coming on that particular day. Groups may take some time to come back on track, right?

Arun Chittilappilly: We are getting groups, by December the group season will be over. So, this year we are not expecting many groups. We are also getting groups, but not like previous years. But more than made up by retail footfalls.

Moderator: We have next question from the line of VP Rajesh from Banyan Capital. Please go ahead.

VP Rajesh: I just have a follow up. If you can share the footfalls for the month of October.

Arun Chittilappilly: We can't share that right now, we are talking about second quarter, right?

VP Rajesh: Right. Was it at a breakeven level or if you can just give us some idea.

Arun Chittilappilly: Yes, it is well above that.

Moderator: We have next question from the line of Piyush Sharma from Minerva India Under-Served. Please go ahead.

Piyush Sharma: Just a quick follow-up on Bhubaneswar. I know that there were very extensive discussions and the Government was willing to give much more sops than we had received earlier, on the other parks. Any update there? I know that you have got a lot of stuff to do on the Chennai to begin with, any which way, but any more discussions on Bhubaneswar side.

Arun Chittilappilly: The Orissa Government has been very proactive. They are willing to give us free land, free water connection & electricity connection. I mean, there is lots that they are doing which no other state has done. So, that way we are very happy. We are still discussing when we should start and what are the parameters. At some point we will intimate you when there is a final decision and once we go ahead with the project.

Piyush Sharma: So, the only reason I specifically asked about Bhubaneswar, is because Bhubaneswar is one of the, "more conservative state in COVID, something in line with Kerala"

Arun Chittilappilly: No, not really. They are very keen. They want us to start tomorrow if we can, but we are not able to do it because we are trying to revive footfalls. We have other priorities right now. But once we have some more free time, once the parks are fully operational and footfalls are fully back, at that point we will start on. So, right now, the negotiations are going on. We are very keen to do the project and they want us to do the project. So, that part is clear but the rest of it, I mean there are other things that we need to finalize before we can go ahead.

Piyush Sharma: Finally, just a bookkeeping question. On your group bookings, could you confirm pre-COVID schools were what percentage of group walk-ins?

Arun Chittilappilly: I think, for example, Q3 or Q2, we used to have almost may be 25-30% or even 40% of the footfalls from groups. Now this year has been less than 10%.

Piyush Sharma: No, I am asking what percentage of groups were schools specifically.

Satheesh Seshadri: Most of the groups that come to us are schools, about 75% of them are schools.

Moderator: Thank you. As no further questions from the participants, I now like to hand the conference over to the management for closing comments. Over to you, sir.

Arun Chittilappilly: Thank you all for joining the con-call and we hope you continue to stay safe. And we are optimistic that, footfalls and revenues for our sector will improve and we are already seeing that and hope to see you guys next quarter. Thank you.

Moderator: Thank you very much sir. Ladies and gentlemen, on behalf of ICICI Securities Limited that concludes this conference call. Thank you for joining with us and you may now disconnect your lines.

"Wonderla Holidays Limited
Q1 FY2022 Earnings Conference Call"

August 11, 2021

ANALYST: **MR. ADHIDEV CHATTOPADHYAY - ICICI SECURITIES LIMITED**

MANAGEMENT: **MR. ARUN K. CHITTILAPPILLY – MANAGING DIRECTOR – WONDERLA HOLIDAYS LIMITED**
MR. SATHEESH SESHADRI – CHIEF FINANCIAL OFFICER - WONDERLA HOLIDAYS LIMITED

Moderator: Good day, ladies and gentlemen and a very warm welcome to the Wonderla Holidays Q1 FY2022 Results Conference Call hosted by ICICI Securities Limited. As a reminder, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing "*" then "0" on your touchtone phone. Please note that this conference is being recorded. I now hand the conference over to Mr. Adhidev Chattopadhyay from ICICI Securities. Thank you and over to you Sir!

Adhidev C: Good evening everyone. On behalf of ICICI Securities, I would like to welcome everyone on the call today, to the Q1 FY2022 Results Call of Wonderla Holidays Limited. From the management today, we have with us Mr. Arun Chittilappilly, the Managing Director and Mr. Satheesh Seshadri, the Chief Financial Officer. I would now like to hand it over the call to the management for their opening remarks. Over to you, thank you!

Arun Chittilappilly: Good evening everyone. This is Arun Chittilappilly, the Managing Director. Welcome you to this conference call to discuss the first quarter results. Hope all of you are continuing to be safe. I would like to start off by appreciating the relentless efforts of everyone who worked in this pandemic.

After reopening of our parks in late 2020 and steadily increasing number of operational days, we ended up with about 77% of pre-pandemic levels footfalls. Unfortunately, the encouraging trend was affected by the emergence of the second wave, which happened sometime in late March and we progressively closed water parks and our amusement parks around April 19, 2021. This was implemented as precautionary measures were outlined by the respective state governments.

In the months that followed, we focused mostly on initiatives to streamline our operations and have planned some enhancement for our eventual reopening. We have also done vaccination drive for our staff. Almost 99% of our employees are now vaccinated. In the interim period, we also worked on our new CRM enabled website and on our promotions. We have also stepped up our marketing efforts which have undergone a transformation over the last one year. We are led by more digital interventions and leveraging on our social media presence. We have also launched a very attractive advanced booking offer, and we have received huge response so far. We are happy to report that under this offer, we have sold approximately 12,000 tickets, signifying that there is a latent demand for outdoor entertainment when things open up.

Globally, the parks industries are staging a comeback driven by vaccinated populations and easing of restrictions. Across the US, Europe and Asia, most of the leading parks are now open and reporting decent footfalls. A further encouraging sign for the industry, new amusement parks have been commissioned in some places and existing parks have announced capital expenditures for upgrades and additions.

Keeping up with prudent financial practices, we have also kept our monthly operation expenses in check. For the period of April – June 2021, our average monthly expenses were maintained below 3.5 Crores. We are committed to maintain highest standards of hygiene and safety and fun in our parks. We have got very a coveted certification for running our amusement parks, from the top agency Bureau Veritas India. We are now going live with several measures to improve customer experience as well so it makes it more immersive and memorable.

In Q1 FY2022, the parks were functional for only 18 days during April 2021. Total footfall was about 35000 and gross revenue was about 5.4 Crores, up from 1.8 Crores in the Q1 of FY2021. Despite the recent lockdowns, we are optimistic that we will generate widespread desire and we will have good attendance in the coming quarters.

As we again move forward towards gradual unlocking, our resort in Bengaluru has resumed operations followed by Hyderabad park and Bengaluru park, which is opening tomorrow. Both parks will open at 50% capacity initially. On the first 3 days, the parks will welcome COVID angels along with their families. The invitees include social workers and frontline workers who have done extraordinary service during the pandemic and have been voted in by our fans on social media. As a token of love, and service, Wonderla Park will host about 1500 COVID angels. We can proceed to the Q&A session. Thank you very much!

Moderator: Thank you! Ladies and Gentlemen, we will now begin the question and answer session. Ladies and gentlemen, we will wait for a moment while the question queue assembles. The first question is from the line of Harish Shah from HS Capitals. Please go ahead.

Harish Shah: Thanks for your time and taking my question. I have2 questions. What is the status of rides, as this must be the longest period that they have not been in regular use? So, will we need to update our rides or incur any capex? My second question is, are there any new plans to utilize your excess land banks across the parks?

Arun Chittilappilly: First part of the question, rides are regularly maintained even when the parks are closed, so we routinely operate each and every machine at least once a week and we do some preventive maintenance even during the lockdown. So there is no issue with our rides. The second part is there is no immediate plan to monetize land. We are keeping that for future expansion and adding other forms of outdoor entertainment as time progresses. We are making plans for some of it, but we would like to keep all the excess land.

Harish Shah: Thank you, management. Wish you all the best.

Moderator: Thank you. The next question is from the line of Kaustubh Pawaskar from Sharekhan By BNP Paribas. Please go ahead.

Kaustubh Pawaskar: Good evening Sir. Thanks for giving the opportunity. My question is around your monthly expenses. You mentioned that its around 3.5 Crores and you are looking to further reduce it or significantly manage it. So can you provide some brief on it?

Arun Chittilappilly: 3.5 Crores is our reduced amount. It goes up to about 3 times, it will be about 9 Crores-10 Crores.

Sateesh Seshadri: Yes Sir. During a complete year of operations, monthly expenses, is about 14.5 Crores per month. When we operate 4-5 days a week, like we did in January, February, March, our expenses were about 9-.5 Crores per month.

Arun Chittilappilly: So that will be down to around 3.5 Crores, right?

Sateesh Seshadri: Correct Sir. Currently we have cut and rationalized the cost, salary cuts, overhead cuts, hence it is around 3.5.

Kaustubh Pawaskar: So, from Q2, it will go up to 9 Crores-10 Crores, considering your park is operational4 days a week and once they are open for 7 days and occupancies go up about 50%, it will go up further. Is it a right understanding?

Arun Chittilappilly: Exactly. Correct.

Kaustubh Pawaskar: You got a very good response for your online initiative, around April and May. Are you planning to continue it, because you are getting a good traction on this online sales platform?

Arun Chittilappilly: Yes, we are doing it. Right now, what we are doing is a different kind of experiment to see what will work and what are the ones which will not work. We are doing different kinds of marketing initiatives online. This online booking what we did was done in June and we were open for 2 weeks and were able to sell some 12000 tickets. That gives us a lot of confidence that there is a lot of demand. When our parks open, people will come. Depending on the situation we will need to have different kinds of offers. So, we will keep doing that, yes.

Kaustubh Pawaskar: Thanks Sir. Two bookkeeping questions, on the Chennai park, what is the status now? I can understand that in the three months period, you did not have much to talk about but anything on Chennai park?

Arun Chittilappilly: We will not resume work on Chennai immediately because of the COVID situation. We are probably looking at working on it only from next financial year onwards, when things stabilize more. Before that, we have to get a few more approvals and few more things are pending, so, that has to get done.

Kaustubh Pawaskar: Any comment on the Kochi park? When do you expect it to start operations?

Arun Chittilappilly: We have no idea as of now, but we are hearing that within a month, there could be some change.

Kaustubh Pawaskar: Thank you!

Moderator: Thank you. The next question is from the line of Adhidev Chattopadhyay from ICICI Securities. Please go ahead.

Adhidev C: First question is on our resort. Just wanted to know are you extending any offers for the long stays at the resort? Because, lot of people are working from home and can they benefit?

Moderator: It seems Adhidev has got disconnected. In the meanwhile, by the time he joins back, we will take the next question from Urmi Jain, an individual investor. Please go ahead.

Urmi Jain: Good evening Sir. Thank you for taking my question. My first question is – are we running any campaigns to promote Wonder club offers? Also, as unlocking has increased and people are more inclined to spend weekends away, can Wonderla provide an avenue? Do we have any traction around it?

Arun Chittilappilly: Yes, we have a lot of offers going on at the moment as things are unlocking. We do most of the offers online now, depending on the situation we keep having different offers until we are open every day.

Urmi Jain: That is helpful. Thank you!

Moderator: Thank you. The next question is from the line of Dhrushil Jhaveri from Aditya Birla Mutual Fund. Please go ahead.

Dhrushil Jhaveri: Thanks for the opportunity. I just wanted to check, in terms of capital allocation, I think you have talked about in a media interview recently that you would be evaluating parks which would be in distress right now. Anything we can talk about our share in terms of anything that we are looking at?

Arun Chittilappilly: We are just evaluating. Lots of opportunities have come to us. We are just evaluating them at this point.

Dhrushil Jhaveri: But do you look at this as an opportunity to deploy capital? You think, some of this could come though this year? What are your thoughts here?

Arun Chittilappilly: I am not really sure. Like I said, it is too early for us to comment on this. Lot of people have approached us saying that they would like us to take over or to run parks especially after COVID. Still at a very early stage and hard to comment and say we are going to do this or not; a little too premature. As and when we have clarity, we will definitely keep you updated.

Dhrushil Jhaveri: Got it. Thanks for this.

Moderator: Thank you. The next question is from the line of Anuj Sharma from M3 Investments. Please go ahead.

Anuj Sharma: Thank you for this. My question is – we have ascribed to follow some models like Six Flags, emulate them but over the past 18 months, has there been any interesting models which we saw during COVID, which we found interesting and would want to replicate in our park over next, maybe, 12-18 months? Any models which were differentiated in the trying times, globally?

Arun Chittilappilly: Everybody has the same issues. I do not think there are any differentiated models for the amusement park itself, other than making it touchless, which we are already doing. But people still have to come out and experience the park. I do not think there is much change there.

Anuj Sharma: Alright. Thanks Sir!

Moderator: Thank you. The next question is a follow up from the line of Urmi Jain, an individual investor. Please go ahead.

Urmi Jain: Thank you so much for the opportunity again. Sir, wanted to know - is there any update from the government on the LBT issue with the Tamil Nadu government?

Arun Chittilappilly: Not yet. We are just communicating with them. Nothing has come out of it. We will let you know when there is a development on it.

Urmi Jain: Thank you so much.

Moderator: Thank you. The next question is from the line of Sahil Doshi from ITI Asset Management. Please go ahead.

Sahil Doshi: Good evening. Quick question in terms of capacity, I understand current times are a little uncertain. Just thinking ahead, the last 10 years odd, we are just opening fewer parks, incrementally, in the next 5 years odd, once better clarity emerges, do you see aggression in terms of new park openings would increase as a whole and if so, what is the plan ahead, if you can just talk little about it?

Arun Chittilappilly: Plan has always been to open a new park every 3-4 years. That is how we started Chennai also. But then unfortunately, when we started work, there was a tax issue and then there is COVID, so that work has stalled. If you keep that aside, I think we will definitely keep evaluating new areas to work on and try to expand.

Sahil Doshi: I understand we are yet in talks and nothing has been finalized, but how do the economics change in terms of owning the park model, the updated model versus a managed park? Do you have any threshold when you are investing or getting into some kind of an arrangement, if at all, where you would be looking at taking?

Arun Chittilappilly: No, it is too early to say. We are still talking to various park owners to see how we can work with them. Nothing is final, but obviously, it will be a low capex model – that is what we are trying to get into, but as and when details emerge, we will be sharing with you.

Sahil Doshi: Just to understand better in terms of capital allocation or how it used to be because the economics of this business is quite different from what normal businesses have. So, as a new investment, what are the few factors, besides location of course, how do you look at payback? Could you just share some broad matrix?

Arun Chittilappilly: There are no set rules for this. We look at an opportunity and see whether we want to be part of that geography or we are able to work with the promoter or how is it that we are able to work with them, it could be a management contract, it could be some equity involved, so it is very hard for me to say that there is ballpark figure for it.

Each opportunity is going to be looked at differently and then I do not think it will be a cookie cutter model.

Sahil Doshi: Sure Sir. Appreciate that. I want to understand the management's perspective and how they look at debt, are you averse to debt as a whole or you are prepared to do a leverage buyout in a kind of situation?

Arun Chittilappilly: We are not averse to debt, but having said that, we will also be careful when we are looking at full acquisition, and all. So, we will be, maybe, a little overcautious. But we are not averse to looking at any debt. If we find there is a good opportunity, we are willing to go after it.

Sahil Doshi: Sure Sir. Appreciate that. Thank you so much and good luck.

Moderator: Thank you. Adhidev, your line is unmuted. Please go ahead with your questions.

Adhidev C: My question is, could you share the balance sheet figures, what is the cash and liquid investment on the books and are we open to taking on a debt in this year, if there are any other lockdowns again?

Sateesh Seshadri: Currently, we are at about 7 Crores to 8 Crores in the form of investments and cash. I do not think with the current run rate, we need any debt.

Adhidev C: So in case there is another round of third COVID wave or anything, what would be our OD limits? Could you share that?

Sateesh Seshadri: We have 30 Crores exposure to banks, but we have not used it.

Adhidev C: OK. So, that is a dry powder you have kept?

Sateesh Seshadri: Yes.

Adhidev C: That is it from my side. No other question. Thank you.

Moderator: Thank you. As there are no further questions, I now hand over the conference to the management for their closing comments.

Arun Chittilappilly: Thank you all for attending the Q1 results call. We hope all of you stay safe and hope better days are ahead for all of us. Thank you so much.

Moderator: Thank you. Ladies and gentlemen, on behalf of ICICI Securities Limited that concludes this conference for today. Thank you for joining us. You may now disconnect your lines.

"Wonderla Holidays Limited
Q4 FY2021 Results Conference Call"

June 09, 2021

ANALYST: **MR. ADHIDEV CHATTOPADHYAY - ICICI SECURITIES LIMITED**

MANAGEMENT: **MR. ARUN CHITTILAPPILLY – MANAGING DIRECTOR – WONDERLA HOLIDAYS LIMITED**
MR. SATHEESH SESHADRI – CHIEF FINANCIAL OFFICER – WONDERLA HOLIDAYS LIMITED

Moderator: Ladies and gentlemen, good day and welcome to the Wonderla Holidays Q4 FY2021 Results Conference Call hosted by ICICI Securities Limited. As a reminder, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing '*' then '0' on your touchtone phone. Please note that this conference is being recorded. I now hand the conference over to Mr. Adhidev Chattopadhyay from ICICI Securities Limited. Thank you and over to you Sir!

A. Chattopadhyay: Good evening everyone. On behalf of ICICI Securities, I would like to welcome everyone today on the call. Today from the management of Wonderla, we have with us Mr. Arun Chittilappilly, Managing Director and Mr. Satheesh Seshadri, the Chief Financial Officer. I would now like to hand over the call to the management for their opening remarks. Thank you.

Arun Chittilappilly: Good evening everyone. I am Arun Chittilappilly. We welcome you to this conference call to discuss the fourth quarter results of FY2020-2021. Hope everyone continues to be safe. I would like to start off by appreciating the relentless effort of various COVID warriors who made sure that people are safe during this pandemic. After reopening Bengaluru and Kochi parks in November and December respectively, the calendar year 2020-2021 started off on a good note for us as Hyderabad Park also resumed operations on January 9, 2021. All three of our parks were operational after a gap of more than 7 months. I would like to emphasize that our team was ready to immediately reopen the parks once the necessary clearances were received from the governments. The team continues to excel with their dedication and resilience as they found innovative ways to safely entertain nearly 4 lakh guests. Post unlock, Wonderla continued to be a preferred destination for outdoor entertainment in our host cities and we witnessed substantial demand once our parks resumed the operation.

In January, our parks were operational only from Thursday to Sunday, which was further increased to Wednesday to Sunday starting February and in the month of March all the parks were open all the days of the week. Our attendance consistently improved every month since we first reopened the parks. Wonderla is also the first theme park chain in the country to be awarded the highly coveted COV-SAFE certification by Bureau Veritas. Wonderla Bengaluru and Kochi received the diamond certification and Hyderabad Park has secured a platinum certification. We introduced industry leading safety standards and protocols to protect both our employees and our guests who come to have a memorable day with us. This includes encouraging online reservation system for admission, touchless temperature and security screening, contactless transaction, and enhanced sanitization. Our outdoor venues have tremendous amount of open space, and our parks are naturally conducive to social distancing. Over the decades Wonderla has faced many challenges, but FY2020-FY2021 was the toughest challenge faced not just by Wonderla, but the industry and the world at large. The results for the quarter and full year may not be comparable to a prior year due to the pandemic limitations.

Coming to our performance for Q4 FY2021, our focus on digital marketing and to use innovative approach including influencer activities and PR campaign yielded good results. We recorded footfalls of 3.1 lakh visitors across all the parks, which is more than one lakh per month. We also introduced innovative F&B and retail offerings during the quarter. On a Y-o-Y basis, our footfalls are at 77% of pre-pandemic Q4. We registered gross revenue of 347.9 million clocking a recovery of 77% of the Rs.449.1 million revenue registered in Q4 FY2020; we are also EBITDA positive for Q4 FY2021. The company's robust balance sheet continues to be debt free and has ample liquidity of Rs.930 million. Even though there was a setback due to the second wave and we closed our parks in April, our team is motivated to put our best to put forward and drive the company to scale new heights. We have identified high performers and rewarded them with increments; additionally, we are also working on vaccination efforts for all our staffs. We continue to focus on sustainable value creation from our resilient business. Despite the recent lockdowns we are optimistic that it will generate a widespread desire, which will help us drive attendance in the coming quarters. We are looking forward to put the worst of the pandemic behind us and delight our guests in our parks as and when the time is appropriate. We thank you for continued support and remain confident in emerging stronger as our strategic plans remain intact. We can now proceed to Q&A. Thank you very much.

Moderator: Thank you very much. We will now begin the question-and-answer session. Ladies and gentlemen, we will wait for a moment while the question queue assembles. The first question is from the line of Sharma Kunal from Perfect Research. Please go ahead.

Sharma Kunal: Good evening Sir. I have a few questions, the first- when do you see the India open up like the US, where post vaccination masks are not required? Second question- along with the opening of bigger parks should not we also think an indoor entertainment option for to two reasons, the first is setting up big park is time consuming process and slow outgrowth, second reason is that people in the city would be able to use them more regularly. Third question, any learning from running Wonder Nursery and Wonder Kitchen, which could help us scale up our business later?

Arun Chittilappilly: Please limit your questions to two because I will not be able to answer all of them otherwise.

Sharma Kunal: Is there any opportunities we see of inorganic acquisitions of other parks in India?

Arun Chittilappilly: Your first question was, when do we see the pandemic receding that will only happen if at least 50% of the population is vaccinated. As you all may already be aware, now in a large country like India it could take 5 months, 6 months, one year or 2 years. It is all up to the government, let us hope for the best. They are saying that we will finish vaccination by December, but I highly doubt, maybe a year is what. Sorry could you repeat the second question?

Sharma Kunal: Should not we also think about the indoor entertainment?

Arun Chittilappilly: Indoor entertainment is a different format, it does not come under the amusement park business. It is a completely different business and the entry barrier for something like that is relatively low. You rightly said building a large park is always much more costly and time consuming, but our expertise is in the large format park so we do not want to get into this small park business because margins are not high and I do not think there are any players who have been really successful at it. Hence I am not really bullish, and I do not think it makes sense for this company.

Sharma Kunal: Any learning from the Wonder Nursery and Wonder Kitchen?

Arun Chittilappilly: Wonder Nursery and Kitchen initiative was only to engage our park & employees during the pandemic last year. Once we recovered from the lockdown and we were in a position to open the parks, we found it difficult to run both the businesses together. Running a takeaway food outlet had its own challenges because it is a low margin high volume business and we could not recruit more staff to grow that business and at the same time we are also trying to reopen the park. We obviously prioritize reopening of our parks and getting footfall ramp up over the other businesses, hence we are not running the Wonder Kitchen anymore. Wonder Garden continues to be operate, but it is a very small operation, so we could come back and look at it again. There is a market opportunity especially in the kitchen business, but because we are constantly going in and out of lockdowns we do not have the bandwidth to run both, so hope that answers.

Sharma Kunal: Still last one remain, there is opportunity we see the inorganic acquisition?

Arun Chittilappilly: We are not looking at any inorganic acquisition right now.

Sharma Kunal: Fair enough. Thank you.

Moderator: Thank you. The next question is from the line of Rajesh Ranganathan from Doric Capital. Please go ahead.

Rajesh Ranganathan: Thanks for the opportunity. It is a tough time, so obviously you are doing the best you can, but could you please give us an update on our Chennai project? What is the current thought process around that and secondly we have tried different businesses, but given our own parks business, how are we use the time that we have had in terms of downtime to make it better when things open up?

Arun Chittilappilly: We used the downtime for strategizing and trying to improve our businesses when we reopen and that has helped us a lot, especially when we reopened in the last quarter. We have also had a fundamental shift in our strategy in terms of how we market our parks to our visitors. That has gone through a huge change as we are much more digital savvy now, but lot of that work is still in progress. Maybe we will take another year to change our marketing and customer experience to a fully digital system, so we are still working on this. We are also revamping our offerings in terms of F&B, outlets etc. So small upgradations are going on right now.

Rajesh Ranganathan: Are you saying that in 12 months or 18 month that we have had as a downtime there is not any significant project in terms of upskilling of employees or systems that normally we are not able to do while running the park?

Arun Chittilappilly: Yes, we are working towards that. We are doing a digital transformation in the company. It is still early days, it will probably take us a year or two to finish a substantial part of it.

Rajesh Ranganathan: Chennai?

Arun Chittilappilly: Chennai is on hold because we are not able to start work on it, so it has been put on hold for at least till the end of this financial year.

Rajesh Ranganathan: But we have the land with us?

Arun Chittilappilly: Yes, some basic work is going on, but we are not building the park as of right now.

Rajesh Ranganathan: Why is it that is it because of lack of availability of labor or what is the reason?

Arun Chittilappilly: Yes, we do not have labor, we are not able to move people there. Also we have some outstanding disputes with the government in terms of tax holidays. We will announce whenever it is ready, but I do not see anything happen for the remainder of this year.

Rajesh Ranganathan: On this tax dispute how long it will likely take because that is one of the growth drivers for you when things open up?

Arun Chittilappilly: Yes, we expect a tax holiday exemption from the local body tax in Chennai. I do not know whether you are aware, but Tamil Nadu is the only state which levies an extra tax on tickets, so we will not be able to build a large format park and run it with that tax in place. The previous government had categorically agreed, but now the government has changed so we will have to work again and we do not know how long it will take.

Rajesh Ranganathan: Let us say pre-COVID we had certain sales and certain EBITDA, and let us say things to open up and we reached 77% in fourth quarter. Suppose we do reach 100% at some point, these are EBITDA similar or better or lower what do you think?

Arun Chittilappilly: The reason why we had only 77% footfall is because we were not allowed to open every day of the week initially .Only one month out of the three months, that is only in March all the three parks were opened all days of the week. The other two months some days we were open, some days we are not open because we have to limit the crowd.

Moderator: Thank you. The next question is from the line of Parimal Mithani from Credential Investments. Please go ahead.

Parimal Mithani: Is it fair to assume the last year was one of the worst in the company's history in terms of financial performance wise?

Arun Chittilappilly: Yes.

Parimal Mithani: Sir, it will be the base for the year going ahead as pandemic was the worst year, right?

Arun Chittilappilly: Yes.

Parimal Mithani: Second, there is a footfall of 3.1 lakhs, which you achieved in this less time, you had the operations less than 3 months. Post India reaching critical vaccination level do you see this number to surpass your prior expectations also?

Arun Chittilappilly: 3.11 lakhs is a pretty good number and in fact it is we thought we would achieve also, we had pretty good footfalls in all the three parks, so there is a lot of latent demand, people are wanting to go out. But obviously because of the pandemic there is a lot of restriction. Once all those things ease out, assuming that at least 60% of the population gets vaccinated, which you can already see in other countries happening now, the demand will be coming back strongly. That is what we are seeing from other parks and other countries.

Parimal Mithani: What is the status of the park, are they in lockdown or partially opening of the park?

Arun Chittilappilly: All three of our parks are in lockdown.

Parimal Mithani: Footfall is because of the coupon discounts or anything or it was a latent demand as people wanted to travel?

Arun Chittilappilly: It is mostly because of latent demand, but we also had some discounts and some offerings, but mostly not discounts because our ARPU is also better than last quarter.

Parimal Mithani: Sir, last question if I am seeing your company for next 3 to 4 years, how do you see yourself, just want to understand the business plan?

Arun Chittilappilly: Once the pandemic recedes we will nearly get back onto our growth path again in terms of adding new locations to our portfolio. We are already working on it, like for example we have Chennai and we have another project in Bhubaneswar, a small version of the park with the government there. But again because of the pandemic we have not been able to, we have couple more opportunities, one from Gujarat and there is another opportunity from Colombo in Sri Lanka as well. We are evaluating all these options and whenever time is right we will start working on projects. We are upgrading our existing parks also and once we reopen we will be able to give our visitors a better experience.

Moderator: Thank you. The next question is from the line of Geeta Mehta from LHS Ventures. Please go ahead.

Geeta Mehta: Thank you for the opportunity. I have only one question, recently Gujarat government announced various incentives such as reduced electricity bills and property tax exemption for various multiplexes can we expect something similar for park industry?

Arun Chittilappilly: The Association of Parks are actively talking to different bodies. Gujarat has always been very pro industry and they have been waiving some of those things, but I am not seeing it as a countrywide initiative for other industries. We are trying, we are hopeful that exemption or the tax breaks might happen, but too early to comment.

Geeta Mehta: Sir, can we expect something similar in the other states as well?

Arun Chittilappilly: Not sure, we are working on it, but at this point we cannot comment on it.

Moderator: Thank you. The next question is from the line of Meet Jagani from PS Associates. Please go ahead.

Meet Jagani: I have one question, how the current initiative of 50% off gaining traction, how is the response over there?

Arun Chittilappilly: That is a new offer that we have just given because we are currently in lockdown and we are not able to open the parks, but we are selling the ticket for a future date, it is a limited time offer and we have very good response, we have sold about 7000 odd tickets in about a week.

Meet Jagani: Apart Chennai are we looking at any other location currently?

Arun Chittilappilly: We are looking at other states like I told you, as I mentioned in the last answer, we are looking at the few opportunities in other states like Gujarat, Odisha. We have an opportunity, which has come up in Colombo in Sri Lanka as well, so we are evaluating few opportunities.

Moderator: Thank you. The next question is from the line of Niteen S Dharmawat from Aurum Capital. Please go ahead.

Niteen Dharmawat: Thank you for the opportunity. I had just one question, this is regarding Bhubaneswar, Odisha the Board has approved for setting up this park, you mentioned that you have not worked out details about it. What is the investment that you are looking at and what will the timeline once the things open up?

Arun Chittilappilly: It is very early days, we want to do a small format one so it will be significantly lower investment compared to our existing parks. Odisha seems like a smaller market as well, so we are trying to make something work with the government there to see whether we can do a small park. They have been very supportive, they have actually been very proactive in terms of helping us with the land and approvals, but once the plans are finalized we will update everyone about this, right now it is still in the drawing board.

Moderator: Thank you. The next question is from the line of Manoj Dua, an Individual Investor. Please go ahead.

Manoj Dua: When we look for a new opportunity like Colombo or Gujarat, what are the parameters you look into, what are the conditions you think that can satisfy for opening of the new ventures?

Arun Chittilappilly: We look at a few things, one is the area whether there is a sufficient catchment area in terms of market size. We also look at whether our business can operate 365 days, or it is highly seasonal depending on weather conditions. We also look at how proactive the government is in the state and how helpful they are. Then we also look at how close are they to an existing project because we do not want to build two parks, which are very close to each other because they may cannibalize each other. So these are a few parameters like that we look at.

Satheesh Seshadri: Also, infrastructure, water, electricity, connectivity.

Arun Chittilappilly: Water connectivity and road connectivity as well.

Manoj Dua: If we want to see the company after 5 to 10 years the growth parameters are may be opening of resorts and parks. If you are not able to open new parks at the place, what you think and which has happened in the past how far you can see growth from our own parks, can you give us some guidelines because of similar conditions we are not able to open the new parks, so how far we can grow from other parks in future?

Arun Chittilappilly: Our existing parks are still not saturated in terms of footfall so that is something that we are looking at very seriously. If we do not add new parks, there is sufficient headroom for us to go in our native market. For example, at Hyderabad we still have not reached a million footfall, Cochin we have million plus footfalls and then it has dropped in the last 2 to 3 years so we need to fix that. There are some of those challenges we need to address as well, so definitely there is scope for growth in our home market. Even if we have million footfalls it is still a very small percentage of the total addressable population of each of those cities.

Moderator: Thank you. The next question is from the line of Pawan from Lacuna Capital. Please go ahead.

Pawan: You just mentioned that for example Hyderabad has one million capacity so what is the operating capacity when we look at the business?

Arun Chittilappilly: Roughly we can accommodate about 5000 to 6000 visitors in each of our parks per day so you multiply that by 365 and you will get the theoretical maximum capacity, but obviously we may not get that.

Satheesh Seshadri: About 8000 to 10000 is the park capacity. We worked on a 50% capacity during the pandemic, which is 5000 for the Bengaluru and Kochi park, and 4000 for the Hyderabad park.

Arun Chittilappilly: I am saying that is not sustainable every day to have that. If you have more visibility in weekend vs the weekdays, so on an average it could be about 50%.

Pawan: I would say you can take a 6000 number per day and then you can multiply that by 365?

Arun Chittilappilly: Yes.

Pawan: Second was one of the previous participants asked about what you look for in expansion project how do you think for capital allocation. When you are looking at these growth projects what is the financial parameters you are looking for, like what is the ROE etc?

Arun Chittilappilly: I mean we do not look at ROE calculation or a byproduct of what we have achieved. We typically want each of our investments to payback investments within 7 to 8 years that is the way we look at it, Satheesh may be able to answer this better.

Satheesh Seshadri: We look if there is a demand and then the footfall. Then we look at the ROCE and the payback period. These are all long gestation projects, for example the investment size is 300 Crores to 330 Crores for Chennai project, it has its own curve. When you talk about Odisha project the investments could be slightly lesser there, so we look into various factors. ROCE or ROE may not be higher in the initial year, you build it up over the period.

Arun Chittilappilly: It will be harder in the initial years and then get better as the footfalls improve.

Pawan: Let me rephrase the question, so 7 to 8 years is payback period and break even you target about 3 years is that fair to say like your earlier projects?

Arun Chittilappilly: For example Hyderabad project was EBITDA positive in less than 3 years.

Moderator: Thank you. The next question is from the line of Anuj from M3 Investment. Please go ahead.

Anuj: Thank you for this opportunity. My first question is on Gujarat any particular reason why we are delaying it or our hands are full at the moment?

Arun Chittilappilly: We have just been talking to them and there has been interest from the Ahmedabad government for us to setup a park. It is still early days, we are still negotiating table what to do, how to do it. It takes time for us to finalize on a project.

Anuj: My second question is Colombo; this may not be the first time is it that we have got an invitation or any more specifics on the Colombo opportunity?

Arun Chittilappilly: Right now it is a very new invitation that we have got to setup and turn a park there. Once we have more clarity on that we will definitely keep all of you aware. I am just saying because a lot of people do keep asking us to invest in new geographies and build parks or take over existing parks. For example the Colombo opportunity is for us to take over a semi-finished park and to complete it and then run it. There are different opportunities which keep coming from time to time, so we will look at the suitability for our brand and whether it goes with our ethos and then we take a decision on that.

Anuj: My third and my final question is we have all three existing parks in a similar model, Bhubaneswar is slightly different in terms of land, but these are the two or three models we are looking at or beyond that we are exploring? Management contract is something we have explored but not fructified till now, are these two or three models or we have something more?

Arun Chittilappilly: We would like to build our own parks, that is the ideal situation. That is very time consuming in a country like India, so the next bet would be to take over and run other parks for a management contract. We are exploring, we have at least four or five opportunities like that in India and we have this opportunity come from Colombo as well. We are restricting ourselves to the Indian subcontinent.

Anuj: So if you permit me one more, what is the key reason we are being slow in taking off because these opportunities in management contract have been there for some time, is it the financial consideration or is it our inability to visualize how parks will be? I understand one Mumbai which you clearly said it is out of consideration, but for others what could be the reason?

Arun Chittilappilly: Different parks have different issues. Usually when they come to us, maybe it is a half finished project, maybe some projects have run out of money or maybe some projects were planned, but never took off. There are various reasons for why various projects do not to take off properly, so we have to assess it and then see whether we want to jump into it, so we usually take our own time with it because we do not want hurry into something like this because it is a long-term commitment.

Moderator: Thank you. The next question is from the line of Sourabh Arora. Please go ahead.

Sourabh Arora: Sir, I have two questions, number one is most of the corporate companies have extended work from home culture for their employees and they are saying it a great opportunity for post COVID as well, how do you think this would affect our business in Bengaluru and Hyderabad as these are top location for such corporate companies?

Arun Chittilappilly: Work from home is to stay in some form, even I am working from home for the last year or so, so there is some comfort in there but at the same time that cannot go on forever. Maybe for a tech related company make more sense to do it, but a company like ours definitely we have parks and we run them and it is a physical infrastructure, so remote working may not continue. But it will be better for us because it will definitely decongest some of our cities, traffic times will improve and people will find it easier to commute, which is always a good thing for a company like us, ease of commute is one of the main factors that decide how many people come to the park.

Sourabh Arora: But employees of corporate companies, private tech companies gave huge customer base for our parks too?

Arun Chittilappilly: Just because they work from home does not mean that they never got off the house right.

Sourabh Arora: Yes, but they will work from other states, in their hometown like Rajasthan, Uttar Pradesh, Delhi.

Arun Chittilappilly: I do not see the populations of our city are going down as long as our cities are thriving, and populations of our cities are growing we will also be growing.

Sourabh Arora: My second question is, in last concall you have discussed about salary cuts as cost cutting measure, I want to ask what are all such cuts in case of directors, not the remunerations and commissions directly received during FY 2021.

Satheesh Seshadri: Disclosures you will see more of it in the annual report.

Moderator: Thank you. The next question is from the line of Rajesh Ranganathan from Doric Capital. Please go ahead.

Rajesh Ranganathan: Thanks for this opportunity again. So, through this pandemic and even before that things were slow in India, so we have lost some top management I guess some voluntary release and ROI, what is our plan going ahead in terms of how do we recruit and retain talent given how difficult the industry is right now?

Arun Chittilappilly: the difficulty in industry is where everywhere right now and I do not think it is unique to our industry, at least 40% to 50% of the businesses from India or anywhere in the world suffering right now, so it is not unique to us and I do not think it is not a perennial problem it is going to go away at some point we do not know when, so we are just getting ready for that day when we feel like we can open the parks and welcome visitors, so whatever changes and improvements to our product and service that we can do we are doing it now, so that is the way we look at it. We continue to hire people especially in the digital and marketing field because we feel that is the area where there is maximum change happening, you are all aware so we continue to hire people and that is an ongoing process, I do not think that will be impacted because of the pandemic.

Rajesh Ranganathan: My second question, you had mentioned a few times already that one of the things you are focusing on is the digital transformation of the firm, could you give us some specific examples and what are the most impactful projects?

Satheesh Seshadri: We will start up with something like marketing automation, which is overdue for us we need to do that, so we are working on that, automating our whole marketing system and consequently what happens with that is also how we interact with the customer in the parks a lot of that can be digitized, knowing our customer better like how often is somebody coming to the park is there an opportunity for me to give offers to them, we are already doing it, but we are just started doing it so in a year or a year-and-a-half we will have that completed, it is still in a work in progress right now.

Rajesh Ranganathan: What are the areas globally people have worked on, something you mentioned digitally interacting with the visitors when they are in the parks or even when they are out of the park that is what I am saying?

Arun Chittilappilly: There are two or three aspects, one is the whole marketing aspect of it, then the other is the whole customer service or customer interaction part of it that also can be digitalized and also the customer lifecycle like how do we make sure that people come back to us at a certain point, can we give them sweet deals or how can we stay relevant in their lives even after they come and visit us and reduce the lag between one visit and the next, so a lot of things are available in that whole realm. Amusement park industry, generally has been a little slow even internationally to embrace the whole digital culture because it is expensive to do at an amusement park because digitizing a park is also an expensive process, so we are looking into that, but once the plans are more final we will be sharing with everyone.

Rajesh Ranganathan: But this does not include digitizing the ride itself, right, you are not looking at digital rides or digital experiences?

Arun Chittilappilly: Yes, that also will be a part of it for sure or in virtual rides.

Rajesh Ranganathan: But at this stage you are not able to share anything?

Arun Chittilappilly: Yes, we cannot, still we just started work on that.

Rajesh Ranganathan: Thank you.

Moderator: Thank you. The next question is from the line of Adhidev Chattopadhyay from ICICI Securities. Please go ahead.

A. Chattopadhyay: What is the breakup of ticketing and non-ticketing revenue for the quarter and on that on our F&B pricing strategy how are we looking to get customers to spend more on that?

Arun Chittilappilly: This quarter we had about 75% was ticket and 25% non-ticket, which is higher than what we used to have in Q4 in previous years. The reason for that is we had higher percentage of retail footfalls as against group footfalls like pre-COVID we used to get a lot of schools and colleges during January, February and March, but in this last January, February, and March we got mostly retail footfalls, people who came for the tickets directly from us and came to the park and because of that they are higher spending people, they have higher propensity to spend a higher and that is why our non-ticket revenue is better, Satheesh Seshadri can maybe add something to that.

Satheesh Seshadri: You have covered it very well.

A. Chattopadhyay: When things eventually get back to normal, how are we looking at that if we get back to where it was pre-COVID? Is there some strategic shift you see to get the margins up in terms of getting more out of F&B business?

Arun Chittilappilly: Our strategy is definitely to improve our non-ticket spends because non-ticket revenue is something that we can again going back to the whole digital transformation part of it is something that goes very well with that also we will be able to sell, upsell and cross sell F&B and merchandise to our customers better once we have those opportunities. We are already doing it, but we are at 75%:25%, but we want to obviously bring non-ticket revenue to at least about 30% to 35%.

A. Chattopadhyay: Just a second question when the parks eventually reopen, hopefully pretty soon, do you expect the number of rides you can open similar to last year? The water rides may not be active and they may get active later on?

Arun Chittilappilly: Yes, it is hard to predict how it will be, but they could be every district and every state has a different way of handling this, so some states they will allow you to open the water parks, some states they do not allow me to do it, so it is a bit of a mess, but eventually they do allow all aspects of the rides to be opened.

A. Chattopadhyay: If I just squeeze last question on the salaries and last year, we have taken some pay cuts obviously in the shutdown period, so this year are we now again looking at a fresh round of salary cuts or we like reinstated the salaries and plan to continue with that?

Arun Chittilappilly: We had reinstated salaries whenever we were open and we especially open every day and people have to come to work and , but during the lockdown there is a salary cut again not as deep as what we did last year, but we are definitely looking at some salary cut, so that we can maintain our cash flows.

Satheesh Seshadri: There is certainly some cost rationalization, but we do not anticipate the lockdown period to be extended. Last year we had about 7 to 8 months park closure, we do not expect that type of a long lockdown on this second wave.

A. Chattopadhyay: Last year running cost was around 4 Crores a month if I believe in the park.

Satheesh Seshadri: We will have similar levels.

A. Chattopadhyay: Okay fine. That is very helpful and that is it for my side.

Moderator: Thank you. The next question is from the line of Manoj Dua, an Individual Investor. Please go ahead.

Manoj Dua: Sir, is it possible can we have monthly breakdown of sales in this quarter?

Satheesh Seshadri: We give our results on quarterly; you want to know the footfalls or what exactly you want to know?

Manoj Dua: Anything.

Satheesh Seshadri: whether we want to go to the details?

Manoj Dua: No, I actually want.

Satheesh Seshadri: Yes, we can share it with you separately.

Moderator: Thank you. Ladies and gentlemen, this was the last question for today. I would now like to hand the conference over to Mr. Adhidev Chattopadhyay from ICICI Securities for closing comments.

A. Chattopadhyay: Thank you everyone for joining us on the call today. I would now like to hand it back to the management for their closing remarks.

Arun Chittilappilly: Thank you all for attending the Wonderla Holidays Q4 FY2021 result update. All of you please stay safe and take care and we will see you soon. Thank you.

Moderator: Thank you. On behalf of ICICI Securities Limited that concludes this conference. Thank you for joining us. You may now disconnect your lines.

"Wonderla Holidays Limited
Q3 FY2021 Earnings Conference Call"

February 03, 2021

ANALYST: MR. ADHIDEV CHATTOPADHYAY – ICICI SECURITIES LIMITED

MANAGEMENT:
MR. ARUN CHITTILAPPILLY – MANAGING DIRECTOR – WONDERLA HOLIDAYS LIMITED
MR. SATHEESH SESHADRI – CHIEF FINANCIAL OFFICER – WONDERLA HOLIDAYS LIMITED

Moderator: Good morning ladies and gentlemen, welcome to the Wonderla Holidays Limited Q3 FY2021 Earnings Conference Call hosted by ICICI Securities Limited. As a reminder, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing "*" then "0" on your touchtone phone. Please note that this conference is being recorded. I now hand the conference over to Mr. Adhidev Chattopadhyay from ICICI Securities Limited. Thank you and over to you Sir!

Adhidev Chattopadhyay: Good morning everyone. On behalf of ICICI Securities, I like to welcome everyone on the call today. Today from the management, we have with Mr. Arun Chittilappilly, Managing Director and Mr. Satheesh Seshadri, the Chief Financial Officer. I now like to hand it over to the management for their opening remarks. Over to you!

Arun Chittilappilly: Good morning everyone and welcome to this conference call to discuss the Q3 FY2021results. With the advent of much awaited vaccines and on account of optimism all around, the year 2021 has started off on a good note for us.

We are glad to present our Q3 and nine months FY2021 results with a renewed sense of positivity and excitement. It has been an eventful Q3 for us. Under the unlock 5.0 guidelines, we have resumed operations at our resort in Bengaluru from October 3rd. During the quarter, Karnataka and Kerala State Governments issued their respective notifications allowing amusement parks to restart operations. We reopened our Bengaluru Park on November 9, 2020, Kochi Park on December 24, 2020 and Hyderabad Park on January 9, 2021. As a gesture of our gratitude to honor the COVID warriors for their selfless service during one of the most challenging periods for humanity and our country, the first few days after our reopening were dedicated exclusively for them, they were given complementary access to the parks inclusive of F&B. The initiative was a huge success and we were overwhelmed to host about 12,000 warriors and their families across all the three parks. Wonderla became the first theme park chain in the country to be awarded with the highly coveted COV-Safe certification for safety and hygiene standards, a certification done by the international agency Bureau Veritas. We set out on a mission to add extra cheer to people’s lives during this quarter, which is traditionally a festive season. With the gradual unlocking and uptick in the domestic travel we positioned our park as a perfect family destination to “unwind and relax the Wonderla way”, in a safe and socially distanced environment. Our priority was getting our guests back to the park and incentivizing their efforts with an invitation price of Rs.699 per guest. We also focused exclusively on digital marketing to encourage footfalls. We used influencer activities, performance marketing and very innovative campaign, which have led to an increased outreach and have received good response. Very recently, we ran extremely successful viral campaign wherein on January 24, 2021, we offered free entry to everyone named “Kamala”, in honor of the newly elected Indian origin VP of the US. At Wonderla, we are a financially strong and resilient organization with committed and competent people. Our parks have reopened and footfalls are picking up well. Staff salaries have been gradually increased as the operations resumed.

Coming to the performance of Q3 and nine months FY2021, Bengaluru Park registered footfalls of about 36000 and Kochi Park about 9000 leading to a total footfall of about 45000 people. Kochi Park was open only for about seven days during the quarter and Bengaluru Park for less than a month. We have recorded revenue from operations of about Rs.49.2 million and recorded a PAT loss of about Rs.147.5 million. The corresponding figure for Q3 FY2020 were revenue of Rs.700 million and PAT of Rs.210 million with a 30% PAT margin. We thank you for your support and look forward to hosting more people at our park and as we put the worst of the pandemic behind us. Our robust balance sheet, strong asset base and a dynamic management team has helped us withstand the crippling blow of the pandemic on the industry. We remain confident on emerging stronger as our strategic expansion plans remain intact. We can now proceed to Q&A. Thank you very much.

Moderator: Thank you. Ladies and gentlemen, we will now begin with the question-and-answer session. Ladies and gentlemen, we will wait for a moment while the question queue assembles. The first question is from the line of Vaibhav Gupta from RH Minerva Funds. Please go ahead.

Vaibhav Gupta: Good morning everyone. Thanks for taking my question. Sir the Bengaluru Park was open for 21 days in the last quarter and mostly on weekends, we got a total visitor count of 36000, which averages to 1700 visitors per day. In comparison, in Q3 FY2020 we got a visitor count of 2500 visitors per day, which includes both weekdays and weekends. I wanted to understand the daily footfalls run rate on a comparable basis, on weekends in December 2019 versus run rate of visitors on weekends of December 2020 and the comparable ATP?

Arun Chittilappilly: Actually it is not comparable because this year we were hardly open and ATP is also different because we came up with an initial offer for about a month. Because of the aggressive pricing on some days we have seen a huge demand, but at the same time we were not allowed to accommodate beyond 50% of capacity so we had to turn back thousands of visitors on a few days, so it is not directly comparable may be next quarter we will have more clarity.

Vaibhav Gupta: Sir some color on it would be helpful if you could quantify?

Arun Chittilappilly: It is not directly comparable.

Vaibhav Gupta: We understand Sir that there were certain constraints in this quarter.

Satheesh Seshadri: We were doing about 3500 plus during the weekend of December, but frankly this is a COVID year versus a non-COVID year. We are comparing apples to oranges.

Arun Chittilappilly: I do not think it will be much different.

Satheesh Seshadri: It is in a similar range. As we were not open for too many days it is very hard for us to say how the trend is. Maybe at the end of Q4 we will have a better trend.

Vaibhav Gupta: Sir what is the average ticket size of both the quarters like year-over-year?

Satheesh Seshadri: In December 2020 we had Revenue per Visitor of about Rs 686, and last year the RPV was about 786 for Bengaluru Park.

Vaibhav Gupta: Sir just one more question. Sir you were successful in bringing down cost, but they were offset by different expenses. I want to understand in the coming quarters what footfall run rate do you require to break even?

Arun Chittilappilly: Approximately 1300 will help us in cash break even per day per park,.

Vaibhav Gupta: Okay Sir. Thank you very much. That is all from me.

Moderator: Thank you. The next question is from the line of Manish Shah from Vajani Securities Private Limited. Please go ahead.

Manish Shah: Good morning Sir. I just wanted to know in the nine months what has been the cash loss for the company?

Satheesh Seshadri: When we started on March 31, 2020 we had about Rs.125 Crores, at the end of December 31, 2020 it is about Rs.89 Crores, so about Rs.35 Crores is the difference.

Manish Shah: Rs.35 Crores is the cash loss during this COVID over nine months period?

Satheesh Seshadri: Exactly.

Manish Shah: Going forward this should come down I would assume so?

Satheesh Seshadri: Yes it will come down. Now that we have started clocking the revenues, our cash burn will certainly come down.

Manish Shah: At what levels of revenue would you be cash neutral or you will be breaking even?

Satheesh Seshadri: At 1300 visitors per day per park,

Manish Shah: In terms of revenue?

Satheesh Seshadri: Revenue wise we are talking about 1300 visitors per day per park and about 1000 RPV and SPV put together about 1200.

Manish Shah: This 1300 per day means you average it out for weekend and weekdays right?

Satheesh Seshadri: We have to handle in a two phased approach. Initially we were working only on the weekends. We will slowly progress towards Wednesday, Thursday, Friday, Saturday, and Sunday types from February. If we push the button too fast then we have to drastically improve the resources, which will add to costs. In February, we will try to keep the park open five days a week and in March we have to take a call as we proceed.

Manish Shah: On the days you are open, how is the traffic, what is the utilization, what is the capacity

Satheesh Seshadri: Normally in our business as you know the weekend patterns are quite different. We are getting a good traction during the weekends.

On some days we even got 4000 to 5000 numbers and we even had to send back some visitors. You also must be aware that in the Ministry of Home Affairs guidelines, they have given permission to operate at only 50% of operating capacity. We cannot put all the resources and a few limited rides are not running and accordingly, the resources are optimized. During the weekends we have received footfall of about 3000 to 5000 and on weekdays about 1000 people.

Manish Shah: I will join back in the queue if somebody is there then I will come back.

Moderator: Thank you. The next question is from the line of Kaustubh Pawaskar from Sharekhan. Please go ahead.

Kaustubh Pawaskar: Good morning Sir. Thanks for giving me the opportunity. Sir in the coming months if we get an approval to operate at 100% capacity, in what timeframe our park operations will stabilize; we will be completely available for 100% occupancy?

Arun Chittilappilly: We cannot put a date on that because we do not know when those guidelines will come. As of now, we have been told to operate at 50% capacity so that is what we are working at. As the vaccination drive improves, at some point they will allow us to open more. I am guessing that they will allow us before summer, but we do not know the exact date.

Kaustubh Pawaskar: But if they allow you for 100% then you have optimum resources to service 100% occupancy?

Arun Chittilappilly: Yes.

Kaustubh Pawaskar: Sir my question is you have been doing a lot of digital activities and you are trying to understand what is the visitors' mindset. What kind of response are you getting? I believe that in post pandemic scenario, large footfalls would happen in the open entertainment options, for example amusement parks or weekend on the beaches etc rather than going to a movie hall or a shopping mall. So what sense you have been getting from the visitors?

Arun Chittilappilly: We feel that there is a lot of pent up demand, people want to come to the parks. We get at least 500 to 1000 calls everyday and requests in each of our park, there are a lot of questions that people are asking how safe it is, can we come, can we bring children? So there is a lot of demand. As the pandemic eases we will see bigger demand coming back.

Kaustubh Pawaskar: Sir one question on the capex front. What are the plans ahead like in terms of Chennai Park, earlier we used to have two rides per park every year it was a kind of known for us, but now are we planning to add some more rides in our existing parks?

Arun Chittilappilly: Chennai has been put on hold for now because we have not got the extension of tax benefits, so we are working on that. It is going slow because it is election year, we do not know how long will it take. Regarding the new expansion in the parks, as of now everything is on hold. We are just waiting for footfalls to come back and then accordingly we will take a call on what kind of expansion we can do. As the pandemic eases and the footfalls come back we are confident that may be next year onwards we will slowly start investing again in new technologies, new rides.

Kaustubh Pawaskar: We have a lot of open space in most of our parks; do we have any plans to utilize it for events like marriages or conferences because there is high demand for marriages in the open space rather than the closed space?

Arun Chittilappilly: We are not planning to do weddings because that does not sit well with our target audience. We are in the entertainment space, so family entertainment avenues like outdoor F&B avenue, may be outdoor shopping, all those kinds of things are possible. We are exploring that to see how we can use that, but no concrete plans have been made yet.

Kaustubh Pawaskar: Thank you. Thanks for the opportunity.

Moderator: Thank you. The next question is from the line of Sreesankar from Incred. Please go ahead.

Sreesankar: Gentlemen good morning. I hope I am audible right now. Some of the questions have been already answered thanks for that. Among the park operators, because you do not have debt in your books and the pandemic probably has brought down a lot of other competitors, are you looking out to expand to other places where any of these kind of operators are available? What are you doing to your employees' salaries, etc., at the beginning of the presentation I heard a statement saying that because we are seeing more and more footfalls happening, you are probably increasing the salary levels. What is the kind of new rides, are the entire rides operational or only 50% of the rides are operational, how is it working because the guidelines would say that operating capacity should be to the extent of 50% so are you restricting the number of people while all the rides are full?

Arun Chittilappilly: Satheesh you can answer that question.

Satheesh Seshadri: We have only limited few rides, which we are not operating based on the guidelines given by the state governments, otherwise we are operating most of the rides. So we are operating with limited resource because you know we are working only on the weekends, so the off-roll resources are called based on the park opening dates and we try to optimize the number of resources through the working days and our park cleaning and other requirements. Coming on to the salary part, which was your second question, we were paying about 50% salary before the park opening, but as the parks have started opening and we start working like three to four days in a week we are increasing to about 75% and slowly it will go to 100% salary payments.

Sreesankar: Expansion thought process?

Satheesh Seshadri: With regards to expansion, the first priority for us was to open the park and second important thing is we are working on getting the people back to the park. While some of the park operators and new developments are talking to us on park operation and management opportunities, it is too early to commit anything about it. There are some talks on new parks and new O&M opportunities, which has to crystalize. As you know investment into the parks by others is getting little delayed, they are also postponing a bit. So clarity will emerge only after the Q1 of next year. Who is going to invest, how they are going to do and what is going to open? The Q1 of every year, which is from April to June, is the most important quarter which dictates for the entire year. So any new business or any new investments will be critically looked after the first quarter.

Sreesankar: Thank you.

Moderator: Thank you. The next question is from the line of Manoj Dua, an Investor. Please go ahead.

Manoj Dua: Good morning Wonderla team. My question is extension of the question asked by the last person, as many of the competitors are facing the problem and you are cash rich, do you think some competition dying in the areas where you are operating like Bengaluru, Kochi, and Hyderabad? As we return to normalcy, we may have an advantage of that? Thank you.

Arun Chittilappilly: It is too early to say, but from what we are seeing, established players will find it easier if the balance sheets are good and operations are well oiled, so we are confident that we will come back strong. The way the things are going, we are confident, but to what extent it will affect other people, other competitors and how that will affect us remains to be seen I do not think we can speculate on that yet.

Manoj Dua: Thank you and best of luck.

Moderator: Thank you. The next question is from the line of Meet Jagani from PS Associates. Please go ahead.

Meet Jagani: Good morning everyone. Where are we on Wonder Kitchen, was it a profitable quarter for Wonder Kitchen and what about Wonder Garden, is there is any concrete plan for expanding the same? Thank you.

Arun Chittilappilly: Satheesh you can answer that.

Satheesh Seshadri: Wonder Kitchen is still not profitable, we are only experimenting with various experiences and menus. Wonder Garden is relatively a very small development, which is in the Kochi park and we are recording about Rs.6 lakh to Rs.7 lakh sales per quarter.

Meet Jagani: Any plan for expansion of Wonder Kitchen?

Satheesh Seshadri: Not immediately. We will evaluate the performance of Wonder Kitchen by March and then we will have a strategic initiative on that. It is too early to comment on Wonder Kitchen because even the population in the cities have just moved out of the city and the sales have not picked up since the unlock. We are experimenting with new menus, new ideas and other things. We will see how it phases out.

Arun Chittilappilly: It is not a big business vertical for us. We are seeing how it evolves and then at some point we will take a call on how we want to integrate into our existing big business.

Meet Jagani: Are we breaking even in the current quarter, if you can throw some light on how we are performing?

Arun Chittilappilly: We are not breaking even in the current quarter.

Meet Jagani: Thank you.

Moderator: Thank you. The next question is from the line of Manish Shah from Vajani Securities Private Limited. Please go ahead.

Manish Shah: This is regarding Chennai Park. There was some proposal going on to set up a park in Chennai and some regulatory hurdles were there any update on that?

Arun Chittilappilly: It has been put on hold, we have to see how the government responds for COVID so we are going to have a series of talks with them and we will see, but as of now it is on hold.

Manish Shah: So it is more for regulatory reasons or for COVID reasons or for both?

Arun Chittilappilly: Both.

Moderator: Thank you. The next question is from the line of Adhidev Chattopadhyay from ICICI Securities Limited. Please go ahead.

Adhidev Chattopadhyay: Thanks for the opportunity. Sir just wanted to get some idea of our expenses now. We have scaled up to Rs.5 Crores a month, so assuming that normalcy resumes maybe in another two to three months, where do we see our expenses heading forward? Is there any permanent cost saving?

Satheesh Seshadri: In normal period and in a normal year we spend at about Rs.14.5 Crores per month. Now our expenses have subdued because only few parks worked in a staggered manner. Hyderabad Park did not work; Kochi Park opened only in December, so Rs. 5.00 Crores average is not appropriate. So once the park opens and we operate all the three parks at five days a week, we can see anywhere the expense going up about Rs. 9.00 Crores to Rs. 9.50 Crores per month.

Adhidev Chattopadhyay: Sir the other question, is there any update from the government on any relief measures or tax breaks for the parks for this financial year?

Arun Chittilappilly: We were expecting it, with the entertainment industry being highly affected due to the COVID. We expected some incentives from the government at least tax reduction and GST, which we also represented from 18% to 12%, but unfortunately there is nothing yet.

Adhidev Chattopadhyay: Sir lastly just one book-keeping question, what is the current cash and investments we have on book? Are we planning to take on any debt as a risk mitigation strategy?

Arun Chittilappilly: No we are not taking any debt. We have about Rs.90 Crores with us as of December 31, 2020.

Adhidev Chattopadhyay: Okay fine Sir. That is it from my side. Thank you and all the best.

Moderator: Thank you. As there are no further questions, I now hand the conference over to the management for their closing comments.

Arun Chittilappilly: Thank you all for attending the Q3 FY2020-2021 conference call. We wish all of you a safe and Happy New Year and we will be back soon with the next quarter results and hope that things improve. Thank you.

Moderator: Thank you. Ladies and gentlemen, on behalf of ICICI Securities that concludes this conference call. Thank you for joining us and you may now disconnect your lines.

"Wonderla Holidays Limited
Q2 FY2021 Earnings Conference Call"

November 03, 2020

ANALYST: **MR. ADHIDEV CHATTOPADHYAY - ICICI SECURITIES LIMITED**

MANAGEMENT: **MR. ARUN K. CHITTILAPPILLY – MANAGING DIRECTOR – WONDERLA HOLIDAYS LIMITED**
MR. SATHEESH SESHADRI – CHIEF FINANCIAL OFFICER - WONDERLA HOLIDAYS LIMITED

Moderator: Ladies and gentlemen, good day and welcome to the Q2 FY2021 Earnings Conference Call of Wonderla Holidays Limited hosted by ICICI Securities Limited. As a reminder, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing "*" then "0" on your touchtone phone. Please note that this conference is being recorded. I will now hand the conference over to Mr. Adhidev Chattopadhyay of ICICI Securities. Thank you and over to you Sir!

Adhidev C: Good morning everyone. On behalf of ICICI Securities, I would like to welcome everyone to the Q2 FY2021 Results Call of Wonderla Holidays. From the management of Wonderla today, we have with us Mr. Arun K. Chittilappilly, the Managing Director and Mr. Satheesh Seshadri, the Chief Financial Officer. I would now like to hand over the call to the management for their opening remarks. Over to you Sir!

Arun K. Chittilappilly: Good morning everyone. Thank you for the introduction. Welcome you to the conference call to discuss the Q2 results of Financial year 2021. We realize that many of you are still working from home and we hope that everyone stays safe and healthy.

The COVID-19 pandemic continues to have an unforeseen impact on individual's families, communities, businesses and the world at large as you may already know. Let us take a moment to salute the people who are on the frontline, working around the clock to make sure that we are all safe.

Our parks remained closed for operations during the second quarter due to the lockdown. However, the entire team has been working on alternate scenarios preparing for the resumption of the businesses. We used this time to implement significant changes in the way we operate, reengineer our processes, expand various lines of business, and incorporated changes in our leadership and board of directors.

First, let me talk about certain changes to the leadership team. Mr. George Joseph, who was our JMD, has retired from active management due to the travel and heath related restriction caused by the pandemic. He is now a Non-Executive Director on our Board. In his tenure as Joint Managing Director, he initiated some great cost optimisation efforts and setup foundations for expanding into new cities. The company recorded its highest ever EBITDA and significant margin expansion and profit generation. We thank him for his stellar leadership.

Now I have taken over as the Managing Director and I am excited to lead the company on its next journey of growth and transformation. I will be partnering with one of our Board members, R. Lakshminarayanan, who I also consider as a mentor. He has been designated as Non-Executive Vice Chairman. My father Kochouseph Chittilappilly, our Founder and Promoter, has retired from the Board. He will continue to guide us as a mentor and Chairman Emeritus.

At Wonderla we are financially strong, resilient, committed and have a competent and dedicated workforce. We recognise that the business environment is changing in a fundamental, irreversible and rapid manner. I am now preparing with multiple strategic initiatives not just to anticipate the benefit from this change, but to actively drive it for our short and long-term competitive edge.

The leisure, entertainment and experiemential businesses will grow substantially and we see a clear trend towards customers willing to pay a premium for world class experiences. In a world where people have been confined to their homes for over six months, there will be a significant demand for hygienic, healthy and active outdoor activities. We are eagerly waiting to welcome back our guests to our parks and resorts.

We are in the process of an enterprise wide digital transformation. We have just kick started the process. It will impact our effectiveness and efficiencies across every function and department. The technological advances focus on data analytics and creation of more interactive dynamic and immersive attraction, Wonderla is moving towards a more personalized and magical experience. We have been regularly engaging with customers throughout the lockdown via social media, but we would like to step up the growth efforts in a significant way going forward.

During the lockdown we have leveraged our existing infrastructure and in-house capabilities for some experiments in new business areas like a cloud kitchen, which we have started in the month of June. Currently, we have four outlets, two in Bengaluru, one each in Hyderabad and Cochin, still at a very incubation stage, so we are still learning as we go along.

In Q2, we also test launched a new initiative called Wonder Garden, a plant nursery-based offering. It was inaugurated by my father and the Founder, Mr. Kochouseph Chittilappilly. It offers a range of indoor and outdoor plants, we already have gardens set up in all of our parks to maintain our parks. We felt that this could be something that people could be looking at in the future, but of course we want to do it in a slightly different way and it is still in incubation stage.

Many entertainment parks across the world have resumed operations, albeit on a much smaller scale. Some parks saw a good response during the Halloween festivities last week. Despite suffering crippling growth during the pandemic, I think the global industry looks optimistic.

On September 30, 2020 under unlock 5.0, Ministry of Home Affairs has issued guidelines for cinema halls, entertainment parks, foods and so on and so forth where we are planning up our parks around middle of November. Last week guidelines were extended till November 30. Accordingly we have resumed the operations at our resort in Bengaluru from October 15.

As a gesture of respect and gratitude to the COVID warriors, we will be offering free entry to them from November 9 to November 12 in our Bengaluru Park. The park will be opened to general public from

November 13. We have strengthened our safety protocols and the details are in the presentation. All our rides have been maintained in optimal conditions throughout the lockdown. As rides are spread over a vast stretch of land, social distancing measures will be easier to implement.

During these unprecedented times, we continue to optimise our costs and our team efforts have led to significant drop in expenses. We have continued to optimise our costs and we have reduced our costs to a bare minimum. As a result of these measures our monthly expenses have reduced from 10 Crores in March 2020 to less than 3 Crores in August 2020. Amusement Parks fulfill a fundamental and universal and timeless human desire to roam, play and experience thrills and as a cohort, for which there will not be a real substitute.

We do not see a permanent change because of the pandemic for the amusement park industry. I think they will come back. They will continue to provide unique irreplaceable source of experiences to cherish for a lifetime.

As a team we are united and optimistic to face the challenges and benefits from the opportunities and our team spirit and Indian culture binds us to understand the environment stronger. Thank you very much.

Moderator: Thank you very much. We will now begin the question and answer session. The first question is from the line of Rahul Ramaswamy from Perfect Research Fund. Please go ahead.

Rahul Ramaswamy: Thank you for the opportunity Sir. Sir, I have some questions, I will be listing it together. Sir, assuming we are operating in normal times free of COVID in the long run, my first question is; Kochi's population is 30 lakhs and our target audience is generally the local population. What do you think is our long-term potential for the Kochi Park in terms of annual footfalls? Globally, parks have a merchandising contribution of 25% in revenues, how are we looking to increase our share in this vertical? For example, like Disney are we trying to create our own mascots or use Indian characters? Can you throw some light on customer loyalty schemes and the one customer analytics, do we maintain data on repeat customers and spending patterns? Lastly, is it right to look at global parks in terms of size of opportunity given the climate is not extreme there, and given our extreme summer and winters do you think the addressable market is much less in India?

Arun K. Chittilappilly: I think India does not have extreme climate, especially where our parks are situated. We have tropical weather, the right place to setup an amusement park. If we look at all the global parks, the ones which are in tropical weather are the ones which usually give the best business. It will be open throughout the year. Our parks are all in areas where we can be open 365 days so that takes care of one question. We do not look at only footfalls from Cochin. It may have a population of only 30 lakh, but we get about a million visitors in our park. It does not mean one part of the city coming to our park every year. Four cities attract footfalls from that area, and I do not think we have exhausted our market potential. Currently we do not have much data, we have a loyalty program, but it is a predigital, old kind of loyalty program. We have about 1,50,000 people who are in the loyalty program, We are now going to revamp that completely to a more digital system. We have just started work on that, so I cannot speculate more on that right now. I hope I have answered all the question.

Rahul Ramaswamy: Sir, if you could throw some light on the merchandize ?

Arun K. Chittilappilly: Merchandize is an area where we have not really focused on it yet. There is a huge scope to improve that as well because when people come to an amusement park, they are not making rationale decisions, they are all emotional decisions. So, there is a lot of spending and we need to be able to capitalize on that.

Rahul Ramaswamy: Thank you.

Moderator: Thank you. The next question is from the line of Tejas Shah from Spark Capital. Please go ahead.

Tejas Shah: Three questions from my side. First, on the reduced offering and opening up parks from November 13. What will be the breakeven footfalls that will need to achieve our neutral state on profitability?

Satheesh Seshadri: Good morning Tejas. We are going to re-open Bengaluru park on November 13 to the guests at a special price, which will be in the press. Only the land rides will be open and not the water park. This we will be extending it for a few weeks, and this is to reestablish and opening our park. Post opening, when we have all the three parks running, our cash break even will be around 1300 to 1350 per park per day.

Tejas Shah: But we will be operating only for weekends, not the weekdays initially?

Satheesh Seshadri: Initially that is the plan when we start the Bengaluru park on November 13, to open only Friday through Sunday and holidays and only dry park is allowed now by the government of Karnataka. So henceforth there will be a limited ride park operations and experience to the guests. I think going forward, the government will slowly open up water parks. We are awaiting the approval from the Telangana government and SOPs to allow us to open the park and in Cochin as you know, Section 144 is active in many parts of Kerala, so we are not opening now. So once everything stabilizes, we are planning to open other parks. Once all the three parks are operational and we are at the optimum level, we will be having a cash breakeven point of around 1300 per park per day.

Tejas Shah: Second question Arun, in the opening remarks you spoke about some of the costs cutting measures that you have taken. Some of the cost cutting across businesses are tactical in nature and not structural. If you can call out some of the cost measures that we have taken, which will remain with us even when the normalcy comes back?

Arun K. Chittilappilly: In fact our biggest cost is people cost, we have a significant number of contract employees who we are not paying salaries right now.

We are only paying salaries for some critical employees and of course people on our payrolls but everyone has taken a pay cut. So, I think they are tactical, but that is what we need to survive. So, once the business comes back, I think a lot of the costs will come back, but I am hoping that it will be in a phased manner, we will have to wait and see.

Tejas Shah: That measures like shifting your head office?

Satheesh Seshadri: As Arun Sir, said, on a normal running the major expenses will be the wages and employee cost, staff costs and other operational expenses. Once the park operations resume we have to see how we will take it forward. Wonderla philosophy and DNA stands on cost prudence. So, we have always been a very cost prudent company and you will not see a big change in that, but yes there will be some efficiency improvement to this.

Tejas Shah: Sir, just last one on Chennai Park has the tax benefit extended and what is the status of the park? How much debt we will need to complete the projects in Chennai and Odisha?

Arun K. Chittilappilly: Because of COVID we have not been able to start work there and so we will renegotiate that whole thing with Chennai Government because we feel like the LBT is an unfair tax burden on the amusement park. Once that clearance is approved, we will start construction and then at that point we will decide whether we need debt. So that is the way we are looking at it.

Tejas Shah: Sir, Odisha?

Arun K. Chittilappilly: Odisha is still at a very early stage. So, whenever we are able to finish our preliminary work, we will proceed with that. I do not see as a big ticket investment in Odisha. But for Chennai we will definitely relook at the tax burden because that will have an impact on the business of the company. So, we will be going back to the government.

Tejas Shah: That is all from my side. Thanks and Happy Diwali to the whole team.

Moderator: Thank you. The next question is from the line of Kaustav from Rare Enterprise. Please go ahead.

Kaustav Bubna: I had question on this Chennai land. Just wanted to get a little more in the detail so, currently we have the land and how long does it takes for construction? Let us say there are no hindrances in the way, how long does it take to construct a park?

Arun K. Chittilappilly: It takes about 18 months, one-and-a-half years.

Kaustav Bubna: You had started construction right before the lockdown happened?

Arun K. Chittilappilly: We have just finished land development, we still have not got approval from the government to start constructions yet, so whatever delays we are facing right now, are all delay from the government.

Kaustav Bubna: But they had agreed to defer that tax by five years after your parks is opened right, so where are we on that. I mean what makes you think that they would not agree to postpone it?

Arun K. Chittilappilly: We have to get it in writing because, there is a huge tax implication if it does not get done. If we invest in the project, it is a huge loss for us and we are thinking about renegotiating, as in our current deal we are not happy with the five years window. We actually asked for a lifetime waiver of the tax LBT, because we feel that the tax is too high, so that negotiation is still going on, so once we have some clarity on that, we will start construction, but until such time we will not.

Kaustav Bubna: Is there a possibility that this land just goes unutilized and we have to sell it in case they do not cooperate or do you think that is a low probability?

Arun K. Chittilappilly: That is a very low probability, very unlikely, because they have invited us to set up the park. But as with all government things, there is no precedent to this also, there is no other company who has done this, so I think we will have to pave the way for this. We do feel that a large ticket investment cannot have LBT, over and above tax on the tickets.

Kaustav Bubna: On the Odisha Park, this will be on lease rate?

Arun K. Chittilappilly: Odisha Park land is on lease so practically there is not much land cost. We just have to look at the market potential and then decide. But again all that has been delayed right now, because we are not able to do any of those kind of surveys on the city.

Kaustav Bubna: Would you be able to tell me how much of the total fixed assets on your balance sheet is the Chennai land?

Satheesh Seshadri: Rs.109 Crores including the land.

Kaustav Bubna: How much is the land?

Satheesh Seshadri: Land and land improvement is about Rs.88 Crores, Rs.109 Crores is the overall Chennai capex as on date.

Kaustav Bubna: Thanks.

Moderator: Thank you. The next question is from the line of Manoj Dua from Geometric Securities. Please go ahead.

Manoj Dua: Good morning Sir. My question is little bit of longer term in nature, after IPO I heard interview in which you said the Wonderla model has proved very viable, now the strategy is to replicate in many locations at faster pace, so what has been learning in last few year in terms of scalability?

Arun K. Chittilappilly: I think the biggest learning for us is the tax issues, because when we started this, when we went for IPO, the average tax on ticket on Wonderla was about 5% to 8%. Now because of GST it is about 18%, which is very high and places like Tamil Nadu, they charge extra tax 10% which makes it 28%, which practically makes project unviable. So that is the main change that and has slowed us our growth down. We are trying to rectify that, especially in Tamil Nadu. We are also trying through the association to change the GST slab for entertainment parks itself, because we feel that 18% tax on the ticket is too high. On something which is so high in capex. Other than that I think the people have propensity to spend and it is getting stronger. The other big change I see is that a lot of people are more digitally savvy now, in our marketing we need to be more digitally savvy to sell and to retain loyal customers.

Satheesh Seshadri: To add to what Arun Sir said, we are looking at asset light model approach, Odisha Park. Unlike the Chennai park where would be spending over Rs.300 Crores, Odisha park capex will be close to Rs.100 Crores,

Manoj Dua: Thank you.

Moderator: Thank you. The next question is from the line of Nitin Awasthi from East India Securities. Please go ahead.

Nitin Awasthi: Thank you for the opportunity. I just have a question on the new businesses that the company is focusing on, Wonder Kitchen. If you could just explain the thought process of the company behind this venture, how scalable does you think it is, how big can it get, how much investment would it require and what was the thought process going into this business?

Arun K. Chittilappilly: The thought process is very simple, because when we had no work to do for all our staff for so many months, we just thought of something to do which will keep some of our staff occupied and this is practically zero investment and still generate alternate source of income. There is really no investment for us to do this, we do not even need prime real estate but I think what we have learnt is that it is a highly scalable model. I think people are willing to spend money on food. As a brand if you are able to crack, with scale it will be a huge success. We can replicate this with minimum investment and it gives us a couple of advantages. It gives us a high recall value in customers mind, because we are not present, we have a very low repeat business, people do not go to amusement parks every day or every week or every month. Hence Wonder kitchen will help us to occupy more mind space of our target customer and also help us to cross sell and up sell amusement park and resort opportunities. It is still too early for us to say what is the market size. We are still trying to perfect the model first. Once we have that we will give you more updates on it.

Nitin Awasthi: When you say things like Cloud kitchens, would you be leveraging the app based delivery model or using the third party apps selling your products through them?

Arun K. Chittilappilly: We do both. Currently half of the people come and buy directly through us and I think about 30-40% happens through Swiggy and Zomato. I think Swiggy and Zomato are now growing faster, because we are a new brand with new products, so it takes its own time to grow, so I think that we will be using both channels.

Nitin Awasthi: Are the four kitchens that you are operating right now all breakeven?

Arun K. Chittilappilly: Sateesh will have more data on that.

Sateesh Seshadri: Not actually because due to COVID situation there have been some restrictions in some of the areas. We have also now geared up our marketing initiatives with the third party service providers and aggregators.

Nitin Awasthi: In all these cities are you competing with somebody on something, is it? Because you are a very big company which has entered this space. So, when you enter this space and bring a lot of credibility. Some people do not know who they are ordering from Swiggy, but if they order from you, they know the hygiene etc., would be of higher standards, because you already have an established brand. So, are there people or outlets who you are competing with?

Arun K. Chittilappilly: Not really. That is the funny thing. I mean, you are competing mostly with local cloud kitchens and very small companies. That is why I said it is a very new area for us, completely new. We are not really selling online on apps and it is completely new, but I think there is a lot of potential to put cost of doing this is very, very low and breakeven happens soon. Practically the reason why we are not breaking even now is because we are trying different experiments to see what people want. We want the food that we sell in Wonder Kitchen to reflect our brand philosophy of fun, so that will also take some time right now. We are still working on it. I think we will probably have an update maybe one or two quarters down the line not before that.

Nitin Awasthi: Thank you so much for leading the venture. Best of luck for all your new ventures going ahead.

Moderator: Thank you. The next question is from the line of Ramakrishnan, an individual investor. Please go ahead.

Ramakrishnan: I have the same question just now which was repeated basically on the Wonder Kitchen and Wonder Garden. So, I think that is answered. Thank you very much.

Moderator: Thank you. The next question is from the line of Meet Jogani an individual investor. Please go ahead.

Meet Jogani: Are you looking for any other business initiatives like Wonder Kitchen and Wonder Garden?

Arun K. Chittilappilly: Not immediately because these two are just experiments for us and the reason why we started them is because the people have been out of work for so many months and we wanted to engage them in a meaningful way. But we are also finding that it has low cost, they are in synergistic businesses, especially the Wonder Kitchen, too early to say anything about the Garden business. I think the business for food is always going to be an evergreen business because as long as we are all alive everybody wants to eat and ordering food online is the new way to live, and I live like that. Throughout the lockdown I could not get anybody to come in to cook for me, so I used to depend on all these apps and delivery boys for my food. So, I think that is a big shift that has happened in India in terms of people opening up to food from outside. We can probably get into a nice niche. As I said we are looking at a fun food paradigm for our brand.

It is too early to say how it is going to evolve because it could change months to month or day to day as it currently stands. As we have more experience in this area, I think we will be able to come up with something interesting and the hope is that we remain salient in our customers mind for a longer period of time rather than Wonderla being a brand which people may think about only once a year. So that is the thinking behind it. We hope to keep experimenting with this for some more time until some results come out and we will update all.

Meet Jogani: My next question is regarding the debt for our company over a longer period. Recently we did not borrow much. We built a room purely on our internal accruals, but on the other hand, capex will go up over the future am I right? Like just now a participant asked the capex on Odisha Park it is about 100 Crores but the Chennai park which according to you we noted a big model we will be spending around 300 Crores odd. So, why don't we borrow more and expand? Even if the park is there, we will expand for the revenue to segment it will take two or three more years for the revenue to come to the optimum level.

Arun K. Chittilappilly: For us we have no issue with capital. We can always borrow, and the issue has never been capital. The issue has always been because of the nature of the business is very brick and mortar and we have actually built in, we have to work with government and every host city that we are in. That creates its own set of delays and issues. For example, that is what happened in Chennai because we have been ready to build the park since 2017, but somehow we have not been able to do it because of delays from the government. So, unfavorable tax issues and those kinds of things created delays for us. I think we probably are the fastest company in the world to build an amusement park. We built our Hyderabad Park, which is about 300 Crores park in 20 months, which is the fastest that I know off and I have been studying this industry for the last 20 years. I do not see anybody who has been able to build a park faster than that. So building is not the issue. The issue is all the other stuff that comes before we can build it. Most of it is beyond our control, so capital has never been an issue.

Meet Jogani: Any plans to improve our manufacturing capacity, as it is a core competence? Any plans for that?

Arun K. Chittilappilly: We are manufacturing only for our own consumption. For us that is almost like our IT, and we do not want to part with that because that is a part of our competitive advantage. We can build rides and maintain them at a very low cost compared to our competitors. So, we do not see that as a big opportunity right now. Maybe later we could think of getting into manufacturing on a larger scale, but I think currently we have other issues to solve so we are not focusing.

Meet Jogani: Are you looking for any acquisition opportunities if you get in good terms like one of the big park of Maharasthra is on the verge of bankruptcy, your thoughts on that?

Arun K. Chittilappilly: We are looking at those kinds of opportunities, but we will probably prefer to partner with them, but not as a full equity partner. We are open to managing and running parks because that is our strength. We can run and manage parks well. So, we are in talks with the other players who have gone down because of COVID and other issues. I think there are a lot of opportunities flying around right now post COVID. We are looking at all of them.

Meet Jogani: Thank you. Good luck.

Moderator: Thank you. The next question is from the line of Aditya Bapat from Equintas PMS. Please go ahead.

Aditya Bapat: Thanks a lot for the opportunity. My question is more related to the long term policy or strategy of the company. What I want to say is that your business is inherently one in which people should be coming together and enjoying together, coming in groups. So, obviously given the current situation it is totally against what people want right now. So, do you see that this is just an issue for the next few months till we have a vaccine in place, or is it something that you will work over on a longer term? Will you try to have more rides which are spaced apart?

Arun K. Chittilappilly: I do not think this is a long-term issue, maximum two, three years and either everybody will get the virus or everybody will get a vaccine. These are the only two ways it is going to end. So, either way it will get over in two, three years because people sitting at home and not going out and not meeting other people is counterintuitive and counterproductive towards the human condition. We as people always want to connect with other people or want to meet friends and family. No pandemic will be able to change that; however, deadly that pandemic is. From what I am seeing this pandemic is not as deadly as compared to the ones that have happened 100 years back, 500 years back. The only problem is we do not have anybody living from those pandemics to tell us how they survived it. But what I have seen is that human race provides many, many pandemics and we are still doing the same thing. I do not think long-term there is an issue, but for short-term maybe two, three years.

Aditya Bapat: Then whenever we construct a new park our theme for that or logic for that will not change? It will be in line with what we see?

Arun K. Chittilappilly: The same and compared to a movie theatre or any other form of entertainment, we are an open park. There is not really an indoor, closed thing. Contrary to what people are saying, I do not think water parks will accelerate spreading of virus, because here the water is sanitized. It is very unlikely that if that was the case then everybody who comes to an amusement park will get a cold because you should have got a cold and people would have been falling sick a lot. But that has not happened in the past. So, I do not think COVID is any different. It is also another form of virus. So, I do not think over the long-term there are any effects, but then it had changed the way people use technology and use certain services. We will have to adapt to those for sure.

Aditya Bapat: Thank you. All the best.

Moderator: Thank you. The next question is from the line of Anuj Sharma from M3 Investment. Please go ahead.

Anuj Sharma: Arun congratulations. Good to see you back. My first question is, beyond parks do we also look to enter into adventure activities?

Arun K. Chittilappilly: We would not want to get into adventure sports by ourselves because that is more skill based and there are other companies who do this well. We might partner with them, for example in a resort. I do not think we want to get into it directly. But it is an allied activity. So we are open to doing it by partnering with other people.

Anuj Sharma: Any proposal on the table, Arun or it is just expectation?

Arun K. Chittilappilly: Which one?

Anuj Sharma: Adventure activities beyond what we do in our parks? Have we got something on the table or it is just a thought as of now?

Arun K. Chittilappilly: As of now like you asked me the question, so I am telling you that we are exploring it, but nothing is final yet.

Anuj Sharma: My second question is, it will be difficult for us to envisage what happens over the next three to five years. The incremental parks which would be in the northern or beyond south area? How do you look for expansion? There are neighbouring countries like Sri Lanka or Bangladesh, do we also have to have some plans going beyond India. Just your thoughts on new parks expansion? What are the key criteria you look at for opening?

Arun K. Chittilappilly: Obviously we look at weather and we look at the population size in a 300-500 km radius. We are a regional park and so we are more akin to Six Flags than a Disney. We are not a destination theme park like a Disney hence you can compare us to Six Flags in the US because they have multiple parks but they are all regional parks. So, that is the way we want to operate. There are opportunities in other countries. We have been approached by Sri Lanka and Bangladesh as well. We are currently exploring an opportunity in Sri Lanka to see whether we can partner with somebody, but it is too early to say whether we are going to take it up or not. So, these kinds of opportunities keep coming and we will keep exploring them. We find a space in terms of market price and the philosophy of running the park if it matches with the other person, we will definitely copartner with them.

Anuj Sharma: Just an extension, do we also look at the northern part of the country as a place to expand or south is our forte?

Arun K. Chittilappilly: We are open to the Northern part. But if for example, in Delhi I find the weather too extreme so we will have to close the park for four five months which is not favorable for our industry. Maybe then we will have to do something more indoor to keep away the weather and issues. That is what the parks in Dubai have tried. They have tried to make a lot of their parks indoors because the weather is bad. But I do not think Dubai experiment was successful. In spite of spending huge amount of money, I do not think any of those parks made any money. The northern part of the country definitely has more issues with weather and people wanting to go out during all times of the year, so we will have to see what we can do there.

Anuj Sharma: Thank you so much.

Moderator: Thank you. The next question is from the line of Sanket Goradia from VEC Investments. Please go ahead.

Sanket Goradia: Good to have you back, Arun. Just one question from me as we are broadly in outdoor entertainment company, are we looking to do something from a more indoor activity, to get into some kind of gaming for people who are in their homes, just as an extension?

Arun K. Chittilappilly: That is the other area that we are looking at, because how do we make ourselves relevant to people in the digital era where people are spending most of their time on phones especially kids who we target a lot. So that is also something that we are looking at. It is in very early stages to even talk about it, but yes it is of interest to us for sure.

Sanket Goradia: I understand it is too early, but is that something we are very serious about? In terms of exploring either gaming or some kind of app based work?

Arun K. Chittilappilly: We are exploring it, but it is too early to comment, because I have just come on board. These are discussions we are having right now, but it is too early for us to make a concrete plan.

Sanket Goradia: Thank you. All the best.

Moderator: Thank you. Ladies and gentlemen due to time constraints that was the last question for today. I will now like to hand the conference over to the management for closing comments.

Arun K. Chittilappilly: Thank you all for attending the conference call for Q2 FY2021 of Wonderla Holidays. We are confident that we will come back stronger than ever and of course we will change with the times as well. I think what COVID has done is like a good reset to the whole world and stronger companies will definitely survive this and come out faster. We hope that we are in that category and we are working towards that. Thank you for your support.

Moderator: Thank you. On behalf of ICICI Securities Limited that concludes this conference. Thank you for joining us. You may now disconnect your lines.

"Wonderla Holidays Limited Q1 FY-21 Earnings Conference Call"

August 10, 2020

MANAGEMENT: MR. GEORGE JOSEPH – JOINT MANAGING DIRECTOR – WONDERLA HOLIDAYS LIMITED.
MR. SATHEESH SESHADRI – CHIEF FINANCIAL OFFICER - WONDERLA HOLIDAYS LIMITED.
MODERATORS: MR. ADHIDEV CHATTOPADHYAY - ICICI SECURITIES LIMITED

Moderator: Ladies and gentlemen, good day and welcome to Wonderla Holidays Q1 FY '21 Results Call hosted by ICICI Securities. As a reminder, all participant lines will be in the listen-only mode. There will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing "*" then "0" on your touchtone phone. Please note that this conference is being recorded. I now hand the conference over to Mr. Adhidev Chattopadhyay from ICICI Securities. Thank you and over to you.

Adhidev Chattopadhyay: Good morning, everyone. On behalf of ICICI Securities, I'd like to welcome everyone today on the call of Wonderla Holidays Limited. From the management we have with us Mr. George Joseph, the Joint Managing Director and Mr. Satheesh Seshadri, the Chief Financial Officer. I would now like to hand it over to the management for their opening remarks. Over to you sir.

George Joseph: Thank you very much. Good morning everyone. We welcome you to this conference call to discuss the Company's performance for the 1st Quarter of the financial year 2020-2021. We realise that most of you are connected to this call from your home, and hope all of you are keeping fine. The COVID 19 pandemic has had an unforeseen impact on people, communities, businesses, and the world at large. We take a moment to appreciate the monumental efforts taken by the healthcare workers, frontline staff and researchers working around the clock. The pandemic outbreak and the consequent lockdown have led us to an unprecedented disruption across industries.

For the first time in the history of our operations, all of our parks and the resort remained closed for an entire quarter due to the national wide lockdown implemented to prevent the spread of the virus. As the external environment is not conducive, we made the best use of our resources to look internally and focus on factors in our control. We are proud of our team which has worked diligently and remained united as a family during these challenging times.

I would also like to mention about the CSR initiatives of the company during this period. We have effectively used our CSR budget to take care of the communities around our parks. We initially started with distributing grocery packages during the lockdown period, and subsequently we have distributed PPE kits to the health workers, to the hospitals, foot operated sanitizer dispenser, mask, sanitizers and hand wash. We have been taking care that we disseminate appropriate protocols to the people and the communities around us to handle this pandemic.

We are happy to announce that in TripAdvisor 2020 Traveler's Choice Awards, our Bangalore park has risen in rank to become the second-best park in India, while Kochi and Hyderabad were ranked sixth and seventh, respectively. In the Asian rankings, our Bangalore park remains in the top 10 for many years running and is currently ranked eighth.

Good decisions taken during bad times go a long way in strengthening a great organization. We prioritised the health and safety of all staff, trained them to execute enhanced hygiene protocols and re-engineered many internal processes. Our employees' hard work and toil to create a safe and healthy environment for entertaining our patrons have ensured that we are ready to commence our operations on a short notice once the approvals are received from the local government. We are keen to welcome back our patrons who are anxiously awaiting reopening of our parks.

Across the world, most of the major amusement parks reopened over the last quarter. Also, closer home, across the country, we are seeing malls being reopened, more people are taking the first steps towards venturing outdoors after being confined to their homes for months. Many are safely venturing out to their workplace as well. Some rapid changes in the consumer behavior have taken place over the last few months. This has forced companies to look into new ways to engage with their customers. As we have some of the best people on our staff, we looked for a meaningful way to utilize their resources and also reach out to our customer base. We came up with a new initiative, a food takeaway outlet named Wonder Kitchen, with the first outlet opened successfully in Kengeri Bangalore. This works as an extension of the Wonderla brand to remain engaged with the customers and helps us to meaningfully deploy our staff and resources of our resort in Bangalore.

Encouraged by the response of the first outlet, we are planning to open the similar outlets in Rajarajeshwari Nagar, Bangalore, and Kakkanad, Kochi and Hyderabad. These takeaway outlets will be set up with minimal capex and they enable us to deploy our existing resources without any extra cost.

In this quarter, we saw unprecedented restriction of operations at all our parks, but we were able to control costs effectively. Our team's efforts and cooperation have led us to significant 76% drop in other expenses. We have undertaken cost reduction and rationalization measures, including deferment of avoidable operating costs. Employee expenses are down by almost 50% on voluntary salary reduction agreed by our employees. As a result of these measures, monthly expenses were reduced from Rs.10 crore in March 2020 to Rs.3.9 crore in June 2020.

As you are aware, we have strong asset base in the form of freehold land across four states. In addition to 64 acres of land in Chennai, across our operational parks, we hold a land parcel of 224 acres, of which 95 acres have been developed and utilized for our park. We have 129 acres of excess unencumbered land available to monetize and expand our existing park. While we hope the lock down does not get prolonged, the company is in a comfortable position and has high liquidity to deal with the current situation. Even in a scenario of prolonged lockdown, where our resources get depleted to meet the ongoing expenses; we are in a highly comfortable position to raise debt at favorable rates, as we have a strong debt free balance sheet, and substantial unencumbered assets available to collateralize.

Friends, amusement parks fulfill human desire to roam, play and experience thrills for which there is no real substitute. They will continue to provide a unique and irreplaceable form of value with memories to cherish for a lifetime. As the rides in our park are spread over acres of land, social distancing will be easier to implement. All our rides are being maintained in optimal conditions throughout the lockdown. I would also like to inform you that the Indian Association of Amusement Parks and Industries (IAAPI) has requested the state governments to permit reopening of the amusement parks. The IAAPI has pointed out that the mental health of the population is severely affected and the stress levels need to be lowered. It is essential to de-stress the population by active outdoor and indoor activities, giving them a holistic recreation. As mentioned earlier, we are ready to reopen our parks immediately once the authorities permit us. We look forward to welcome back our customers and soon have our parks filled with smiles, laughter and screams. We as a team are united to face the challenges and our value system binds us to tackle the situation and emerge stronger. We are optimistic and excited about the next phase. Friends with that, let us start the question, answers session. Thank you very much.

Moderator: Thank you very much, sir. Ladies and gentlemen, we will now begin the question and answer session. The first question is from the line of Rohith Potti from Marshmallow Capital. Please go ahead.

Rohith Potti: Sir my first question is on your new venture of the Wonder Kitchen. In case of Wonderla the Amusement Park, there is no competition. If I had a choice, I would not go anywhere except to the Wonderla Parks to have fun. But that is not the case of the restaurant or takeaway food business. There is a lot of competition, which doesn’t allow players to get good margins. So, the kitchen business is a long-term strategy or is it just to keep the employees engaged till the situation normalizes?

George Joseph: Mr. Rohith, I should mention to you that this is an idea which was brainstormed and brought out during the lockdown period. This is going to be an alternate income stream for the company going forward. During the initial six months we will closely review the performance of the outlet, study the market and thereafter take a decision to scale up or otherwise. Our second outlet will be opened in Rajarajeshwari Nagar, Bangalore on 15th of August and by end of August or early next month we will have the Kochi outlet and thereafter the Hyderabad. I agree there is competition. We are in food business over the past 20 years, since starting Kochi Park. We have about 6-7 restaurants in each location and our signature dishes of the resort are really enjoyed by those who had a chance to experience it. Our Kengeri outlet is well received; the response and the feedback which we got from the customers are extremely good. We get repeat crowd and about 80% of the sales are on account of walk-in takeaway. We have also tied up with Zomato and Swiggy, in addition to our own delivery boys. We have reached out to nearby apartments and business establishments about our new initiative and we are confident that it will be a success.

Rohith Potti: Understood sir. May I get a little more clarity on the margins or the return on capital employed for this business or is it too early and it's better to ask the question maybe a year down the line?

George Joseph: Mr. Rohith, I will tell you some numbers based on the initial experience. Number one, the capex is low, because we have used existing kitchen equipment from the restaurants in the Bangalore park. You may ask me what will happen when the parks reopen. In Bangalore park we are designing a centralized kitchen. Hence the kitchen equipments of the individual restaurants will not be required on re-opening the park. So, there is no need to replace the items which are taken from the Bangalore park. The major capex is the ten months advance rental. The rent is around Rs.55,000. We are maintaining a margin of about 50% on the food items. For Zomato and Swiggy there is an additional service charge which his passed on to the customer. It is a profitable venture and therefore we are scaling up the operations. The breakeven level is about Rs.17000 per day. Yesterday we had a sale of Rs.17,000. During the initial days we were doing around Rs.25,000, but thereafter we lost about 10 to 12 days on account of Kengeri area being declared as containment zone. On an average we are clocking around Rs.14,000 to Rs.15,000 per day and the sale till yesterday is around Rs.5 lakh.

Rohith Potti: Understood. Once again, I appreciate the transparency in the calls. The next question Chennai park. What is your plan, do you intend to continue construction or do you want the pandemic to subside before you decide to go ahead with the construction?

George Joseph: Mr. Rohith we have already invested Rs.109 crores in Chennai and the approvals are ready. On restoration of normalcy, the first priority is to reopen our existing parks. We will assess the customer response to the existing parks for some time and thereafter take a well informed decision on commencing the construction of the Chennai park. In the meantime, we are doing market survey of Chennai and we have already mandated an agency. They're not able to commence the work due to COVID pandemic.

Rohith Potti: Amusement park has been one of the most affected industry because you've not been able to open. So, just curious to know, what internal work has been going on from the management point of view? How have you been keeping busy and what has been the primary focus over the last three months internally?

George Joseph: Mr. Rohith, I should tell you that we have been using this period of hibernation for engaging with our existing and prospective clients and also the most important stakeholder, our employees. In fact, we have been closely following the competitive landscape from the first day of the lockdown. We are reviewing how our competitors in the amusement parks business, multiplexes and malls are communicating with their customers. We also look at Global players like Disney, Six Flags, Universal etc., to understand as to what they are doing during this period. In our study we find that while PVR and Lulu are quite active, we are the most active among amusement parks. We have been continuously posting various content in the social media. Initially our messages were on empathy, concern and thereafter slowly shifted to business. We are happy to inform you that the social media reviews and responses to our engagement are extremely positive and encouraging.

We also engage with the leadership team of the Company on a daily basis. We interact with leadership team on Zoom meeting at 11 a.m everyday which goes for about two hours. We discuss business related matters, various initiatives, HR related issues and decisions taken are followed up for ensuring immediate implementation. We spot talents among the on-roll employees and encourage them to make presentations before all employees for brain storming and deliberation. We also arranged a virtual family meet. Every month we meet all the staff members of each unit in a town hall meeting. This town hall meeting is a part of employee engagement program. But during the normal days of park operation we hardly get 30 to 45 minutes for this meeting, since the parks have to start operations by around 10.00 a.m. But now a days due to closure of parks, we spend almost two to three hours with the employees for taking part in their celebration of birthdays, wedding anniversaries, new born babies etc., Staff members and their families present their artistic talents during such town hall meetings. We are able to identify a number of new heroes among our staff during such activities. This sort of engagement results in number of ideas, constant exercise for innovation and improvement and above all empowerment of our employees.

Satheesh Seshadri: Sir I would like to also add one more point, we have a Board level strategy team set up. Upon the park opening, we are strategically looking at various initiatives like digital marketing, data analytics, branding, loyalty program and re-launching our logo. So, these efforts are in the pipeline and you will see these things evolving slowly. Long term strategies are being worked out, and we have got innovative ideas from our leadership team and other staff members which have been collated and which have been earmarked to enhance the future customer experiences. We did a local customer feedback survey with our business development partners to find out the interest after the COVID is over. We are very happy to say that about 70% of the people are very optimistic and they would like to visit the park when the COVID situation gets over. People want to have that fun and thrill. Now everybody is locked down, people would like to come out and have energized fun under sun. We also had small discussions with some of the schools, which said if the government allows they are keen to bring the students again for a great experience.

Moderator: Thank you very much. The next question is from the line of Saurabh Patwa from HDFC Mutual Fund. Please go ahead.

Saurabh Patwa: As everyone knows, the parks and rides are designed to have crowds, but as the things are changing and assuming things may remain like this for a longer period maybe because of vaccine or the perception in the mind of people. Will this require change in the way the whole business is structured in terms of the rides? So, currently the rides would have been constructed to accommodate more riders so that our throughput increases. What are your thoughts on how things may be required to change in terms of rides?

Satheesh Seshadri: It is a very valid question. We did a capacity measurement and we arrived at theoretical capacity for dry rides. If you have to leave one seat vacant for the next visitor, similarly, how our restaurants are placed and designed etc. We have re-arranged that considering the space, as we have over 30-35 acres of development of park. So, there is a huge space to implement social distancing. Considering all these factors and with all COVID required hygiene protocols in place, minimum 3000 people can be accommodated in Bangalore park and 2500 people in Kochi and Hyderabad parks. We have done a clear measurement between the theoretical capacity and the practical capacity which we can work out.

Saurabh Patwa: Just one added question to this. When you completed this theoretical capacity, this would be on an average daily basis. But your footfalls are not linear, it is higher on the weekend, and during the vacation time. So how will this impact your profitability? Currently we see on a blended basis, 2000 people per day is an average. So, this will impact your margin severely or how do you see that sir?

Satheesh Seshadri: As George sir said, the priority is opening the park, bringing in the customers. With best hygiene and safety protocols in place, I'm sure Wonderla is a place where we can exercise those hygiene and safety protocols. The next is the profitability. Globally what they have done for example like Disney, we would also like to get our bookings online. Lesser of cash transactions and physical interfaces. Disney assessed the number of visitors in each park and based on reception increased the capacity. We could also cap the number of people for some time, take it up gradually and remove the cap gradually once the COVID situation goes off. So, these are the things which international parks have done, and we are also equally ready to adapt the situations.

Moderator: Thank you. Next question is from the line of Kaustubh Pawaskar from Sharekhan. Please go ahead.

Kaustubh Pawaskar: Sir just coming back to the international understanding or national park understanding, has there been sequential improvement in footfalls post the reopening or still there is some disruption in terms of consumer or travelers visiting the park?

Satheesh Seshadri : Basically, we are all social animals. We are all waiting to go out. It's like being in jail with the COVID situation. Disney and China have been registering good numbers. They have opened Florida but had issues because of higher number of COVID cases in the city, otherwise even in Florida the numbers were going up. So, if you see the situation in China, Florida and other centers have shown a very good response from the visitors. Everybody is talking on phone and on videoconferencing, with their relatives etc, everybody wants to have a get together now and international travel is going to be minimal for few months. So, our parks are the best place for outing where hygiene and safety are kept at the highest level. So, we are sure we will have a good response when our parks reopen.

Kaustubh Pawaskar: Thank you. Sir, on the expenses front you said that your monthly expenses came down from around Rs.10 crores to Rs.4 crore. Post the reopening of the park can we expect this expense go up on monthly basis considering these sanitization and other cost element related to the hygiene?

Satheesh Seshadri : If you see our 2019 or 2020 results, our average expenditure was about Rs. 14 crores. In March, for 15 days there was a lockdown and the expenses had come down, so expenses were around Rs.10 crore. Now our average expense is about Rs.4 crore on account of salary reduction, voluntary salary cut about 50%, then the rationalization of expenses of marketing, maintenance etc., Even our overheads are under control, but once we open up, these expenses will have to be incurred. For the variable cost on the hygiene and safety, we have marked Rs.50 per visitor once we open up, which includes sanitization, giving hand sanitizer, thermal check to controls, cashless transactions etc.

Kaustubh Pawaskar: Right sir. Around 25% to 30% comes from the non-ticketing revenues, which is largely the F&B part of the revenues. So, post the opening of the parks, I can understand that ticketing revenues would normalize but, do you think that F&B revenues will also come back on track or it will take some time?

Satheesh Seshadri : F&B will be on track but retail could get hampered, because people might not buy. Even in the malls there is hit on the retail apparel, shoes, cosmetics etc. So people might spend less on that but for F&B we are assured because we are attractively priced. All items in park are sold at MRP. So, if you buy a chips packet outside the park or if you buy the chips packet inside the park, the price is same. So, we don’t anticipate any issue on the F&B price.

Kaustubh Pawaskar: And sir how much would be retail of our total revenue?

Satheesh Seshadri : Retail is about 45% of non-ticket revenue.

Kaustubh Pawaskar: Of the non-ticketing revenue 55% is F&B**?**

Satheesh Seshadri: Yes.

Kaustubh Pawaskar: Sir you said that you have been regularly interacting with your existing customers and you are putting up social media posts? What kind of response are you getting from the Indian consumer? The psyche of the Indian consumer compared with the global consumer is a bit conservative. What kind of trends you're getting from the Indian consumer?

Satheesh Seshadri : As I told earlier everybody wants to have an outing, and once things get normal, they would also look at a place where they are comfortable in terms of hygiene and safety. I would not take my family to a small eat out, I would rather go into a normal eat out. So, when you ask that type of things, you must see who's the best and the leader to provide all this. We are confident we can provide all this. So, we are also equally taking care of our visitors, employees, and our stakeholders. This has been our DNA and we will continue that. We will give a lot more comfort to the visitors.

George Joseph : From the feedbacks received, we find that people are impatient and they want to come out and enjoy. But at the same time, there's fear factor in their mind, about the pandemic.

Moderator: Thank you. Next question is from the line of Anuj Sharma from M3 Investments. Please go ahead.

Anuj Sharma: I wanted to ask on acquisitions opportunities. On last call you did say that that we have a distinct model and we would not want to acquire. How distinct it would be, couldn't we just buy a park and convert into our model? Capital constraints being a factor, but apart from that, are models so distinct that they cannot be evolved into a singular model?

George Joseph : Right now, we have no plans for any acquisition. There may be lot of parks which are ready to be sold, but we have no idea for inorganic growth right now. Our model is distinct that is one reason, but right now we have no plans on account of the given situation. But as mentioned on the last call, we are keen to operate parks in case they come on a partnership without any financial investment.

Anuj Sharma: Okay, so the fact that you can operate and possibly turn around means that you could evolve the model to something which is close to yours. Suppose you get a distressed asset, wouldn't you want to consider? Just trying to evaluate, why are we so averse to not looking at a distressed opportunity. I do understand the uncertainty, but let's suppose you get some clarity on the uncertainty do you still want to?

Satheesh Seshadri: Firstly, we are already committed to Chennai project. So, which means my capital commitment for the near future is blocked. If I must buy another park, it has to be through some other financing which may not be appropriate at the current times. We also understand it is not only the capital what we are buying, we are buying the operations of the park. Depending on the circumstances, we operate the park by optimizing the rides, F&B / retail outlets, manpower etc., Optimizing resources may not be possible in many of the parks. Which means if we buy out, these things may not be suitable to our running. That's why we are keen on operator model than the buyout model.

Anuj Sharma: All right. Another question is on your capital allocation. Now that we are thinking of Wonder Kitchen, which is probably not completely correlated, I was just thinking that wouldn't you be better off by extending in something like an entertainment which would reinforce your brand, and consumers would remain connected. So, kitchen is a completely a different game altogether. So, did you think about something which is closer to your existing business model, which would enhance your brand, may be focus on merchandise etc?

George Joseph: As we mentioned, in the previous query, our strategy team was looking at digital marketing, data, analytics, branding, all this is in the queue and will all reflect in the near future. We are taking one at a time. We've have just started take away outlet now, you will see some more things coming at a later stage.

Anuj Sharma: Okay. And my last question is, you were trying this new strategy or the new venture for six months, what would be the key things for you to decide, whether to move ahead or not? Because once your spare kitchen equipment is exhausted, the capital investments will be as any other restaurant business. So, how do you decide if this can be a very significant opportunity for you?

George Joseph: Basically, the sales should exceed the breakeven level. We understand at the beginning, it may not even touch the break even on many days, but then over a period of time, the sales are going up. So, in case the sales are going up and we are able to establish a lead in the area, definitely it will be a success and then the profitability will follow. Thereafter, we'll see whether we need to have signature dishes of Wonderla. Now, we are having common items like Biryani, Tandoori roti and sabzi etc. So, these items could be cooked in the central kitchen, and then distributed across all the locations. We also have a facility wherein the fresh food can be cooked in these outlets. Like any other business, we will watch the situation and if it is proven to be effective, we will scale up and it will become another business model revenue source.

Anuj Sharma: Okay. But on the capital intensity as you said its capital light, but it will eventually be as capital heavy as any other restaurant business so that advantage will go away?

George Joseph: Yes, later once we open more outlets, the capital cost will go up. But by that time we can have an experience on the profitability of the existing outlets. So, we will justify the additional capital investment. If we are not able to justify the additional capital investment, we may not go ahead.

Anuj Sharma: Alright, but the board and the management is clear that if it does not work out, you're willing to scale back and close?

George Joseph: Yes, that is clear in our mind. In case after six months we find that it is not successful, we might scale back. But however, the feedback from the customers till now is very good and we are also able to leverage the central kitchen facilities at the resort.

Satheesh Seshadri: I don't think that eventually we will scale back because the reception is good, the opinions are better and we find that is being accepted in the locality. As more people come to know by word of mouth, definitely it will be the leading takeaway outlet in the area.

Moderator: Thank you. The next question is from the line of Gaurav Agrawal from Bowhead Investments. Please go ahead.

Gaurav Agrawal: Sir, just couple of questions. There is an increased fear that possibility of spread is higher in waterpark as compared to rides. Do you have an estimate how many people come mainly for these water rides, etc and how many come for these dry rides or roller coaster kind of a thing?

George Joseph: Yes, water parks are thrilling to people and about 90% of visitors go to the waterpark. Initially they go to the land rides and then afternoon they go to the water park. But we also understand that operating waterpark at the current times is riskier. So, initially as per our planned protocol, waterpark may not be operational for some time. We may only operate land rides. Thereafter, after normalcy is restored and after people come out of the fear factor we will slowly open the waterpark. Water parks are thrilling and people really enjoy and most of them do not want to miss the water park.

Gaurav Agrawal: But sir if you are not going to operate the waterparks, would you charge the same ticket price or you will have to take a substantial cut on the ticket prices?

Satheesh Seshadri: Sir, we will not be able to reveal the pricing right now.

Gaurav Agrawal: No problem.

George Joseph: No, just give an indication.

Satheesh Seshadri: Based on the government guidelines, things could change and we have got different scenarios. It will be too early to comment on this.

Moderator: Thank you very much. The next question is from the line of Milin Shah from Urmil Research Consultancy. Please go ahead.

Milin Shah: Which city is selected for Orissa expansion?

George Joseph: Yes, Bhubaneswar is still in our radar, but on account to the current situation we have not made much progress in Orissa. The government is still in touch with us. Right now we can say that we have kept it on back burner. We will take it up at the appropriate time.

Moderator: Thank you. Next question is from the line of Radhakrishnan from AlphaStreet. Please go ahead.

Radhakrishnan: In the parks business, you mentioned about cost that have been put in place to achieve safety and health measures. I remember as Rs.50 per customer, have they been expensed already, or will it be reflected in the future ticket prices?

Satheesh Seshadri: It will be expensed by us and this will be incorporated in the future. It is part of the ticket price. It can't be a separate line item because for sanitization of rides you can't put volume. For example when one ride completes, then we will sanitize the entire ride, to accommodate the next set of people. In a restaurant, if the table area is used we have to sanitize that area. At appropriate places we keep hand sanitizer etc. We came up with an estimate of about Rs.50 per visitor.

Radhakrishnan: Alright.

George Joseph: Satheesh has been very reluctant to reveal about the pricing but, I as the Managing Director would like to tell you, that we will have a penetrative pricing at the initial time of opening, to encourage people to come back. Once the people come back, we will go back to the normal pricing. But there will be a discount basing on non-availability of the waterpark. Our profitability and EBITDA will be impacted on account of the additional expenses for safety. But over a period we will make up once normalcy comes back.

Radhakrishnan: Got it. Sir you mentioned that your Cloud Kitchen Vision initiative on the Wonderla kitchen is a long-term plan, so what sort of margins are we seeing on that line?

George Joseph: Yes, we have currently fixed our price based on a margin of 50 to 60%.

Radhakrishnan: You mentioned that you have daily brainstorming activities with senior leadership. Can you disclose any new initiative in pipelines? Are you looking at digital games or entertainment or any other brand extensions?

George Joseph: Satheesh has given some idea about the areas in which we are going, but it will be too early to mention any of the initiative in this particular call. Probably in the next call, we would be able to disclose certain activities.

Moderator: Thank you very much. Ladies and gentlemen, I now hand the conference over to the management speakers for closing remarks, over to you.

George Joseph: Thank you very much. We had a relatively shorter session this time compared to longer sessions in the earlier calls. At this time when our business is not operational, there is no income in the P&L account but only expenditure. Naturally, the concern is about the future. I reiterate, we are going through a lot of activities in the background, and we will definitely reemerge as a stronger player once we come back to normalcy. We need all your good wishes. Thank very much for the insightful questions, we really enjoyed it. Thank you very much.

Moderator: Thank you very much. Ladies and gentlemen on behalf of ICICI Securities that concludes today's conference call. Thank you for joining us and you may now disconnect your lines.

"Wonderla Holidays Limited Q4 FY2020 Earnings Conference Call"

May 27, 2020

ANALYST: MR. ADHIDEV CHATTOPADHYAY - ICICI SECURITIES LIMITED

MANAGEMENT: MR. GEORGE JOSEPH – JOINT MANAGING DIRECTOR – WONDERLA HOLIDAYS LIMITED
MR. SATHEESH SESHADRI – CHIEF FINANCIAL OFFICER - WONDERLA HOLIDAYS LIMITED

Moderator: Ladies and gentlemen, good day and welcome to the Q4 FY2020 Earnings Conference Call of Wonderla Holidays hosted by ICICI Securities Limited. As a reminder, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing "*" then "0" on your touchtone phone. Please note that this conference is being recorded. I will now hand the conference over to Mr. Adhidev Chattopadhyay of ICICI Securities. Thank you and over to you Sir!

Adhidev C: Good afternoon everyone. On behalf of ICICI Securities, I would like to welcome everyone to the call today. From the management of Wonderla, today we have with us Mr. George Joseph, the Joint Managing Director and Mr. Satheesh Seshadri, the Chief Financial Officer. Now I would like to hand it over to the management for their opening remarks. Over to you Sir!

George Joseph: Good afternoon everyone. On behalf of the management of Wonderla Holidays Limited, we extend a warm welcome and hope all of you are safe and healthy. We are here on this conference call to discuss the Company's performance for the fourth quarter of the Financial Year 2019-2020.

We are facing an unprecedented pandemic and all of us are confined to our homes in nationwide lockdown.

Life as we have known has come to a standstill. The pandemic is a challenge for countries across the world. It is inflicting increasingly high human and industrial loss worldwide. A significant portion of the economy is in a shutdown.

To curtail the spread of the Covid 19 virus, and maintain social distancing, a nationwide lock down was announced. Hence our parks faced a direct impact on footfalls. Kochi park was closed from 11 March 2020, Bangalore Park, Resort and Hyderabad park were closed from 14 March & 15 March 2020, respectively. Consequently, we lost more than 15 operational days for the parks.

Our Bangalore Park witnessed a decline of 38% in footfall, and the parks at Kochi and Hyderabad saw footfalls reduce by 31% & 22% respectively.

Looking at our financial performance score card, the revenue for Q4 of FY2020 at Rs 42.4 crores was lower by 30% compared to Rs 60.6 crores recorded in Q4 FY19.

Our Q4 FY2020 EBITDA declined by 71.6 % YoY from Rs 17.8 crores to Rs 5crores. Our profit after tax for the quarter, inclusive of the exceptional item of tax reversal was Rs 1.5 crore, as against a PAT of Rs. 6.9 Crores reported in corresponding quarter of the previous year. Our cash PAT, that is PAT plus depreciation, at Rs 11.9 crores is lower by 29.4% compared to Rs 16.8 crores in Q4 FY19.

On a full year basis, Revenues also decreased marginally by 4% Y-o-Y, from Rs 282 crores to Rs 270.8 crores.

EBITDA for FY 20 stood at Rs. 104.1 crores, 9% reduction from Rs 114.3 crores in FY19. Profit after tax is Rs. 64.7 crores, it has increased by 17.7% from Rs 55.4 crores recorded in FY19.

Our full year Cash PAT is Rs 106.5 crores, which also increased by 12% from Rs 94.9 crores generated in FY 19.

Following the settlement of our Service Tax litigation under "Sabka Vishwas" (Legacy Dispute Resolution) Scheme, 2019; we recorded an exceptional item in the form of reversal of excess provision amounting to Rs 15.57 crores. The Company has opted to avail Sabka Vishwas (Legacy Dispute Resolution) Scheme, 2019 announced by the Government of India in Sept. 2019. Accordingly, the payments made during the current quarter towards settlement of these pending litigations under the scheme and the earlier payments made under protest have been adjusted against the provision and the excess balance as per the books has been reversed as income.

I would now like to emphasise the Company's position and strength in our balance sheet. Wonderla is strongly placed to overcome this dire situation. We generate healthy free cash flows annually and prudently manages our finances. We are a debt free Company and therefore, have no short term or long-term outstanding loan repayments obligations. In addition, we currently have liquid assets of approximately INR 123 crores in Mutual Funds and Bank balances. This is sufficient to cover all the operating expenses for more than 1 year.

We have a solid asset base in the form of freehold land across four states. In addition to 64 acres land in Chennai, across our three operational parks, we hold a land parcel of 224 acres, of which 95 acres have been developed and utilised for the parks. We have 129 acres of excess, unencumbered land bank available to expand our existing parks. While we hope the lockdown does not get prolonged, the Company is in a comfortable position and has high liquidity to deal with current situation. Even in a scenario of a prolonged lockdown, where our reserves get depleted to meet the ongoing expenses, we are in a highly comfortable position to raise debt at favourable rates as we have a strong, debt-free balance sheet and substantial unencumbered assets available to collateralise.

Amusement parks fulfils human desire to roam, play, and experience thrills, for which there is no real substitute. They will continue to provide a unique and irreplaceable form of value with memories to be cherished for a lifetime. We have already seen parks open in China and South East Asia to a good response. Major parks in the US have also indicated a potential date for reopening. The industry will adapt to survive, prosper, and continue to deliver value in the future.

With that, let's start with question and answer session. Thank you very much.

Moderator: Thank you very much. Ladies and gentlemen, we will now begin the question and answer session. The first question is from the line of Swetha Rane from Finquest Securities. Please go ahead.

Swetha Rane: I have a few questions. Your earnings have been stagnant for the last five years. Could you give us a reason for that?

George Joseph: Our Kochi Park is about 20 years old now and the Bengaluru Park is 15 years old and Hyderabad park has completed four years. In every industry, there is a diminishing rate of return and we are no exception. We have been seeing declining footfall as a consequence of certain events in the economy. For example from a nominal Entertainment Tax regime to an imposition of Service Tax of 15% and thereafter GST at 28%. We are addressing the diminishing interest by adding new attractions and new rides across all the parks and we are also taking a reengineering process to help our footfalls grow. If you look at the competitors and across the parks in the country, there has been a stagnation and decline in footfalls. We have shown positive growth in 2018-2019 despite the flood in Kerala.

Swetha Rane: Due to the pandemic, the economic situation is not very encouraging in the Indian economy. I would like to know what will be your future course of action, rather than expanding why do we not improve the efficiency in the current parks? You are introducing new rides because costs will increase right and if you have certain aspects on the cost as well, we would like to hear it?

George Joseph: The amusement park industry is closed from mid-March 2020. The Industry association has requested the government to permit re-opening at an early date. Look at the airline industry. We never thought that it will reopen so fast. Therefore we hope that the government will permit us to reopen the parks. We are getting ready with health and preventive protocol for our visitors. The Disney Park in Shanghai has reopened and on first day itself they could sell all the tickets online and the weekends were fully booked. There is a pent up demand in the country. People would like to come out and enjoy the open air entertainment. We strongly feel that once the government permits us to reopen, the crowd will come back. We have already planned our strategies for the reopening to provide safety and hygiene atmosphere to visitors. We will fix a cap on the number of visitors on a day to day basis. We understand in Disney Park, they have allowed only one-third of the capacity. The average capacity of our parks ranges from 8,000 to 10,000 footfall per day. Even with one-third capacity, we will be able to have a footfall of around 3,000 to 3500 in each park. We feel that the government may initially permit the dry rides with clear social distancing norms. The additional costs for sanitization and preventive protocol will be around Rs.50 per visitor. We have taken all this into account and find that we will be able to break even with a footfall of 1300 per park.

Swetha Rane: The cost will increase right?

George Joseph: Yes, cost will increase by Rs.50 per visitor.

Swetha Rane: Sir I would like to know rather than expanding why not we try to improve and bring the efficiency in the current parks itself because you just mentioned that you have the excess land of 129 acres, which you are trying to develop?

George Joseph: We are using the lockdown period profitably for brainstorming, strategizing and making a new business model for our Company. The leadership team discusses the various plans every day for about 3 to 4 hours. We have a strategy team which meets every week. The former Managing Director, Mr. Arun Chittilappilly, is heading the Strategy and Business Segment of the Company and our Non-Executive Director Mr. Laxminarayanan, is handholding us in this strategic transformation. We are making a new business model for post COVID scenario.

Swetha Rane: Thank you so much. Thank you and all the best for the future.

Moderator: Thank you. The next question is from the line of Nimish Shah from Emkay Investment Managers. Please go ahead.

Nimish Shah: Thank you for the opportunity. Once we get a go ahead for reopening the park what will be our strategy? For example, we saw in Shanghai Disney Park they had opened with a capacity limit of 30% so are we planning similar?

George Joseph: We will reactivate our online booking portal to fill up the visitors through online booking. We do not want to encourage unplanned walk-ins, so everything will be online. For the initial period of 15 days we will have a penetrative pricing. Thereafter we will charge normal price. If the Government permits only the land rides, we intend charging about 60% of normal full rate. Contact-less entry will be enabled so that with the online booking itself one can seamlessly enter the park. There will be a sanitizing tunnel, through which visitors will pass, and the temperature checking will be done at the entry point. We will have sanitizers and provide face masks wherever required. There will be fumigation in the parks and each ride will be sanitized before and after each cycle. We have already started the training process. We are in readiness for reopening but awaiting permission.

Nimish Shah: That is good to know. If we go ahead for the Chennai Park construction, then what is the ETA for completion of that park? Will it be 15 months, or it might get a bit delayed?

George Joseph: As I mentioned last time, the government has permitted exemption from the Local Body Entertainment Tax for five years from the date of commencement of operation or from October 1, 2021 whichever is earlier. As per our initial plan we are supposed to complete the Project by end September 2021 and start operation by October. In current scenario, it is extremely tough to complete the construction before October 1, 2021. We have already got the approval and NOCs from the Fire Department, Pollution Control Board and the Forest Department etc., and are awaiting the final clearance from the Department of Town and Country Planning. In the meanwhile we are taking up with the Government of Tamil Nadu for duly extending the exemption period to cover the COVID related delay.

Nimish Shah: Second half of FY2022 is a good assumption for Chennai Park opening?

George Joseph: Hopefully, but then things are changing every day and the number of COVID cases, especially in Tamil Nadu, are increasing day by day. Once the final clearance is received we will critically analyse the situation and take a suitable decision on the commencement of Chennai. I assure you that we are committed to Chennai Park and we are very keen to commence the construction and start operation as early as possible.

Nimish Shah: Thank you and all the best.

Moderator: Thank you. The next question is from the line of Srinath V from Bellwether Capital. Please go ahead.

Srinath V: Sir are you looking at the Imagica opportunity? Given that the asset is under default, are we looking at the opportunity to run it in a service model? How do you see stressed asset opportunity across the board, as you are a very rare business with a wonderful balance sheet. The industry may not have that kind of good balance sheet. So, are you looking at other working assets in the industry?

George Joseph: Mr. Srinath, we are not looking at any acquisition of Imagica. We are not looking at that option at all. Our idea is to develop our own model because we have a distinct model, so we want to create our own parks. If somebody is offering a park for us to come as an operator, we will evaluate the proposition as an operator model without investment, on a revenue sharing basis.

Srinath V: Have you been able to variablise any of our cost lines and on reopening? Were you able to convert some of the cost lines based on the number of footfalls that you get?

George Joseph: Mr. Srinath, normally the monthly overheads come to around Rs 15 Crores. On account of our cost reduction and extreme cost control, we could limit it to about Rs 4.5 Crores per month, almost a 75% reduction has been achieved. Our people have agreed for 50% voluntary wage cut. We have put on hold all our marketing and communication expenditure. All our AMCs have been reviewed and we have either extended the period of AMC without any additional cost or brought down the cost by about 25% to 30%. We have ensured significant reduction under all segments of expenditure. Whatever we have achieved during the shutdown period, to a certain extent we will be able to continue that even after reopening.

Srinath V: Have you actually shut down any park for a small period of time to do some renovation, revamp or maintenance capex? Have we been able to make those necessary changes during lockdown or are we just doing base maintenance?

George Joseph: Mr. Srinath, we do not shutdown the park for maintenance. We shutdown only the rides for maintenance. The rides which require annual maintenance are shutdown maybe for 15 days to one month. This is as per routine maintenance schedule and is ongoing.

Satheesh Seshadri: To answer your question, we usually try to complete major shutdown maintenance before the first quarter. So that in the first quarter all rides are up and ready because we get good footfalls during the first quarter. So even during this year we have completed the major maintenance of some of the rides during the last quarter of FY2020. Hence all of our rides are up and ready. We are also testing, and greasing the equipment wherever necessary. So, there is no requirement of shutdown during this period.

Srinath V: Is the Bhubaneswar transaction is completed in terms of the lease?

George Joseph: Mr. Srinath, for Bhubaneswar we have not entered into any written agreement with the Government of Odisha. In fact, the Government has offered number of incentives. However, we have not incurred any significant expenditure for Bhubaneswar till date. The offer is open and we will start continuing the dialogue with them once the normalcy returns.

Satheesh Seshadri: We have made the application to the Government of Odisha. The application has been accepted by the high level committee of Odisha Government. But after the COVID issue there is no progress, we have to wait and see.

Srinath V: Okay. Thanks a lot.

Moderator: Thank you. The next question is from the line of Vaibhav Gupta from Right Horizon Minerva Fund. Please go ahead.

Vaibhav Gupta: We are sitting on nearly Rs 120 Crores of cash, sizable undrawn lines, have a debt free balance sheet, cost structure is not particularly worrisome given our liquidity. The stock price is below even conservative estimates of liquidation value. For a company that clearly has no encumbrance to the balance sheet if required, why are we not taking advantages of these valuations and buying back stock? What is preventing us from going down this route?

Satheesh Seshadri: The priority, as George Sir mentioned during opening remarks is the completion of the Chennai project. We have earmarked certain funds to give advances to the contractors and for ride procurements. So, we would be requiring the available funds even if the situation comes back to normalcy. First priority is opening existing parks, second priority is Chennai Park and therefore we are not looking at any restructuring of capital.

Vaibhav Gupta: Thank you.

Moderator: Thank you. The next question is from the line of Meet Gadade from Gurudev Advisor. Please go ahead.

Meet Gadade: Can I know the average capacity utilization for FY2020-2021?

Satheesh Seshadri: We have estimated capacity utilization of about 30%.

Meet Gadade: For 2020-2021?

Satheesh Seshadri: Yes.

Meet Gadade: In the previous question you have answered that if you assume the worst case scenario like lockdown getting extended, then you are incurring about Rs 2.5 Crores per month as a fixed cost, and nothing more than that?

Satheesh Seshadri: During the lockdown period, in our cost structure the variable cost is about only Rs 2 Crores to Rs 3 Crores, which goes towards F&B, utilities, etc. All other costs are fixed cost in nature, which are maintenance, salaries and off roll payments. We brought down the expenses to about 4.5 Crores. This has been achieved by savings in salaries, stopping or rationalizing the expenses on marketing, maintenance etc. So, this has helped us to come to this level when the park is completely closed. However, when the parks open again the expenses are bound to go up.

Meet Gadade: What is the new strategy that management is planning?

George Joseph: The immediate priority is reopening the existing parks with all health, safety and preventive protocol. We have always prioritized hygiene and safety and there would not be any compromise on that. Our recovery action plan takes care of all the parameters required, mask, social distancing, sanitizing etc.,

Satheesh Seshadri: We have also got an article from CNN.com which clearly says that there is no risk in opening the water park. I will read the short text. *The US Center for Disease Control and Prevention said "you do not need to worry about virus transmission from the water itself."* So, this is what the article says. If the government allows us to open water parks, we are okay with it.

Meet Gadade: Sir I was talking about new strategy of opening the park. So, is this working for new strategy?

Satheesh Seshadri: The question was, are we stagnated at 25 lakhs footfall. The answer is no because if you see in FY2018-2019, we saw a spike of 1 to 1.5 lakhs compared to the previous year. This year has been challenging, not only for amusement parks, but the discretionary spent itself has come down during this year due to the economic downturn and floods. Bengaluru and Kochi had extended rainfalls and floods. Finally the

COVID outbreak and nationwide lockdown which happened in last week of March. So, these are the things which have impacted but we want to move to the next level. We have been making about 10 to 12 lakh footfalls per year per park. So, we are approaching towards that and we are building up strong marketing strategy, which will help us to touch to the next level of 25 to 30 lakhs footfalls.

Meet Gadade: Thank you.

Moderator: Thank you. The next question is from the line of Rohit Shankar as an Individual Investor. Please go ahead.

Rohit Shankar: You were talking about giving discounted tickets on online transaction, but how do you see the maintenance cost, so after the post-COVID if you reopen, whether there will be higher amount of maintenance cost, so how do you balance these?

Satheesh Seshadri: We will see that our visitors, our guests come back to us, now it is almost zero for more than 60 days of the lockdown and there is a lull. If we have to see that the adventure seeking youth are returning to parks, we ensure that there should be an attraction for them to come back. Hence for the initial period of 15 days, we have penetrative pricing. But then the pricing will be brought back to the normal level, immediately after 15 days. Then we will charge the normal rate and also cover the additional cost on account of the sanitization, etc., estimated around Rs.50 per ticket. At the same time to control on expenditure, whatever frugality we could achieve during lockdown period will continue. So, EBITDA will continue to be positive and though slightly lower.

Rohit: Thank you Sir and all the best.

Moderator: I think we have dropped the line of Mr. Seshadri. I am just trying to reconnect him. In the meanwhile, we will proceed with the next question that is from the line of Parimal Mithani from Credential Investments. Please go ahead.

Parimal Mithani: Thanks for the opportunity. Sir what is the average fixed cost while running the park normally in normal time?

Satheesh Seshadri: Our expenses are about Rs 14.5 Crores on average per month. The F&B, retail and utilities are variable cost. All other costs are fixed costs or semi fixed in nature. For example, maintenance, there is maintenance cost even if the park is closed we need to consider landscape, civil and AMC. So, it is semi fixed in nature. Controllable cost could be marketing and some of the maintenance expenses. By rationalizing it will be around Rs 7.5 to Rs 8 Crores.

Parimal Mithani: Okay. On average it would be Rs 7 Crores to Rs 8 Crores.

Satheesh Seshadri: About 8 Crores, if you take out controllable expenditure, I have not said fixed expenses. The marketing and maintenance are the controllable expenses during the period when there is no transaction or no business.

Parimal Mithani: Second question is if you can highlight what is the capex going and what is your vision for the next two, three years? Post COVID lots of things have changed? How do you plan to go ahead?

Satheesh Seshadri: Normally our sustaining capex per year is about 22 Crores. Every year we spend Rs 6 Crores to Rs 8 Crores on adding new rides at each of the locations, at least 2 rides per location. This has been normal for us. But this year we would not have any major spend on sustaining capex in FY2021. It is too early to commit anything on FY2022.

Parimal Mithani: Sir, last question is have you insured yourself against such an events?

Satheesh Seshadri: No, we are not insured against loss of profit or black swan events.

Parimal Mithani: Thank you Sir.

Moderator: Thank you. The next question is from the line of Shabi Girish as a retail investor. Please go ahead. Since there is no response from the line, we will move to the next question that is from the line of Nath Balakrishnan from Spark Fund. Please go ahead.

Nath Balakrishnan: Gentlemen, Thank you for the opportunity. I have a couple of questions. The first one was on the additional cost that you said that you are going to incur on sanitation and disinfecting your facility. So, this cost of Rs.50 is arrived on the basis of how many number of visitors you are getting?

Nath Balakrishnan: Is it based on 1300 visitors or is it based on a higher number of visitors?

Satheesh Seshadri: It is based on number of visitors, about 2500 visitors.

Nath Balakrishnan: But if you are operating at half that utilization to begin with, 1300 visitors is what Mr. George was alluding to this is going to be pass through?

Satheesh Seshadri: We are just saying that it is a part of variable expenses.

Nath Balakrishnan: It is variable. Secondly, I just wanted to understand your broad thoughts on when in your assessment do you think you possibly will be able to go back to reclaiming the peak of 25 lakhs to 30 lakh footfalls?

Satheesh Seshadri: Everybody are talking about V, W, bath-tub shaped recovery, all type of economic rebouncing. So, I would be very conservative there. If you ask me a conservative question, I will say at least two years to come back to those levels. I think 2021 is gone, 2022 I will not recover fully. We will look at 2023.

Nath Balakrishnan: Sir, if I can just squeeze in one more question. I know we are all pretty much reconciled to the notion that this COVID is going to be around for quite a while and it is not going to be disappearing in a hurry. So, in that context, do you possibly see merit in kind of holding off and aggressively expanding into Chennai? Try and assess how the reaction is going to be from customers after you reopen your existing facilities first, or is it decided that you will plunge headlong into Chennai regardless of what the environment is going to be?

Satheesh Seshadri: I think we put this point very clearly. Our first priority is hygiene and safety which is part of our recovery action plan. Second priority is the opening of the existing parks. The third priority is the Chennai Park. So, we will go in that order. When we open three parks, we will also have a better idea.

Nath Balakrishnan: I am saying therefore that if the situation is contrarian to what your expectation?

George Joseph: It is too early to talk about it. We have still not worked on it.

Nath Balakrishnan: I know you have not opened, so my question is difficult. I am saying if it so turns out that it defies your expectation. My question is, would it be fair to assume that you might want to postpone expanding into Chennai as aggressively as you had originally planned? Is it contingent at all or you will go ahead with Chennai regardless of the reception is?

George Joseph: No, we will not go ahead regardless of what is happening. We will definitely watch the situation and we agree that COVID will take a longer time, but at the same time, the country cannot be locked down for a long time. So, once the State opens up, we will definitely reopen our existing parks and depending on the reception or footfall in the existing parks, we will take a suitable decision on Chennai. Chennai is not the priority right now. We definitely take your point. Unless we see the situation improving we can't take a decision on going ahead with the construction in Chennai.

Satheesh Seshadri: I just want to add one more thing there. The Chennai park construction will take 18 months. I am sure that in 18 months much of what we are seeing now could have a different picture. You have to keep that in mind. We are also looking at all these probabilities.

Nath Balakrishnan: So, may I place a request therefore with you gentlemen that when we have this call again at the end of the next quarter, would it be possible for you to share with us what are the benchmarks that you want your existing parks to attain, after which you will decide to go ahead with your expansion into Chennai or failing which you will kind of go slower? I am not asking for you to make the disclosure right away, but you can possibly reopen your existing parks as and when you get the permissions and depending on how they progress can you share some of your learning's and how you would decide to calibrate your expansion into Chennai? That will be helpful.

Satheesh Seshadri: Yes, we want to keep you updated. We have appointed a marketing agency also to look at the market for Chennai Park post COVID. We are going into a lot of details on that front. But this is not the right time to do because we cannot do the research online. We have to have a face to face interview with people. That will also give us a lot of inputs on how to proceed. As a management thought process, we are saying there are 18 months for construction and we have safe bet on that.

Nath Balakrishnan: I appreciate that, gentlemen. Thank you for your time.

Moderator: Thank you. Ladies and gentlemen that was the last question for today. I now hand over the conference over to Mr. Adhidev Chattopadhyay for closing comments. Thank you and over to you Sir.

Adhidev C: On behalf of ICICI Securities I would like to thank everyone for joining us on the call today. I now would like to hand it back to the management for their closing remarks.

George Joseph: Thank you very much for the insightful questions. I do appreciate your concerns. As mentioned in the beginning we are passing through very devastating times, with full of uncertainties about the future. We do not know what is in store for us. We can only pray for the early return of the normalcy. The results consequent to reopening of businesses in China which went through the pandemic since November last year is encouraging. We hope and pray that our country will also get back to normalcy soon. I can only assure you that we in our Organization are profitably using the shutdown period to create a new business model. I wish you and your family safe and healthy life. Thank you very much.

Moderator: Thank you very much. Ladies and gentlemen on behalf of ICICI Securities Limited that concludes today's call. Thank you all for joining us. You may now disconnect your lines.

"Wonderla Holidays Limited
Q3 FY2020 Results Conference Call"

January 29, 2020

ANALYST: **MR. ADHIDEV CHATTOPADHYAY - ICICI SECURITIES LIMITED**

MANAGEMENT: **MR. GEORGE JOSEPH –**
JOINT MANAGING DIRECTOR – WONDERLA HOLIDAYS LIMITED
MR. SATHEESH SESHADRI –
CHIEF FINANCIAL OFFICER - WONDERLA HOLIDAYS LIMITED

Moderator: Ladies and gentlemen, good day and welcome to Wonderla Holidays Limited Q3 FY2020 Results Conference Call hosted by ICICI Securities Limited. As a reminder, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing "*" then "0" on your touchtone phone. Please note that this conference is being recorded. I will now hand the conference over to Mr. Adhidev Chattopadhyay of ICICI Securities. Thank you and over to you Sir!

Adhidev C: Thank you. On behalf of ICICI Securities, I would like to welcome everyone to the call today. Today from the management we have with us Mr. George Joseph, the Joint Managing Director and Mr. Satheesh Seshadri, the Chief Financial Officer. Now I would like to hand it over to the management for their opening remarks. Over to you Sir!

George Joseph: Good morning everyone. On behalf of the management of the company, we extend a warm welcome to all of you. We are here on this conference call to discuss the performance of Wonderla Holidays Limited for the third quarter of FY2019-2020. The third quarter is significant across the country as it usually marks the end of monsoon and heralds in a new season with pleasant weather, festivals, and holidays. We see a greater number of people head out for recreation and at Wonderla we provide immensely thrilling and safe experience for the masses. We saw a decline in the walk-ins, attributable to poor consumer sentiment and reduced discretionary spends.

However, our efforts towards increased market penetration and efficient BD network resulted in significantly higher group footfalls at our parks.

Following the settlement of our service tax litigation under Sabka Vishwas (Legacy Dispute Resolution Scheme) 2019, we recorded an exceptional item in the form of reversal of excess provision amounting to 15.57 Crores. The company has opted to avail Sabka Vishwas Legacy Dispute Resolution Scheme 2019 announced by the Government of India in September 2019. As per the scheme, the company will get relief ranging from 40% to 70% for the disputed tax demand and full waiver of interest and penalty thereon. Accordingly, the payment made during the current quarter towards settlement of these pending litigations under the scheme and the earlier payments made under protests have been adjusted against the provision and the excess balance as per the books have been reversed as income during the quarter ended December 31, 2019.

Looking at the financial performance scorecard, the revenue for Q3 of FY2020 was at 70 Crores, which is lower by 7.9%. Our footfall declined by 5% and our average revenue per visitor was lowered by 2.6%. Our Bengaluru Park witnessed a decline of 22% in footfall and our parks at Kochi and Hyderabad saw 2% and 9% growth in footfall respectively. Our Q3 EBITDA declined by 16% year-on-year from 29.7 Crores to 24.9 Crores. Our profit after tax for the quarter, boosted by the exceptional item, was 21 Crores as against PAT of 14.5 Crores reported in corresponding quarter for the previous year. Our cash PAT that is PAT plus depreciation increased from 24.3 Crores in Q3 FY2019 to 31.5 Crores in Q3 FY2020. On nine-month basis we saw our footfall increased by 2% on year-on-year basis, our 9-month revenue also increased by 3.3% Y-o-Y from 221.2 Crores to 228.4 Crores. EBITDA for nine months stood at 99 Crores, marginally higher by 3% in comparison to 9 months FY2019. Profit after tax for 9 months stood at 63.2 Crores an increase of 30.5% from the corresponding previous period. Our cash PAT stood at 94.6 Crores, which also increased by 21% with respect to the corresponding period.

At our Bengaluru Resort, the occupancy rate for 9 months FY2020 was 49% and revenue stood at 9 Crores, representing 5% rise over the corresponding 9 months of FY2019. We are now focused on getting the necessary approvals to begin the construction of our park in Chennai. Our Board has accorded final approval for going ahead with the Chennai project. We are glad to announce that the Board has approved the proposal for setting up another park in Odisha after evaluating the feasibility study and we have decided to proceed with the project. As discussed in the previous quarter, we will be taking-up an asset-light model to set up the park in Odisha. We look forward to encouraging times ahead of us with multiple projects in the pipeline to deliver the next leg of growth. Our expertise in setting up and running the park will be utilized to optimal level and we will provide updates on the progress accordingly. With this let us start the question and answer session. Thank you very much.

Moderator: Thank you. Ladies and gentlemen, we will now begin with the question and answer session. Ladies and gentlemen, we will wait for a moment while the question queue assembles. The first question is from the line of Abneesh Roy from Edelweiss Securities. Please go ahead.

Abneesh Roy: Sir my first question is on the pricing and footfall. Hyderabad and Kochi have seen decent footfall growth in the current challenging times. But Bengaluru has seen a 22% dip, you are attributing that to the discretionary slowdowns, but we see a big divergence between the three parks. Hyderabad has seen 6% dip in terms of pricing, so does Bengaluru needs a price cut? I see wave rider, a new ride coming in Bengaluru, but do you need to do much more refurbishment like you did in Kochi?

George Joseph: Yes, Bengaluru Park saw a decline of 22% in footfall. I agree that while Bengaluru saw a dip, we had a slightly higher footfall in Kochi and Hyderabad. Bengaluru is more affected because Bengaluru is the industrial and IT hub. Lot of SMEs are affected on account of the slowdown and there is lot of retrenchment in the auto sector. The city of Bengaluru is more affected than Hyderabad and Kochi and we believe that this is the reason for the fall in Bengaluru Park footfalls. As already mentioned, the general footfall has come down and therefore we have been pushing the groups with our marketing activity. For groups, discounts are much more than the general walk-in. So, business is affected by ARPV across our parks especially Bengaluru, hence the realization is less. Coming to whether we need to take a price cut in Bengaluru, I do not think that we will take a price cut. We will probably maintain the same pricing and increase marketing activity and communication in Bengaluru. Last quarter we provided a large amount for communication for Bengaluru to step up the marketing activity and we hope that footfall will come back in Bengaluru.

Abneesh Roy: Second question is related to the corona virus issue. It is the focus of the media headlines so obviously in such circumstances people would not like to go into high population density entertainment, etc. Do you see that impacting our three parks?

George Joseph: We have not seen any impact till now, but the social media scare is rampant. We do not know how it is going to impact. Even if it does, the impact will not be much and we hope that scare will not affect the footfall in our parks.

Abneesh Roy: My second and last question is on the two new parks. What does it mean by asset-light in Bhubaneswar? How is it different from the Hyderabad Park, How will you get the funding for two parks?

George Joseph: I will answer your second question first. As we have already mentioned, for our Chennai Park we do not need any borrowing. We have already spent about 108 Crores and we have 149 Crores with us in the form of cash and investments. The internal accruals during the construction period, which is around 18 months, will be sufficient to take care of the Chennai Park. The Odisha Park is not going to come parallelly. There will be lag of about a year between the Odisha Park and the Chennai Park. We may have to go for a market borrowing of about 100 Crores, a short-term borrowing which can be repaid in one to two years from our internal accruals. Coming to the asset-light model of the Bhubaneswar park, the cost of land is very less, it is only 3 Crores compared to 74 Crores we paid as the land cost in Chennai. It will have limited rides initially, because the existing parks in the state have less than 10 rides and are limited to a small area. We hope to make it much more attractive by having 20 to 22 rides, with an investment of about 100 Crores.

Abneesh Roy: Can you comment on pricing in Bhubaneswar?

Satheesh Seshadri: It will be between Rs.500-700

George Joseph: Another Park there, which has only nine rides, is currently charging Rs.700 for adults and Rs.1000 for couples. Therefore our offering will be competitive.

Abneesh Roy: Okay Sir. That is all from me. Thank you.

Moderator: Thank you. The next question is from the line of Tejas Shah from Spark Capital. Please go ahead.

Tejas Shah: Thanks for the opportunity. My first question is how do you define your competitive landscape for Bengaluru Park? If we compare our performance versus other avenues in the same space. If consumer is not coming to our park, perhaps he is spending somewhere else? Obviously there is no like-to-like park, but some other avenues just to comment whether we are losing market share or there is a general slowdown?

George Joseph: There is no listed entity, which is operating in Karnataka so we do not have any authentic figures. However we track the footfall of the other parks through our market intelligence and find that the impact of slowdown is seen across all parks. Not only in parks, but also in malls, the general crowd level has come down.

Tejas Shah: From your reading, would you like to call out any specific trend, transient or structural? which is leading to this kind of sharp drop in numbers?

Satheesh Seshadri: As Mr Joseph mentioned at the beginning of the call, we have been consistently improving and reaching out the schools, colleges, and corporates. Our group footfalls performance is good. The third quarter is a group footfall-led quarter and we have been able to achieve the targeted numbers. Our concern is only on the walk-ins, which we are targeting now through separate marketing plan.

George Joseph: We have seen these cycles in the previous years also right from 2008. If you look at our Bengaluru Park, it peaked in the year 2014-15 with over 1.20 Million Footfalls. Thereafter the footfall showed a decreasing trend due to service tax and GST. However, we have seen an appreciable pickup in the last year and even in the first quarter of the current financial year. But then, in the second quarter and the third quarter, we have seen this decline. With the economic revival, we hope the scenario will change and the footfall will be back as normal.

Tejas Shah: Are Kerala and Hyderabad parks seeing any impact of anti-CAA protest? We are hearing from other businesses that businesses in Kerala have got disrupted.

George Joseph: As of now no impact. Kerala had one day hartal and even on that day we had about 1000 footfall.

Tejas Shah: Great. That is all from my side and all the best Sir.

Moderator: Thank you. The next question is from the line of Rohit Potti from Marshmallow Capital. Please go ahead.

Rohit Potti: Thank you for the opportunity. So, on the Chennai Park project, will there any upward revision on the original capex amount of 350 Crores?

Satheesh Seshadri: The projected capex was 365 Crores for Chennai Park including the land. We do not envisage any upward revision.

Rohit Potti: There is no major upward revision there?

Satheesh Seshadri: There is no upward revision and our efforts will be to contain costs below that level.

Rohit Potti: Could you give us a timeline on when the Chennai Park will be ready and then the Odisha Park?

Satheesh Seshadri: We are waiting for the approvals for the Chennai Park. We have got Fire approval now, we are waiting for other building approvals to come in. Our construction period is expected to be about 18 months. So, we are expecting to open the Chennai Park by October 1, 2021. As far as the Odisha Park, we will commence the Project work after a sizeable construction work is completed in Chennai Park; say about a year's time, only after that we are going to start the Odisha Park development, you add about 15 months from that time. So, we will start in January 2021 from there it will take another 15 months minimum.

Rohit Potti: I am surprised to hear that you have broadly decided the pricing for Odisha Park around two, three years in advance. I am guessing there would be upward revision?

Satheesh Seshadri: The prices are based on current estimates and what the market is absorbing today. It is based on the current footfall and current expenditure.

Rohit Potti: Understood, fair enough. I just wanted to give a feedback that my wife and I went to the Bengaluru Park and we had a wonderful time there. I noticed there were Airtel hangout zones in the park and also I noticed some advertisements of different FMCG products on the snack stand. I am curious to know if that is a source of revenue that you are looking to monetize. Or will you not opt for it to maintain customer experience?

Satheesh Seshadri: The advertising or hoardings will be minimal at our park. The traction of that is not going to be any big number.

Rohit Potti: It's not something which you are planning to do? I was thinking that eventually with five to six parks, you have captive audience of around 4 to 5 million for a full day and advertisers would be eager to tap into it going forward.

Satheesh Seshadri: In first quarter FMCG & retail promotions are carried out inside the park. So, we transfer the benefit to the customers and there are not many hoardings in the park.

Rohit Potti: Yes, you are right. I really appreciated that as a customer as well. When you say the promotions are transferred to the customer, is the price benefit itself transferred by the FMCG player to the customer directly?

Satheesh Seshadri: Suppose in a chips packet, extra quantity of 30% is given or free items are given is passed to the customer, but we charge it only on MRP.

Rohit Potti: Thank you. That is it from my end.

George Joseph: Thank you for visiting the park and thank you for the compliments.

Moderator: Thank you. The next question is from the line of Kaustubh Pawaskar from Sharekhan. Please go ahead.

Kaustubh Pawaskar: Sir your initial comment indicates that focus now is more on the groups. You are tapping more schools and colleges to improve your footfalls in Bengaluru Park so does it indicate that your revenue per visitor will continue to be lower in the coming quarters?

George Joseph: The focus is equal on the walk-in as well as on the groups, but walk-in has been affected because of the slowdown. We are able to push more groups because of the BDP activities. But in the current quarter, as we have already mentioned, the advertisement spend would be much more and there will be more increase in the walk-in so ARPV will be better as we get more of footfall from the walk-in.

Kaustubh Pawaskar: You have added one ride in Bengaluru, two new rides in Kochi, and two in Hyderabad. Will it help you to get some incremental footfalls in Q1 as it is normally a better quarter for you? If there is improvement in sentiments there should be some good footfalls for you?

George Joseph: Yes it can happen because in our communication also we will highlight these new rides. For the inauguration of the new rides we had a press conference and about 60 media companies from Bengaluru including print and electronic media had covered that event. We held similar events in Kochi and Hyderabad.

Kaustubh Pawaskar: Once the footfall starts moving up and ticket revenue per visitor also goes up, you expect even margins to go up?

George Joseph: Yes.

Kaustubh Pawaskar: Or you will continue to spend heavily on advertisements and sales promotions until the level of footfalls you are targeting is achieved?

George Joseph: Advertisement spent continued to be as per budget and plan but the unspent amount for the Q3 will be carried over to Q4 and the spend will be within the budget.

Kaustubh Pawaskar: In the non-ticket revenue, also the growth seen in two to three years was in double digits. Now it has moderated to low single digit, so any particular reason for this?

Satheesh Seshadri: That is because of the groups, which comprise of school and college students, the consumption and the purchases are relatively low because of their low budget. The non-ticket revenue will be significant when we have more walk-ins.

Kaustubh Pawaskar: But are there any offers where you are giving tickets with F&B combined, that will attract the customers?

Satheesh Seshadri: We have it only for the resort, if visitors want to stay and play. These are happening at different GST rates, the park is at 18% rate, and resort is at 12% and F&B is at 5%, bundling this we might have to charge at a higher rate so we try to keep it separated. But whenever the groups or corporate visit we are able to give them a single quotation.

Kaustubh Pawaskar: Okay. Thank you.

Satheesh Seshadri: If you see the spend per customer for this year compared to previous year, this year it is Rs.260 per head and last year it was Rs.251.

Kaustubh Pawaskar: Okay. Thanks.

Moderator: Thank you. The next question is from the line of Piyush Sharma from Metis Capital. Please go ahead.

Piyush Sharma: In Bengaluru's footfall this quarter versus last year, what was the portion of Karnataka state footfalls?

Satheesh Seshadri: In the investor presentation, on page number 10 we have identified that state wise footfall numbers. Almost 70% of the footfall came from Karnataka, balance 30% had come from other states.

Piyush Sharma: Do you track footfalls from Bengaluru city?

Satheesh Seshadri: This database is created by asking questions at the ticket counter, we cannot ask too many questions.

Piyush Sharma: Did excess rainfall during this quarter play any material part in Bengaluru's decline?

George Joseph: Weather has played spoilsport in second quarter, but not in Q3.

Piyush Sharma: Okay fine. Thank you.

Moderator: Thank you. The next question is from the line of Pankaj Kumar from Kotak Securities. Please go ahead.

Pankaj Kumar: Sir my question pertains to Chennai Park, have you got any relaxation on LBT issue? The five years exemption is from November 1, 2019 so any further update?

George Joseph: We have met the concerned authorities a couple of days back. In fact our president Mr. Sivadas is in Chennai today and meeting the concerned authorities. They have promised that update will come in a week. Our Director Mr. Arun met the Chief Minister who promised to remedy the anomaly soon.

Pankaj Kumar: In that case this LBT would be applicable post completion of our capex?

George Joseph: Yes, LBT would probably be applicable from October 1, 2021. We have indicated that the construction will be over by September 30, 2021. This is what we have been promised.

Pankaj Kumar: That is great. Have you seen any delay in approval because earlier in the last call we said we expect the completion of the construction by July, 2020. Now you are saying September, so is there a two months delay?

George Joseph: We have applied for Single Window clearance since ours is a GIM (Global Investors Meet) Project. Despite that we have been asked to take different NOCs from Fire, Forest, PWD, Pollution Control, and Airport Authority etc. We got the NOC from Fire department last week. We have also met the Single Window Guidance Bureau officials and told them that we should not be asked to run around to different departments. They asked us to submit the papers to the concerned departments after which they will follow up for clearance. I do not think there will be further delay in getting the final approval.

Pankaj Kumar: Sir if you can give us some sense on the capex phasing on the Chennai Park in FY2020, 2021, and 2022?

Satheesh Seshadri: The total outlay for Chennai Park is about Rs. 365 Crores, till date we have spent about Rs. 108 Crores and in the next one-and-a-half years we are likely to spend another Rs. 255 Crores. In FY2020-2021, the construction, the rides and advances for the equipment have to be paid.

Pankaj Kumar: How many rides would be imported and how many will be built in house?

Satheesh Seshadri: We have imported some rides already. These rides have to be refurbished. That is being done in house by our technical team, and in addition some new rides will be sourced.

Pankaj Kumar: Last two, three years in Bengaluru there was service tax issue and we have seen our footfall ranging around a million. The highest level was seen in FY2015 when it was 1.25 million. Can we say this park has matured in terms of footfalls or is there further scope to achieve the previous level?

George Joseph: We cannot say that the park is matured, because despite being in operation in for about 14 years we have not covered even 25% of our target crowd. Many people are yet to come and visit our park. The erratic movement in footfall is on account of certain events like the slowdown or the taxation issue or climatic conditions. We do have untapped potential and we now have a segmented marketing approach. I think we can push the immediate target to reaching the peak level of 1.25 million and thereafter we can have a double digit growth in the years to come.

Pankaj Kumar: Apart from marketing effort are we doing more investment in the park?

Satheesh Seshadri: I want to add one more statistic, in 2017-2018 we recorded 9.64 lakhs footfall, in 2018-2019 we recorded 10.57, it was a growth of about one lakh footfall. This year the overall sentiments have been different, so we should not take this year as a base. Coming to bringing fresh ideas and fresh rides in Bengaluru Park yes, we might be looking at adding one or two rides but no major changes in infrastructure or investment pending.

Pankaj Kumar: Okay Sir. Thank you.

Moderator: Thank you. The next question is from the line of Hardik Bohra from Union Mutual Fund. Please go ahead.

Hardik Bohra: The question is on Odisha Park what is the optimum number of footfalls that we can see in that park that you are projecting?

Satheesh Seshadri: We have done the market feasibility study for the Odisha Park. The outcome of the feasibility study is encouraging for us to go ahead and we are talking about on the peak season it can be up to 3000 and the nonpeak season it can be up about 1000 to 1500. Annually we are looking at about 5 to 6 Lakhs footfalls in the initial stages.

Hardik Bohra: Is that the optimum number, to do 5 to 6 Lakhs annually?

Satheesh Seshadri: If you take our Bengaluru Park or Kochi Park capacity we can go even up to 13000 to 14000 numbers, but we might do about 4000 to 5000 on some days and few days we have touched even 13000 numbers. What we are building in Odisha can take up to 10 lakhs footfalls. The infrastructure must be developed as these are all horizontal infrastructure. If you have to put about a few rides, you cannot just leave the cables or leave the ground work only to that level. You have to level everything together. The initial investments of bringing the place to the park requirement is very important. Then you will be able to add the rides at different places based on the requirement.

Hardik Bohra: Okay. Thank you.

Moderator: Thank you. The next question is from the line of Viraj Kacharia from Securities Investment. Please go ahead.

Viraj Kacharia: Coming on to the Chennai Park, I missed the commentary on the LBT can you repeat again?

Satheesh Seshadri: We have got the government order for LBT exempted for five years from November 1, 2019. We have told them that there will be 18 to 24 months construction period and accordingly we have asked them to waive the LBT from October 1, 2021, instead of November 2019, for a period of five years.

Viraj Kacharia: So, we are still waiting to hear from them?

Satheesh Seshadri: Yes, we have approached them. The government has been positive on this; it is only a matter of documentation which is pending.

Viraj Kacharia: Chennai Park once it is commercialized what kind of capacity it can take on an optimum level?

Satheesh Seshadri: It will be like the Bengaluru or Hyderabad Park, it can take about 13,000 footfalls easily.

Viraj Kacharia: Okay, understood. For the Odisha park, what is the type of capex from the land part I understand there is not much of a capex, but otherwise what is the kind of capex?

Satheesh Seshadri: Capex in the range of 100 to 110 Crores.

Viraj Kacharia: That will be spread over?

Satheesh Seshadri: That will be spread over about 15 to 18 months. Our construction period is about 18 months.

Viraj Kacharia: So, this should get commissioned by FY2022 end right?

Satheesh Seshadri: Yes, end FY2022 or early FY2023.

Viraj Kacharia: Got it. Okay fine. That is all from my end.

Moderator: Thank you. The next question is form the line of Adhidev Chattopadhyay of ICICI Securities. Please go ahead.

Adhidev C: Yes Sir if you could just tell us on how has been the response to our initiatives of wonder pass and wonder club?

Satheesh Seshadri: The wonder club is a card where once you subscribe you can get a family entry for three years at a highly discounted rate. They can enjoy both the park and the resort and this adds up to about 18,500 for the card for two family members who can visit once in a year over a period of three years. We also have wonder club for the family of four people, two adults and two kids. Wonder pass is a loyalty program given to the groups and where the number of people visiting is more than 4. We give this wonder pass, which enables them to take discount in the park entry and F&B in the next visit.

Adhidev C: Okay fine Sir. That is it from my side.

Moderator: Thank you. The next question is from the line of Deepak Malhotra from TPJ Consultancy. Please go ahead.

Deepak Malhotra: My question was that in the past also we have had situations of reduced footfalls in Bengaluru. What steps you think you could take to ensure we do not have a repeat in the future?

George Joseph: I mentioned more of media spend and communication is being done in the current quarter. We are also analyzing whether we need to reposition the Bengaluru Park. What are the other customer offerings, which can attract them in addition to the rides. We are going to accelerate the digital push because Bengaluru responds better to the digital media. We are hopeful of positive results.

Deepak Malhotra: The other question is did you answer again on the Corona virus, but in the past also we had bird flu and SARS etc. Now we have CAA protests. What was the experience in the past whenever such things have happened and how has been the performance then?

George Joseph: It is true that Corona virus scare is there. But we have not seen any impact of that on ground yet. As far as the CAA protest, except one day of bandh in Kerala, we have not seen any negative impact on our footfall.

Deepak Malhotra: Unless it continues in Q1 if it goes on till then do you think it could have an impact?

George Joseph: These are all events beyond our control and in case it accelerates it becomes grave and real, probably we will see an impact.

Deepak Malhotra: Okay fine. One final question while you mentioned that we will be taking about Rs. 100 Crores of short-term debt for the Chennai project. What will be the group policy on that debt, especially because in the past you have always financed everything through cash accruals and group never really had any serious debt on the balance sheet rather?

George Joseph: The group policy is to continue to be a zero debt company. Now after a long time after our Hyderabad Park we are going for a major expansion in Chennai. Simultaneously we are going for the fifth destination, so we need to raise some debt. According to our balance sheet we can leverage even Rs. 1500 Crores. We are only going for a debt of only about 100 Crores, which we will be able to repay within a short time through our cash accruals.

Deepak Malhotra: Thank you. Wish you all the best.

Moderator: Thank you. Ladies and gentlemen that was the last question. I now hand the conference over to Mr. Adhidev Chattopadhyay for his closing comments.

Adhidev C: On behalf of ICICI Securities, I would like to thank everyone for joining us on the call today and the management for taking the time out to answer all the questions. Thank you.

George Joseph: Thank you very much.

Moderator: Ladies and gentlemen on behalf of ICICI Securities Limited that concludes this conference call. Thank you for joining us. You may now disconnect your lines.

"Wonderla Holidays Limited
Q2 FY2020 Earnings Conference Call"

October 31, 2019

ANALYST: **MR. JIGAR SHAH - ICICI SECURITIES LIMITED**

MANAGEMENT: **MR. GEORGE JOSEPH – JOINT MANAGING DIRECTOR – WONDERLA HOLIDAYS LIMITED**
MR. SATHEESH SESHADRI –CHIEF FINANCIAL OFFICER - WONDERLA HOLIDAYS LIMITED

Moderator: Ladies and gentlemen, good day and welcome to the Wonderla Holidays Limited Q2 FY2020 Results Conference Call hosted by ICICI Securities Limited. As a reminder, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing "*" then "0" on your touchtone phone. Please note that this conference is being recorded. I will now hand the conference over to Mr. Jigar Shah of ICICI Securities. Thank you and over to you Sir!

Jigar Shah: Thank you. Good morning everyone. It is a pleasure to welcome you all on behalf of ICICI Securities to Wonderla Holidays Limited Q2 FY2020 earnings conference call. We have with us today on the call Mr. George Joseph, Joint Managing Director and Mr. Satheesh Seshadri, CFO of the company. Thank you and over to you Sir!

George Joseph: Thank you very much. Good morning everyone. On behalf of the management of the company, we extend a warm welcome to all of you. We are here on this conference call to discuss the earnings of Wonderla Holidays Limited for the Q2 of the FY2019-2020. At the outset, I am extremely happy to announce that the much-awaited exemption from entrainment tax has been received from the Government of Tamil Nadu. We are now in the final stages of receiving the necessary project approvals to begin the construction of our much-awaited fourth park in Chennai. Our strength and expertise in running the complex amusement park business in the most optimal way has been greatly appreciated across the country.

As a further testimony to our operational efficiency, we have recently received an offer from the Government of Odisha to setup a new amusement park in that State. The Government of Odisha will provide the land on a long-term lease basis thus enabling us to develop an asset-light model and balance sheet friendly amusement park. The board of the company has given an in-principle approval to evaluate the proposal and we will keep you updated about the progress. These developments are giving a further impetus to our overall expansion plans. Let us now look at the Q2 and the H1 performance of the company.

As you are aware, the Q2 is typically unfavorable to outdoor parks due to the onset of monsoon. The footfalls get impacted and naturally so does the revenue and the profitability. Looking at our financial scorecard, the revenue for Q2 of 2020 were almost flat running at just 1.2% lower on a Y-o-Y basis from Rs.41.3 Crores to

Rs.40.8 Crores. Our ticket revenue per visitor declined by 5%, while our non-ticket revenue remained flat during the period. Our Q2 2020 revenue growth was affected due to lower footfalls, largely due to the demand slow down, excessive rainfall, and the floods prevailing in both Kerala and Karnataka. Our Bengaluru Park in particular witnessed a decline of 22% in footfall mainly due to unfavorable weather conditions for outdoor activities.

In contrast, our Kochi Park saw a 60% increase in footfall, albeit on a lower base of Q2 FY2019, while our Hyderabad park footfall grew by 5% despite witnessing some unseasonal rain. Our Q2 FY2020, EBITDA declined by 39.4% Y-o-Y from Rs.9 Crores to Rs. 5.48 Crores. Our profit after tax for the quarter was Rs.16 lakhs as against the PAT of Rs.94 lakhs reported in the corresponding quarter of the previous year. Our cash PAT that is PAT plus depreciation declined marginally by 1.5% from Rs.10.8 Crores in FY2019 to Rs.10.65 Crores in FY2020. On a six-monthly basis, we saw our footfall increase by 6.7% on a year-on-year basis. Our half year revenue has also increased by 9.1% from Rs.145.1 Crores in H1 FY2019 to Rs.158.4 Crores in H1 FY2020.

Our EBITDA for H1 stood at Rs.74 Crores, an increase of 11.3% in comparison to H1 FY2019 and our profit after tax for H1 stood at Rs.42 Crores an increase of 24.4% from corresponding previous period. Our cash PAT stood at Rs.63 Crores, which also increased by 17.6% for the corresponding previous half year period. At our resort in Bengaluru, the occupancy for H1 FY2020 was 51% and revenue stood at Rs.6.3 Crores representing 14% rise over the corresponding H1 of FY2019. With that let us start with the question and answer session. I thank you all very much.

Moderator: Thank you very much, Sir. Ladies and gentlemen, we will now begin the question and answer session. Ladies and gentlemen, we will wait for a moment while the question queue assembles. We have our first question from the line of Abneesh Roy from Edelweiss. Please go ahead.

Abneesh Roy: My first question is on the Odisha and the Chennai projects. In Odisha, which city has been shortlisted, and have they given this proposal to others or only to you? When you say asset-light amusement park, how is that different from the Hyderabad park? I understand you are evaluating the proposal, but is this a serious kind of proposal or you keep getting this kind of proposals?

George Joseph: As you mentioned, we are evaluating and the board has permitted the company to discuss and negotiate with the

Government of Odisha. It is an exclusive offer for Wonderla as we understand because the concerned authorities including the Minister of Tourism and the Secretary to Tourism visited to our Bengaluru park, then they came down to Kochi to meet us. We identified 4-5 locations, then zeroed in on a location in Bhubaneswar, which is around 19 to 20 km from Bhubaneswar and about 2.5 km from the National Highway. We are happy to mention to you that this is a very proactive State, they want to develop their tourism and they have offered many incentives. First is a long lease of 90 years at a very competitive rate, the rate per acre comes only to Rs.6 lakhs. Secondly, they are giving 20% investment subsidy capped at Rs.15 Crores. Thirdly, they have agreed to give us access from National Highway to our park. As of now there is a 30 feet road, they will convert it into a 60 feet road with a double line and the government will bear the cost. Number four, they will give potable water connection from Mahanadi River directly to our site at their cost and the water charge agreed is one-tenth of what we are paying at Hyderabad. This is a great offer and we are keen to grab it; however, we are doing a feasibility study to understand the feasibility of the park in Bhubaneswar and thereafter we will go to our Board and make the appropriate investment. By asset-light model what we mean is that we do not need to incur heavy capex to obtain land-asset. If we look at our Chennai park, the investment in land is around Rs.75 Crores and in addition we have incurred around 10.00 Crores for filling, levelling and compound wall. In total it cost us around Rs.85 Crores whereas the cost of land in Bhubaneshwar is only Rs.3 Crores. We told the Government of Odisha that initially we will only go for a water park plus a few land rides and later we will go for some additional land rides depending upon the acceptance or the reception of the park by the people of Odisha. So we would like to restrict the initial investment to the extent of about Rs.75 Crores to Rs.100 Crores.

Abneesh Roy: Just one follow-up here, before we go to Chennai park, in terms of the timelines, when can you start? Because it looks too good on paper, so your timelines can be also quite short?

George Joseph: Number one, the timeline as per the government's direction is that we will have to complete the promised construction within a period of three years. Our first priority is Chennai and we have the bandwidth to take up the construction for Odisha and Chennai simultaneously. However, we do not want to combine those two, we will start Chennai first and thereafter, after stabilizing the construction activities in Chennai, we will go to Odisha

Abneesh Roy: So, now let us discuss Chennai in terms of timelines?

George Joseph: We have already submitted the papers for approval of Chennai park. As mentioned in our press release on Chennai, The Government of Tamil Nadu has given the permission to exempt our park from the LBT (Local Body Tax) for five years from November 1, 2019. As per the Order, the Project execution period is also included in the exemption period of 5 years. This is an anomaly. Therefore, we are meeting the Chief Minister and representatives of Government of Tamil Nadu, this week, to request exemption for five years from the date of commencement of operations, instead of from the date of order. We have just uploaded the required documents for necessary approval. We hope to get the approval in a couple of months' time. Hopefully we would like to commence the construction by January 2020 after the rainy season.

Abneesh Roy: Sir my second and last question is on the Kochi park, we have a good footfall growth of 60%. I understand base was smaller, and even this year we had higher rainfall. Why Kochi has done better and Bengaluru has really suffered because of the rains?

George Joseph: In Kochi park, the base was low. As you are aware, last year we lost around 1.67 lakhs of visitors due to the excessive rainfall, the Nipah virus, the hartal due to Sabarimala issue and the floods. During the current year, though we almost had a flood like situation, it did not culminate into a calamity like last year. Due to our BD, BDP related activities, there is a good growth in groups footfall, especially from Tamil Nadu. But we could not bring back the entire crowd, we lost last year due to floods. If you look at Bengaluru, the groups have grown by almost about 60%, but there is a de-growth in the walk-in. Almost every day it was raining, and when it rains in Bengaluru, the temperature comes down. People are reluctant to come out on such days and avoid outdoor activity. Another reason was the political situation. On account of the arrest of one of the Ex-Minister, Shri D.K. Shivakumar, there was all-round protest resulting in closure of the Bengaluru park for a day and road blockage on many days. We also witnessed the demand recession across all our locations.

Abneesh Roy: Thank you, Sir. Very detailed answer. Thank you.

Moderator: Thank you. We have next question from the line of Tejas Shah from Spark Capital. Please go ahead.

Tejas Shah: Thanks for the opportunity. Sir, first question pertains to the final arrangement with Tamil Nadu Government. Is this arrangement as per your initial demand because we believe we wanted the abolition to be permanent and not for only five years and the subset of that question is how does it change our calculations on payback period or IRR for the project.

George Joseph: It is exactly not as per our initial demand. Our initial demand was for a permanent exemption covering all amusement parks, not Wonderla alone. The other parks in Chennai are not happy and they are pursuing their case with the Authorities.

Tejas Shah: Sir, when is the park expected to commence operations?

George Joseph: We hope to commence commercial operations by July 2021 i.e., 18 months from the date of commencement of construction.

Tejas Shah: Sir, was Odisha on our potential list?

George Joseph: I have not covered second part of your first question. I would like to take you through the earlier regime of entertainment tax, which was very low across all our parks, and subsequent service tax @ 15% and then 28% GST, thereafter reduction of GST to 18%. During the period of hefty increase in Tax, the reduction in footfall was around 7.5% and reduction in revenue was 5%. Therefore we assume that, even if the LBT is introduced after five years, the maximum impact on the footfall and revenue would be around 7.5% and 5% respectively. We are confident that Chennai being the largest market, we will be able to reach our projections as per plans.

Tejas Shah: Sir, second question pertains to Odisha, was Odisha on our potential list at all or the state government invitation has made us consider the opportunity here?

George Joseph: Odisha was not in our radar initially. However, we have made some study after the government authorities invited us and find that an asset-light model will definitely be a hit in Odisha. There are no amusement park worth mention in Odisha. There are couple of small water parks. They are badly maintained. In our analysis we find that, being an asset-light model and the ticket prices lesser than what we have in our other parks, it will definitely be financially viable and we will have the same payback period like other parks.

Tejas Shah: Sir, as a firm do we have the capability to work on two parks simultaneously or we will still go one by one as we have done in the past?

George Joseph: Yes, we do have the management bandwidth. We are very confident about it. But this is the first time we are going for two parks simultaneously. Therefore we will judiciously space the Project work in such a way to avoid any strain on our Resources. We will initially start the work in Chennai and thereafter, after stabilizing the Project flow there, we will initiate work in Odisha. There will be a gap of about 6-9 months between commencement of work in Chennai and Odisha.

Tejas Shah: Any update to understand when will Mr. Arun Chittilappilly resume active management?

George Joseph: Mr. Arun was with us in our recent Board meeting at Bengaluru and he is also joining us in meeting the Chief Minister later this week. Even though he is not physically available, he is actively involved in the management. We interact with him regularly. Yesterday he was with us attending the Annual Day Celebrations of our Bengaluru Park. He will take an appropriate call on resuming duties, after his preoccupation abroad.

Tejas Shah: Great Sir. Thanks for very elaborate answers and all the best.

Moderator: Thank you. We have next question from the line of Rohit Balakrishnan from Vrddhi Capital. Please go ahead.

Rohit Balakrishnan: Thanks for the opportunity. Sir if I look at footfalls at your Bengaluru and Kochi park over the last five years, there is a decline across both these parks. If I look at Bengaluru park, over a five-year period footfalls are down by 2% and even Kochi is down 4% to 5% till 2017 excluding 2018 for heavy floods. Sir, is it fair to say that these parks have reached their peak in terms of visitor potential?

George Joseph: Mr. Balakrishnan, if you analyze the footfall decline with respect to macro environment, the decline is related to certain events. It is not that we have reached our potential. If you look at 2008 there was a recession that has affected the footfall. Thereafter we were slowly getting back to the growth trajectory and around 2014-15, we had peaked. Then came the levy of service tax at 15% and there was a resultant decline. That was followed by 28% GST which resulted in a further downturn. Later in January 2018, GST was reduced to 18% and we saw an uptrend in footfall. So you can observe that the footfall movement is related to certain events. We believe that such events are bound to be in the economy. Currently the climatic conditions and the slow down are impacting the growth. We are sure that the growth will pick as we see economic upturn. We are aware that at the 19-year-old park in Kochi, 14 year old park in Bengaluru, customer is looking for new experiences. We are adding new rides in every park every year. In fact last month we inaugurated two new rides in Bengaluru. We also find that we have not exploited the potential of the in-bound tourists to each of the States where we are currently operating. For example, Kerala gets about 1.5 Crores of tourists every year. We have not tapped this segment fully. Similarly, Karnataka, Telangana, Andhra Pradesh get large tourist inflow. Currently a small percentage of them are coming to our park. We are going to target them in a big way and exploring the strategies required for attracting the inbound tourist to our park. We have not even covered 5% of the target group in all the states. So there is still ample scope to boost footfalls.

Rohit Balakrishnan: If I look at both parks, Bengaluru Park sees 10 lakhs visitors per year and similar numbers were seen at the peak for Kochi Park. So do you still feel that there is enough headroom?

George Joseph: Yes, there is enough headroom and we are confident about it. I have always said, good decisions are taken during the bad times. Right now we are taking some strategic decisions to tap the inbound tourist segment. For example, we have now appointed prominent tour operator in Kochi as our BDP. This tour operator has large inbound tourists base on hand and 120 buses. Similarly we have lined up around four prominent tour operators in Hyderabad. We are selling our ABC i.e., Advanced Booking Coupon through these Tour operators in Hyderabad. These are the segments we have not exploited till now.

Rohit Balakrishnan: When you said 1.5 Crore tourists visiting, you mean this is for Kochi?

George Joseph: No, that figure is for Kerala. Out of the 1.5 Crores, tourists flow about 1 crore are inbound from other States and 50 lakhs travelling within the State. Whereas our footfall is around 7 to 9 lakhs per annum. So if we rightly tap the inbound tourist market, we can expect higher footfall.

Rohit Balakrishnan: The population of Bengaluru will be close to about a Crore?

George Joseph: Yes.

Rohit Balakrishnan: And we are already at about 10 lakhs to 11 lakhs. If you take 1 to 1.1 Crores people in your overall catchment area in Bengaluru, then you are broadly at 10% to 11% penetration. Is that a fair number or you think it can go higher?

George Joseph: Our catchment area is not just Bengaluru city alone but the entire Karnataka state. We have a strong BDP setup in the State. In addition, as I mentioned, there are people coming from Kerala, Tamil Nadu, Andhra, Telangana etc., to Bengaluru park promoted by BDPs in these States. So if you look at it from a broad perspective, we have not exploited even 5% of our target crowd. The BDP setup is doing well and we want to realign the setup further. Our market penetration initiatives will hopefully see us through higher numbers in the coming years.

Rohit Balakrishnan: Thank you.

Moderator: Thank you. We have next question from the line of Rohit Potti, who is Individual Investor. Please go ahead.

Rohit Potti: Thank you for the opportunity. I would like to express my appreciation for transparency in detail with which you answer each question. I also find it insightful to interact with your investor relations team that interacts with the shareholders, because they are probably the most prompt team that I have seen. My first question is on the Odisha Park. Sir, the way you are approaching construction is quite interesting because you are slowly scaling up over time; starting up with primarily a water park and then may be adding rides in future. Why not go for something similar in the new park at Chennai as well?

George Joseph: Chennai is a very big market and we want to come up with a park which can attract the large population in Chennai. In Odisha, as I mentioned, they are not used to parks. They have some water parks in and around Bhubaneswar, which have not been maintained well. So with a water park of our standard, and a couple of land rides, we will be able to attract sufficient crowd in the first year of operations. We promised to the government that in the second year we will come up with a land park and then in the third phase we will create a convention center and in the fourth phase we are planning a resort in Odisha. In Chennai we need full model with all activities because there are competing parks like Kishkinta, MGM, VGP's ocean park & aquarium. So our offering should be better than current offerings in Chennai.

Rohit Potti: One follow-up there, how large is the land parcel that you are getting in Odisha?

George Joseph: It is 50 acres at lease rental of Rs. 6 lakhs per acre, totaling to Rs.3 Crores for 90 years lease.

Rohit Potti: That is a great deal. Second question, could you speak a little more on the Hyderabad Park, because I do not think it is doing up to your expectation so far?

George Joseph: Even though we had a footfall growth of 5% in the current quarter, it is lower than our expectation. But there were un-seasonal rains in Hyderabad. I was in Hyderabad last week and I told our staff that the rain should be welcomed, because if the temperature comes down, people should be out enjoying the environment. But the on-ground reality is that these rains are affecting the people, as they fall sick, contract viral fever, dengue etc. Hence, people are afraid to venture outdoors in the rainy season. This phenomenon has majorly affected the Hyderabad park footfalls, but then in Q3 and Q4, we are confident to see a rise. In Q3FY19 we had 2 lakh footfalls in Hyderabad last year. We are confident that we will improve upon it in this year. We are also doing a lot of activation in Hyderabad. We have appointed more BDPs and BDs. We have been regularly doing certain outdoor market activation programs in Kerala during Onam, Christmas etc., Our Teams go around the entire State during these festival seasons and with the help of the local BDP, perform Wonderla show in crowded places like beaches, malls etc., These shows are quite popular. We are going to replicate this in Hyderabad and nearby places and even in Chennai to stimulate the market. We will also increase ad and communication spend in Hyderabad and tie up with tour operators. As I already mentioned, four tour operators are selling our ABCs right now. We also have a tie up with the tourism department, and our name appears in the tourism website in Hyderabad. Visitors who come through the tourism department get a discounted offer. I think all of these will improve the situation in Hyderabad. As you have rightly mentioned, we are not happy with the growth we achieved in Hyderabad especially the current year, but we are hopeful that the things will improve.

Rohit Potti: Great, thank you. I want to just end with one suggestion. I meet few businessmen from the north, and most of them have kids, which are the perfect target group for Wonderla. But even though most of the businessmen do travel to Bengaluru and Kochi, they are not aware of our parks. I am primarily from south and I am aware of your parks and I love the experience you provide. So I found it surprising that people who seem to be the perfect target group and also visit Bengaluru are somehow not aware of the brand. So when we get these people flying in, if there is something about Wonderla that might help.

George Joseph: Thank you very much for your feedback and suggestion. It is very valid. We will have to make Wonderla as a brand known across the country. With upcoming project in Odisha, our visibility across the country will be better. We are also targeting major cities in north, West and the East, wherein we are going to conduct one-to-one meeting with the tour operators. We are also exploring the idea of communication in the national media, both print and the electronic.

Rohit Potti: Thank you, Sir.

Moderator: Thank you, Sir. We have the next question from the line of Kaustubh Pawaskar from Sharekhan. Please go ahead.

Kaustubh Pawaskar: Good morning, Sir. Thanks for giving me the opportunity. Sir, you just mentioned about the focus on improving the footfalls in Hyderabad Park for Q3. As the festive season has begun, have you seen any improvement in walk-ins in all your three parks? Rainfall got extended till Deepavali this year, so do you see an impact of the same or have you seen some kind of improvement?

George Joseph: Mr. Pawaskar, as I mentioned in my opening remark, the rains and the slowdown in economy have affected the footfall across all the parks especially the walk-in. We could push group footfalls, which grew by about 50% across the parks, but the reason for the overall drop in the footfall is on account of the drop in the walk-ins. Q3 and Q4 are going to be the predominant quarter for the groups. We are particularly confident in Hyderabad because we have lined up many groups. So across all three locations, Q3 we will have the school & college season. With the sun brightening up, there will be change in the mood of the people and we will have better footfalls. But as mentioned earlier the downward cycle in the economy will have its impact and it will continue for some more time.

Kaustubh Pawaskar: In that case the realization of average ticket will be lower considering the fact groups are given higher discounts. So the realizations will be lower on Y-o-Y basis?

George Joseph: I absolutely agree with you. Q3 is a quarter of groups where we see increase in footfall at the same time lower realization. However, on a Y-o-Y basis, I think there will be at least minimum 5% growth in the revenue.

Kaustubh Pawaskar: For the second half of FY2020?

George Joseph: No, Q3.

Kaustubh Pawaskar: Sir, your non-ticketing revenues have also seen a decline. Previously even though you had drop in footfalls, your non-ticketing revenues used to continuously grow. But for the last two quarters, we have seen that even non-ticketing revenues have seen a dip, so what is the reason for the same?

Satheesh Seshadri: In the Bengaluru Park it is directly proportionate to the footfalls. So when the footfall are low, there is a dip the non-ticket. If you take the average non-ticket revenue per customer, there is an increase both in Hyderabad and the Bengaluru park while there is a small dip in Kochi park, on an account of the dip in the F&B. We are improving with new menus and other offerings, we hope to catch it up.

George Joseph: As I mentioned, in Q2, there is a growth in groups, and a dip in the walk-in. Groups from schools, colleges have lower capacity to spend, hence the non-ticket revenue gets impacted due to the change in mix of the footfall.

Kaustubh Pawaskar: There were plans to bring in some value for money food options in all the three parks, so are you working on it or still it will take some time?

Satheesh Seshadri: We have already launched all-day meal coupons, which is running for sometime now and we have also introduced buffet options. We have seen good traction in these two numbers.

Kaustubh Pawaskar: Thanks for the clarification.

Moderator: Thank you, Sir. We have next question from the line of Sanjay Ladha from Concept Investwell. Please go ahead.

Sanjay Ladha: Going forward, from a 3 to 5 years perspective, what are the parameters for the sustainability in amusement parks business?

George Joseph: If you look at the CAGR of the amusement park industry in the country, it has been growing at around double digits over the last decade. If you compare with the global model, the penetration of the amusement park industry is much less in India. Once economic activity gains momentum and the GDP and per capita income go up, there will be about 10% to 12% CAGR across the years to come.

Sanjay Ladha: From your point of view, business will grow at 10% to 12% on revenue for a longer timeframe, not in short term?

George Joseph: Exactly. In the current year, across the County there has been a de-growth in footfall for all listed parks. Even though Wonderla has not de-grown, there is a flat growth in the current quarter. We are in touch with all other parks, and we find that in all parks there is a de-growth in the footfalls.

Sanjay Ladha: Sir, all the points you have mentioned are external factors, but what are the internal factors towards ensuring business sustainability?

George Joseph: We must look at our strengths. At Wonderla, our USP is cleanliness, hygiene, and safety, which are unmatched across the industry. No other park can match the cleanliness, hygiene standards of Wonderla. The high NPS score reflects that all our visitors are thrilled and they will definitely come back in higher numbers. Even though there was a decline in the footfall of other parks in Q1, Wonderla could show a growth of about 10% to 12% because of our business process re-engineering. Plenty of activation have been done internally and we are confident to register a growth higher than the industry. We will continue to add new rides and give a new look to all our parks across locations. We have the best talents and our people are our strength. I am happy to mention that our company has been certified as a “Great Place to Work” by the "Great Place to Work Institute". Globally, about 10000 companies participate in the survey on an annual basis and only a few of them get certified. We have been certified as a Great Place to Work in the first year of our participation in the survey. The trust index of the company that includes trust by the employees and the cultural index are extremely high compared to firms of similar size (employing 500 people or more). Then we also have a strong BD, BDP network, which are unique to us. We recently had an annual celebration for the BD & BDP and they have been recognized and awarded prizes. Apart from footfall and revenue, we evaluate the BDPs on many qualitative parameters like quality of their staff, the office setup, CRM implementation and other initiatives. For a BDP who scores 60% in the current appraisal we tell them you should score at least about 85% to 90% in the next appraisal. We are constantly trying to improve the quality of our people including the BDPs. We are apprising them every quarter on a five point scale and we are pushing their potential and the capability so that they will continue to benefit, not only the company, but also themselves by earning good commission and hope they will stay with us forever. These are some of the initiatives, which give us an edge over other companies and other parks. We are confident that our superiority in the business will continue.

Sanjay Ladha: In the previous call you have mentioned that you are looking to operate other parks, what is the progress on that front?

George Joseph: Yes, we were looking at it and there is no update on that front.

Satheesh Seshadri: We checked some parks in Karnataka region and some other region, but the quality of the rides and other things was not to our level, so we could not take it up.

Sanjay Ladha: Okay Sir. Thank you.

Moderator: Thank you. We have next question from the line of Rahul Agarwal from VEC Investments. Please go ahead.

Rahul Agarwal: Good morning. Thanks for the opportunity. Mr. Joseph, I have two questions. Firstly, on the way you plan a park. It is a top down question. After initial setup costs, do you look at certain occupancy levels for about three to four years to calculate your paybacks? How will this change in the new parks wherein you will have a lesser capital cost for the land as you have a long-term lease. Further question is on the older parks where you own the land. You spend a lot of money on the land to enhance it, hence it takes longer to get your payback. If we divide the capex into these two parts where you have a long-term lease and land ownership and how do you look at optimum levels of occupancy, what is the payback period you plan currently? If the optimum level of ROCE is 20%, in what timeframe can the company achieve it on an overall basis? Thank you so much.

Satheesh Seshadri: In case of Bengaluru and Kochi parks the payback period was about 7 to 9 years because the investment levels were also under control and in case of Hyderabad park, we have invested about Rs.272 Crores, so the payback period is going to be about 12 years. ROCE excluding the reevaluation of land is about 6% to 7% now. If you only take Kochi or a Bengaluru park, our ROCE is much higher. In case of Chennai park, where the investment is going to be about Rs.350 Crores plus and the major part is on the land, the payback period could be beyond 12 years. We are expecting ROCE on the parks to start with about 4% to 7% and go up to 10% to 12%. But at the same time, in the Odisha model where the investment in land is minimal, we will pass on the benefit to the people by reducing the ticket prices. But we expect higher footfall on account of the affordable ticker prices.

Rahul Agarwal: So Chennai park will incur Rs.365 Crores of capex, of which Rs 85 crores was on land?

George Joseph: Yes.

Rahul Agarwal: And then the balance of 280 crores will be spent on?

George Joseph: It is will be spent on the rides and the equipment and civil works.

Rahul Agarwal: Could you help with a broad percentage breakup between ride, equipment and civil works?

Satheesh Seshadri: Building & civil work will be 30%, the rides will account for another 30% and we have got the land for 30%, the balance 10% will be on plant and equipment.

Rahul Agarwal: For Chennai you will start with ROCE of 5% to 7% peaking at 12% is that correct?

George Joseph: Yes.

Rahul Agarwal: And for Odisha if one is assuming it a 10-year life cycle of ROCE would you generate on basis of current assumptions?

Satheesh Seshadri: We are still working on the investment and pricing strategy. As said in the beginning of the call, the survey is being done and we will firm up on the pricing and then we will get back to you on that.

Rahul Agarwal: Do you have a benchmark rate when you start evaluating a project below which you may not take up a project?

George Joseph: We do have that, and it is being evaluated.

Rahul Agarwal: In which year do you think the company will achieve 20% ROCE overall on a blended basis? Is that a very high number, and a 12% to 15% would be a reasonable range over next 5 years?

George Joseph: Yes, that could be the number.

Rahul Agarwal: Alright. Thank you so much. Thank you for answering my question.

Moderator: Thank you. We have next question from the line of Rohit Balakrishnan from Vrddhi Capital. Please go ahead.

Rohit Balakrishnan: What is the new tax rate applicable?

Satheesh Seshadri: We have already opted for the new tax rate of 25.63%. Earlier it was 35%. Considering our turnover was under Rs.400 Crores, it came to 29%. Now it is at 25.63% inclusive of all cess, we do not have MAT or any incentives under section 10. We have already availed the benefit of reduced taxation during this quarter.

Rohit Balakrishnan: I would like to know what would be the projected annual footfall for Chennai park broadly, just to get a sense how big is the market?

George Joseph: Market is quite big. We have recently visited the Vandalur Zoo at Chennai. We found that the average footfall to the zoo is around 20 lakhs per annum and some years it has peaked to 24 lakhs per annum. That being the level of footfall is seen in a zoo, we are confident of good visitor turnout at Chennai. We had recently gone to the aquarium setup by VGP near OMR Road in Chennai and found that there is good traction. We had footfall concerns when we started Bengaluru Park, but then we found that the Bengaluru Park turned out to be the best revenue generating park.

Rohit Balakrishnan: Do you track the repeat footfalls?

George Joseph: More than 30% footfalls are repeated and we have a mechanism to track it.

Rohit Balakrishnan: And this has been the same for a few years or that has increased recently?

George Joseph: We have a loyalty program which we introduced last year, named Wonder Pass. We have issued around 30,921 Wonder Passes in the year 2018-2019 and in the current year till now we have issued around 40,000 Wonder Pass, an increase of 33%. The redemption rate last year was 8% and in current year redemption is 17% till date. So that means we are able to get back 17% of the people who took the Wonder Pass. This loyalty program will gain popularity in the years to come and definitely we will see further improvements in redemptions.

Satheesh Seshadri: This is only on the walk-in, but the groups, we still have the higher numbers repeating, schools and corporate.

Rohit Balakrishnan: Okay. This has been very helpful. Thank you very much.

Moderator: Thank you Sir. We have next question from the line of Hardik Vora from Union Mutual Fund. Please go ahead.

Hardik Vora: Thank you for the opportunity. When we had two parks, the ROCE was upwards of 35%, what is different now because you are guiding for a lower ROCE going forward, so what has changed as far as the business structure is concerned?

George Joseph: After our two initial parks in Kochi and Bengaluru, we added Hyderabad park with an initial investment of about Rs.272 Crores and now with the addition of Chennai park, ROCE will get impacted. Going forward with addition of parks, we expect the ROCE to come down.

Hardik Vora: Right, but once the Hyderabad park is mature that is five years out, we would have three mature parks operating right, so the ROCE should upwards of 20%, excluding the land revaluation?

Satheesh Seshadri: The ROCE including land revaluation for Hyderabad park is about 4% and excluding revaluation is about 5% for the H1FY20 and for Kochi park the ROCE including revaluation is about 5% and excluding revaluation is about 29% and for Bangalore park ROCE is about is about 28% including revaluation and excluding revaluation it is about 156%. Chennai park will also have a similar ROCE in the initial years like Hyderabad park because the capital base is going to be bigger number, in 4% to 7% range and rise up to 10% to 12% range.

Hardik Vora: Thanks. What is the expected lease rental for the Odisha project.

George Joseph: For a 90 years lease, charges are only Rs.3 Crores for the entire 90 year period.

Hardik Vora: And what would be the cost of setting up the project?

Satheesh Seshadri: We are looking at Rs.75 Crores to Rs.100 Crores.

Hardik Vora: Okay, got it. Last time you had indicated that you have also rationalized your A&P spends. 22% was being spent on print and you realized that a shift to digital will be more cost effective, so has that happened in this quarter? Was some benefit seen in this quarter?

Satheesh Seshadri: Last time we spoke about moving from above the line which is the print initiative to the BTL. We increased below the line activities with more banners, Onam processions, enabling the BDPs with pamphlets and also pamphlets distribution. We are also simultaneously working on the digital initiatives. We increased film theater and on the radio advertisement compared to the print advertisements. Full impact of our efforts in first half was not seen due to the impact of rain due to which the reachability was not effective.

George Joseph: Coming to digital, we have two models. First is direct online booking via our website, second is through the portals like Paytm, MakeMyTrip etc. These portals initially offered a lot of discounts and cashback which they have tapered down over a period of time. We found that the booking through the portals has come down, and at the same time, the booking through our online portal has substantially gone up.

Hardik Vora: Okay, thank you for answering these questions. All the best.

Moderator: Thank you Sir. Ladies and gentlemen that was the last question. I will now hand the conference over to the management for closing comments. Sir, over to you.

George Joseph: Thank you very much for the insightful questions. Though the Q2 performance was flat, we are not unduly worried as the Q2 accounts for around 16% of our annual turnover. We are confident that with the new parks coming up, we will have exciting days ahead for the company. With our lofty standards, we are here to stay, perform and flourish. I once again thank all of the participants for the meaningful interaction, which will enable us to improve further. Thank you very much.

Moderator: Thank you very much Sir. Ladies and gentlemen on behalf of ICICI Securities that concludes this conference call. Thank you for joining with us. You may now disconnect your lines.

"Wonderla Holidays Limited
Q1 FY2020 Earnings Conference Call"

August 09, 2019

ANALYST: **MR. RAHIL JASANI - ICICI SECURITIES LIMITED**

MANAGEMENT: **MR. GEORGE JOSEPH – JOINT MANAGING DIRECTOR – WONDERLA HOLIDAYS LIMITED**
MR. JACOB KURUVILLA – INTERIM CHIEF FINANCIAL OFFICER - WONDERLA HOLIDAYS LIMITED
MR. SATHEESH SESHADRI – NEW CHIEF FINANCIAL OFFICER - WONDERLA HOLIDAYS LIMITED

Moderator: Ladies and gentlemen, good day and welcome to the Wonderla Holidays Limited Q1 FY2020 Earnings Conference Call hosted by ICICI Securities Limited. As a reminder, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing "*" then "0" on your touchtone phone. Please note that this conference is being recorded. I now hand the conference over to Mr. Rahil Jasani from ICICI Securities Limited. Thank you and over to you Sir!

Rahil Jasani: Good afternoon everyone. We would like to thank the management of Wonderla Holidays for giving us this opportunity to host this call. The management is represented by Mr. George Joseph, the Joint Managing Director, Mr. Jacob Kuruvilla, the erstwhile interim CFO and Mr. Satheesh Seshadri, the new CFO. Without further ado, I would like to hand over the floor to the management for their opening comments and then we can start the Q&A session. Thank you and over to you Sir!

George Joseph: Thank you very much and good afternoon to you all. We extend a warm welcome to all to discuss the earnings of Wonderla Holidays Limited for the first quarter for FY2019-2020. Wonderla Park is the destination where wonders never cease. Our visitors come to our park to escape the monotony of their regular life, to get an immersive experience and to make memories to cherish forever. We strive to make the visit a safe and pleasant affair and offer a venue for all round joy. To extend the experience, the visitors have an option to stay in our resort at Bangalore Park, which now comes with the WonderClub membership benefits. Typically, during the first quarter as the exam season ends, families make it a priority to visit our park and take advantage of the interactive all day action filled activities. The highlight of the first quarter was a significant growth achieved under all revenue segments such as ticket revenue, food and beverages and merchandise contributed by about 9 lakh guest who visited our park. This is a testimony of our initiatives and increased efforts taken to drive footfall growth.

Coming to the financial performance during the quarter, Q1 of FY2020 revenues increased by 13.2% Y-o-Y from Rs.103.8 Crores to Rs.117.6 Crores driven by 8.2% Y-o-Y growth in footfalls across all three parks. Ticket revenue grew by 14% and non-ticket revenue grew by 11% during Q1 of FY2020. Footfalls in Kochi, Bengaluru and Hyderabad Park grew by 12%, 9% and 4% respectively. Q1 FY2020 EBITDA increased by 19% Y-o-Y from Rs. 57.5 crore to Rs.68.6 Crores and EBITDA margin increased by 300 basis points from 55.3% to 58.3% on account of the revenue increase and cost efficiency initiatives on a continuous basis.

Q1 FY2020 PBT increased by 25% from Rs.49.5 Crores to Rs.61.6 Crores. PBT margin increased from 47.6% in Q1 FY2019 to 52.4% in Q1 FY2020. The PAT increased by 27.5% Y-o-Y from Rs.32.9 Crores to Rs.42 Crores, PAT margin increased from Rs.31.7% to 35.7%. Cash PAT. that is PAT plus depreciation increased by 22% from Rs.42.9 Crores in FY2019 Q1 to Rs.52.5 Crores in Q1 FY2020 indicating continued generation of healthy cash flows. We have done extremely well in the Wonderla resort, its room occupancy has gone up from 45% in Q1FY19 to 62% this quarter. Revenue from resort increased by 32% from Rs.2.86 Crores during the previous year to Rs.3.78 Crores during the current year. With that I would now like to open the call for question and answer session. Thank you very much.

Moderator: Thank you very much. We will now begin the question and answer session. The first question is from the line of Rohith Potthi from Marshmallow Capital. Please go ahead.

Rohith Potthi: Thank you for the opportunity and congratulations on an exceptional performance by the entire team. My first question is on the Hyderabad park, it has been three years since the park has been launched. Can you share your comments if the park has progressed as expected?

George Joseph: In Hyderabad, the footfall was not on expected lines, the footfall growth is only about 4% and revenue growth is about 7%. I have mentioned in the last concall Hyderabad witnessed unbearable temperature in summer, Q1 temperatures went up to 48 degree Celsius. There were public advisory in media to not come out, there will be sun stoke etc. Thereafter during the rainy season it is windy and cold, hence people are refusing to come out. This year in Hyderabad during the peak season we experimented with uniform pricing instead of having a weekend pricing, which has probably affected the footfall. It was an experimentation. However we found that our Hyderabad customers have not accepted this pricing strategy. These are the reasons why Hyderabad had muted growth, but we are increasing market activation via ad campaign, the BDP setup and other initiatives are in place. We are sure Hyderabad will catch up.

Rohith Potthi: Got it. Thank you. The next question is if you could give us if any update on the Chennai Park?

George Joseph: We have no new updates on Chennai park. The file is with the authorities and we expect clearance at any time. But we are still hopeful of a resolution soon as the Vellore by-election is now over and the ministers will be back. But we have taken some strategic decisions. We might go ahead and start work on plan approvals instead of waiting for the LBT exemption notification. Because in short term it has no impact on us. It will impact us only when we have the park operational. We are sure that much before that a favourable decision will be forthcoming from the Government Authorities. Right now we are in the process of uploading the documents for relevant approvals.

Rohith Potthi: If I remember correctly, the reason you were not beginning work on the Chennai park was that you did not want a case where one state levies an extra tax over GST like LBT in Chennai that would encourage other states to follow suit and you wanted to avoid that because that would make some of your parks unviable. Why has there been a change in that particular thought process?

George Joseph: There are certain things, which are beyond our control. Since last year we have been hopping that Tamil Nadu will withdraw the LBT and we are still hoping for the same. The project is already delayed and we have already invested Rs.105 Crores. Considering the opportunity cost on the investment already made, we thought it is not prudent to wait further. We will go ahead with the construction, subject to the approval of our plans.

Rohith Potthi: One more question on Chennai, over the last four, five years Tamil Nadu has been seen an acute water shortage. Do you see this impacting your park in any way? Especially when people don't have water for the necessity Sir?

George Joseph: This year water shortage is very acute in Chennai, however we have good ground water potential in Chennai land. We have dug a rainwater harvesting tank in about 2.75 acres which has water levels of about six to eight feet during summer. However, we have to be very frugal as far as water consumption is concerned. Our water park in Chennai will be designed in such a way to reduce water consumption. We are also looking at some international models, where water parks consume lesser water. Our Executive Director, Ms. Priya has already visited a few parks abroad and she has brought certain models whereby the water consumption in Water Park will be the least.

Rohith Potthi: Understood Sir that was very helpful and one last question. Around a year back Mr. Arun Chittilappilly took break from the business, so I was wondering if there is any development on that front.

George Joseph: We understand that Arun's Son who is attending a special School in Canada has to continue his Program in the same School for some more time. Mr. Arun is in active discussions with us on a regular basis and he is actively involved in all the technical issues relating to the existing parks and the forthcoming park. We hope his handholding will continue.

Rohith Potthi: Understood. As always you have been very detailed and transparent with your answers. Thank you.

Moderator: Thank you. The next question is from the line of Prateek Barsagade from Edelweiss. Please go ahead.

Prateek Barsagade: Thanks for the opportunity. My first question is for the non-ticket revenue part. While we have seen the ticketing revenue grow well this quarter, we have seen the non-ticket revenue across parks languishing. Do you have any kind of strategy to increase that?

George Joseph: As I mentioned in the last call, we are looking at various options like encouraging the breakfast, dinner, introducing buffet across all parks. One reason for muted growth in non-ticket revenue is the sale of products like mineral water, chocolates etc at the normal MRP unlike multiplexes which sell the same at a premium. There is a growth of 11% in F&B and 9% retail and the same growth would continue. We are also looking at other income streams which can increase the non-ticket revenue. We are exploring the possibility of managing third party parks as an operator, especially parks which are not running well due to various reasons.

Prateek Barsagade: How has your strategy of wonder pass worked so far in terms of repeat footfalls, in terms of the people who have subscribed to that kind of service?

George Joseph: Wonder pass has been doing very well. All the parks are issuing about 3000 cards wonder pass per month. The redemption rate is around 10%. The scheme has started only a year back and the redemption will catch up in the days to come.

Prateek Barsagade: Post the small accident which happened in June, is everything back to normalcy? Did it have any impact on the footfall?

George Joseph: The Bengaluru incident was a small accident wherein only one guest had a hairline fracture on the toe. Somehow the social media has blown it out of proportion. There was a media propaganda that 26 guests had suffered multiple fractures in the Bangalore park accident, which is not at all true. There is no significant impact on footfalls on account of the accident. We have reported the incident to the police. We are revamping our safety aspects even though we have one of the best security protocol in the Indian amusement park industry. We are revamping it, doing extra mock drill, ERT etc. We have a detailed manual containing all information about the operations of a particular ride, which is scrupulously followed. Every morning we have a preopening check wherein the operator checks the ride in detail before opening the ride to the public. There is a random check by the supervisor in addition to the preopening check by the operator. In addition to the daily check there is a monthly check where all these safety aspects are taken care of. In addition we have yearly shutdown maintenance and an NDT which means Non Destructive Tests, wherein the integral parts of the rides are subjected to a sort of scanning. If any untoward results are seen, immediately we undertake shutdown maintenance. A reputed international agency, TUV Germany, comes to our parks every year and in rotation they check all high thrill rides. They have till date checked 28 rides across all three parks. We also have the ISO 14001 and OHSAS certification & Veritas, also an international agency who certified our integrated management system and their certification is valid upto 2020. Then we have our own internal checks, our own internal auditor, a technical guy going and checking the rides and reporting any issues to the top management and actions are initiated immediately. We have paramedics managed first aid, we also have an AED machine, which will take care of any possibility of a heart attack before the victim is rushed to the hospital. We have a doctor in Bangalore, we are going to have a doctor in Hyderabad as well. We always have two well-equipped ambulance vans in each park ready to rush to the hospital in the case of an emergency. Recently a major accident occurred in a park in Ahmedabad (not related to Wonderla). Such accidents taking place in any park in any part of the Country will have an impact on all amusement parks. Therefore we are taking a lead along with the Industry Association to highlight the need for having adequate safety protocol in all Amusement parks, so as to eliminate the chances of such accidents.

Prateek Barsagade: You have covered everything very comprehensively. When do you expect Chennai park to be operational?

George Joseph: In about 18 to 20 months from the date of commencement of construction, so hopefully FY2021.

Prateek Barsagade: Okay Sir. That is all from my side. Thank you.

Moderator: Thank you. The next question is from the line of Pankaj Kumar from Kotak Securities. Please go ahead.

Pankaj Kumar: My question pertains to what is the capex that we are looking for Chennai Park?

Jacob Kuruvilla: Rs.365 Crores is the total capex we plan, out of which we have already spent Rs.105 Crores, so the balance to be spent would be around Rs.260 Crores. We already have around Rs.150 Crores in short-term investments and the balance will be taken care by internal accruals during construction period.

Pankaj Kumar: So balance Rs.250 Crores capex is already there in the books and another Rs.100 Crores will be funded through the internal generation next year?

Jacob Kuruvilla: As already mentioned Rs. 150 Crores is already in our books and the balance Rs. 100 Crores will be funded through internal accruals.

Pankaj Kumar: And Sir regarding Kochi, so do you see any impact of the rainfall in Kerala, in this quarter?

George Joseph: The severity of the rain and the flood, which we are experiencing in the last two days is not as much we have witnessed last year. I do not think it will be impacting the footfall like last year. It was the combination of many things last year, Nipah virus scare which was totally ruled out as far as this state is concerned, the Sabarimala issue, it is a chaotic situation last year as we lost almost about 90 days in Kerala on account of the issue and consequent hartal. This year, there is a control on the call of hartal, so I do not think that the situation we had in Kochi last year will be repeated in the current year.

Pankaj Kumar: Footfall guidance for FY2020?

George Joseph: I think we expect footfall growth be around 8% to 10%, Kochi footfall should come back, last year we lost about Rs.1.6 lakhs, which come back in the current year and in upcoming quarters we have festival season including Onam, Dussehra, Diwali.

Pankaj Kumar: And how about Hyderabad park, it is in low single digit 4%?

George Joseph: 4% in Hyderabad also should increase, since the group footfalls will start now. The first quarter was basically for the families and we have seen good walk in, On account of various activities we have done like revamping the BDP setup, now BDPs are all in place across Telangana and Andhra Pradesh and we are confident that they will be able to do well. Dussehra season will be a good crowd pull in season. Hyderabad should see a growth of around 8% to 10%.

Pankaj Kumar: And any take on the price increase?

George Joseph: We have taken 5% increase in the ticket price and F&B in the current year. Going forward, to commensurate the inflation there will be minimum increase of 5%. We will review the cost of raw material as far as F&B is concerned and wherever midterm correction is required we are doing that. In fact we have already started that midterm correction in the resort as well as in Hyderabad park by increasing the F&B prices.

Pankaj Kumar: Okay and regarding this Bengaluru resort, we have seen good growth in the number on Y-o-Y basis and the occupancy has improved. What is the outlook for the year?

George Joseph: Outlook is also bright because long stays, which we had almost dried up last year, from 117 in the first quarter, have gone up to 719 in the first quarter of the current year. We could bring back long stays on account of certain initiatives we are looking at an occupancy of 48% to 50% in the current full year. Even though in the first quarter we had a wonderful occupancy of 62%, for the full year we are expecting around 48% to 50%. We have initiated WonderClub to increase the occupancy. In addition to the resort in Bengaluru, we have entered into a tie up with five star property, Four Points by Sheraton in Kochi. So our WonderClub cardholders can now enjoy the stay at Sheraton along with the Kochi park to stay & play as currently being done in Bengaluru.

Pankaj Kumar: So is this on a revenue sharing basis?

George Joseph: It is not on a revenue sharing basis, we have taken a number of rooms for the entire year at a predetermined price. In addition to the WonderClub, certain promotional offers are live in Bengaluru. One day stay & play offer for Rs 5999 where the guest gets one room night stay and park entry, Rs 9999 offer in which guests get two room nights stay and two day park entry. These will be replicated in Kochi and we are going for a similar tie up in Hyderabad with a property closer to our park. We have plans to construct our own resort in Hyderabad.

Pankaj Kumar: Okay, so what will be the size of this investment?

George Joseph: It will be like Bengaluru resort which has 84 rooms. Hyderabad resort will also have 84 rooms, but we may not make the entire 84 rooms operational at the beginning. Depending upon the occupancy the superstructure will be constructed, but we will not be furnishing all the rooms. The architectural plans are in process and upon finalisation, we will immediately take up construction of the Hyderabad resort.

Pankaj Kumar: What investment it would require?

George Joseph: It will be around Rs.30 - Rs.32 Crores.

Pankaj Kumar: Cumulatively, how much investment we have done in Hyderabad park?

George Joseph: Rs.275 Crores in Hyderabad at the beginning, so this add about Rs.30 - Rs.32 Crores and total will be above Rs 300 crore. As per our study, Hyderabad will have a better occupancy because the location is very close to the airport, we are within about 15 minutes from the airport. Whereas it takes about two hours from the airport to reach our Bangalore Park. We are located on the outer ring road whereas in Bengaluru we are 1.5 kilometers away from main road. Hyderabad park has a lot of tech companies around it and also lot of land deals are going on wherein new construction is coming, so it will have a better potential than Bengaluru.

Pankaj Kumar: There has been overall slowdown in consumption in lot of other sectors, so how do you see the impact on theme parks?

George Joseph: Overall if you look at the industry there is a slowdown in the country, the impact is also seen in theme parks, in the amusement park industry. We only have the listed company's numbers available and those numbers reveal that the footfall is coming down slightly.

Pankaj Kumar: Okay, you are saying that in theme park we have not seen that kind of impact as of now?

George Joseph: Yes.

Pankaj Kumar: Okay Sir. Thank you.

Moderator: Thank you. The next question is from the line of Nitin Awasthi from ITI Securities. Please go ahead.

Nitin Awasthi: Just two quick questions, one was regarding the Chennai park once you start the construction of the Chennai park would you also be constructing a resort in Chennai?

George Joseph: Not immediately, as I mentioned we will have a resort in Hyderabad now, after completing 3 years of operations. Only after we start the park in the Chennai and after seeing a couple of years performance we will take a decision on whether to have a resort in Chennai. As of now we have no plans for resort in Chennai.

Nitin Awasthi: Okay Sir, the second part was regarding the restaurant revenue, could we have a figure of what was the revenue from the restaurants this quarter and correspondingly the previous quarter previous year?

Jacob Kuruvilla: Last year it was Rs 11.28 million and this year it was Rs 12.39 million.

Nitin Awasthi: There was a strategy put in place and the restaurants were taken over by the company and a lot of revamping of operations was done on that front. Are we already seeing results of that? What will be the results of the initiatives that the company is taking, will the margins expand or will the absolute number of revenue earned from the restaurant business increase?

George Joseph: Now almost all restaurants are run by us except a few like the pizza and fried chicken. Definitely the margin should be higher and we are able to take care of the quality and margins are 8% to 10% higher than what it was before.

Nitin Awasthi: Thank you Sir.

Moderator: Thank you. The next question is from the line of Nemish Shah from Emkay Investment Managers. Please go ahead.

Nemish Shah: Thanks for the opportunity and congratulations on a great set of numbers. Can you explain again what was this experimental rate pricing that was taken in Hyderabad?

George Joseph: Normally in the first quarter peak season we have a differential pricing for the weekend and the week day. Week day price is slightly lesser and weekend price is higher. Peak season weekend price is the highest. In Hyderabad we experimented with the Peak weekend rate for the entire peak period including week days. That means we have no differential pricing during first quarter peak season. This resulted in reduction in footfalls during week days.

Nemish Shah: So what was the rationale behind us?

George Joseph: We thought that Hyderabad is not very price sensitive. But in reality it is found otherwise and we have taken corrective measures.

Nemish Shah: What will be the total capex for this financial year?

George Joseph: Excluding Chennai, capex will be around Rs.22 Crores. We already spent about Rs 5 Crores in the first quarter across all parks for new rides.

Nemish Shah: When will you incur the capex for the resort in Hyderabad?

George Joseph: We are going to start it immediately once drawings & architectural plans are approved by the authorities. We will start immediately and we will incur that capex in about 18 to 20 months.

Nemish Shah: So that is not included in this Rs.22 Crores?

George Joseph: That is not budgeted, that is not included, and it is a decision which was taken recently.

Nemish Shah: Okay and one more thing what will be the tax rate for the year?

Jacob Kuruvilla: For companies with turnover between Rs.250 to Rs.400 Crores; the rate has been reduced to 25%, so we will be getting that benefit.

George Joseph: The total tax will be around 29.12% compared to 34.94% last year.

Nemish Shah: So going forward you will take a lesser tax provision?

George Joseph: Yes.

Moderator: Thank you. The next question is from the line of Rohith Potthi from Marshmallow Capital. Please go ahead.

Rohith Potthi: Thanks once again for the opportunity. This is a follow-up to what you mentioned about probably taking over the operations of a park for a fee. Wonderla is the most profitable operator in India by far, so if there is a scenario where you would be open to acquisition of a park?

George Joseph: There are no plans for an outright acquisition. We want to develop our own model and we are not keen to acquire Company and turn it around. However as already mentioned we have plans to take up management of third party parks which are found to be a proper fit for us. We have a big talent pool with us and we want to leverage the talent pool to manage the third party parks which are not running on profitable lines due to various reasons. We will negotiate for appropriate fee based income as a percentage of the total revenue or EBITDA or a combination of both as mutually agreed upon.

Jacob Kuruvilla: No decision has been taken, just discussing as an option, and we are looking if there is an opportunity in that field.

Moderator: The next question is from the line of Rahil Jasani from ICICI Securities. Please go ahead.

Rahil Jasani: Just a couple of questions. What is the expected approval time for Chennai park plans once we submit the papers?

Jacob Kuruvilla: Let us say in six months time if we take a decision and move ahead we will be starting by at least by January 2020 the then it may extend to FY2022.

George Joseph: The Hyderabad Park was completed in 15 months.

George Joseph: Compaction, the land leveling, the compound wall, the road, etc., are ready. We have some rides ready for installation and we are parallelly appointing three to four contractors who will simultaneously start the civil construction. So it will be like Hyderabad park which we were able to complete in a record time.

Rahil Jasani: That is right Sir and secondly on the Hyderabad park, can I know what were the margins last year and how do you expect the margins going forward in the next one or two years if the footfall growth steps up?

Jacob Kuruvilla: For the last year 2018-2019, EBITDA margin was 46% and we expect it to go in the similar trend.

George Joseph: And for the first quarter we had a footfall growth of 4% and the revenue growth of 7%, EBITDA margin increased to 65%, and the PBT increased 12% in Hyderabad.

Rahil Jasani: That is it from my side. Thank you so much.

Moderator: Thank you. As there are no further questions, I will now hand over the conference to Mr. Rahil Jasani for closing comments.

Rahil Jasani: Thank you so much for the concall. I would like to thank again for your valuable time.

George Joseph: The first quarter has been great experience to us by way of the revenue growth and the profit growth and going forward we would like to continue the same trend. But there are lot of challenges. We are all aware of the slowdown of the economy and this might affect the footfall and the revenue of the amusement parks. The re-engineering, which we are doing in our organization will definitely help us to be ahead of other parks as exhibited in Q1. We hope the year will end in a similar trend of Q1. About 36% to 38% of the full year's revenue comes in the first quarter, second quarter and fourth quarters are relatively lean and contribute 18% and 23% respectively. The third quarter is the second best quarter. We hope that we will be able to maintain the growth momentum achieved in the first quarter. Thank you very much for your time and the insightful questions.

Jacob Kuruvilla: Thank you.

Moderator: Thank you very much. On behalf of ICICI Securities Limited that concludes this conference. Thank you for joining us. You may now disconnect your lines.

"Wonderla Holidays Limited
Q4 FY2019 Earnings Conference Call"

May 16, 2019

ANALYST: **MR. NIMIT SHAH – ICICI SECURITIES**

MANAGEMENT: **MR. GEORGE JOSEPH - JOINT MANAGING DIRECTOR**
MR. JACOB KURUVILA - CHIEF FINANCIAL OFFICER

Moderator: Ladies and gentlemen, good day and welcome to the Wonderla Holidays Q4 FY2019 Earnings conference call, hosted by ICICI Securities Limited. As a reminder all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing "*" then "0" on your touchtone phone. Please note that this conference is being recorded. I now hand the conference over to Mr. Nimit Shah from ICICI Securities Limited. Thank you and over to you Sir!

Nimit Shah: Good afternoon everyone. We thank the management of Wonderla Holidays to give us an opportunity to host this call. From the management, we have Mr. George Joseph, Joint Managing Director and Mr. Jacob Kuruvilla, Chief Financial Officer. I would like to handover the call to Mr. Joseph for his opening remarks. Thank you and over to you Sir!

George Joseph: Thank you Nimit and good afternoon to all of you. We extend a warm welcome to all of you to discuss the fourth quarter and FY2018-2019 earnings of Wonderla Holidays Limited. Wonderla Parks introduce visitors to a different world as soon as they enter our premises. We at Wonderla are in the business of providing a thrilling and unforgettable experience. A combination of innovative engineering capabilities, prudent financial management, high standards of safety, hygiene and a visionary promoter leading the way have contributed to our success till now.

As of March 2019, our very first park, Wonderla Kochi, which was set up in the year 2000 is close to completing two decades of operation. Our Bengaluru and Hyderabad locations have completed 13 and 3 years of operation respectively. In 2019, we faced unexpected challenges like Nipah virus outbreak and floods in Kerala. Despite these disruptions we have been able to deliver an improved operating performance.

During the year, we undertook several initiatives to improve the market penetration. We enhanced our social media marketing and also introduced loyalty programs like Wonderpass and WonderClub. Overall, we witnessed positive trends in footfall and increased in-park spends leading to double digit growth in the non-ticket revenue.

Coming to the financial performance during the fourth quarter, our revenue from operations increased by 10.4% year-on-year from Rs.549.6 million to Rs.606.5 million driven by 6.8% growth in footfall. Ticket revenue grew by 8.8% year-on-year and non-ticket revenue grew by 14.1% year-on-year. The Bengaluru Park witnessed a growth of 10% in footfall, Kochi and Hyderabad parks witnessed a growth of 5% each in footfalls. Our EBITDA increased by 16.6% year-on-year from Rs.153.3 million to Rs.178.7 million while the EBITDA margin expanded to 29.5% from 27.9% in the corresponding quarter of last year. PAT almost doubled itself growing 90% year-on-year from Rs.36.8 million to Rs.70 million and PAT margin increased from 6.7% in Q4 FY2018 to 11.5% in Q4 FY2019. Initiatives towards driving more long stays in the resort at Bengaluru saw a substantial rise in occupancy from 32% in Q4 FY2018 to 52% in Q4 FY2019. Cash PAT that is cash plus depreciation increased by 25.2% from Rs.134.7 million to Rs.168.7 million indicating continued generation of healthy operating cash flows.

On a full year basis FY2019, we had total revenue of Rs.2820 million generated from operations, a 4.2% growth over Rs.2705 million registered in FY2018. Our various initiatives for cost rationalization, procurement efficiencies and efforts in streamlining services resulted in a significant 28% growth in EBITDA, which grew from Rs.892 million in FY2018 to Rs.1143.4 million this year. Consequently, a commendable EBITDA margin expansion of 758 basis points was seen, growing from 33% in FY2018 to

40.5% this fiscal. Being a debt free company, higher EBITDA translates to higher PAT for us. We are happy to see all our efforts having the desired impact and proudly announce a 44% rise in profit after tax clocked in at Rs.554 million in FY2019 against Rs.385 million in FY2018. PAT margin at 19.6% for a full year of 542 basis points boost over 14.2% registered in FY2019. We are also happy to announce that we recommended a dividend of 18% for financial year 2019. I would like to open the call for question and answer session. Thank you.

Moderator: Thank you very much. We will now begin the question and answer session. Ladies and gentlemen, we will wait for a moment while the question queue assembles. The first question is from the line of Abneesh Roy from Edelweiss. Please go ahead.

Abneesh Roy: Sir congrats on good results. My first question is on the strategy between the three parks. I saw that in the Bengaluru park we took no price hike at all and the footfall growth was better than the other two parks. In the other two parks, we have seen a blend of both footfall and price hike. Is this because Bengaluru park is already priced beyond the threshold level of Rs.1000 and in FY2020 will we still be focused on footfall in Bengaluru?

George Joseph: We had a 5% price hike in Bengaluru and only in Kerala we have rolled back the price hike on account of the floods, otherwise we had a price hike in all the parks.

Abneesh Roy: So why it is not visible when I see average revenue per visitor in Bengaluru?

Jacob Kuruvilla: Maybe there are some changes in the footfall mix. It may not reflect in the average revenue per visitor, but when there are higher group entries, we give them higher discounts, hence the price hike isn't evident.

George Joseph: In January 2018 GST was reduced from 28% to 18%. There is some aberration on account of the GST impact and service tax as well, when you compare with the last year.

Abneesh Roy: But from Q1FY20 it will be like-to-like comparison?

George Joseph: Yes, it will be a like-to-like comparison from now on.

Abneesh Roy: Any plan for rate hike across three parks in FY2020?

George Joseph: In fact in current year FY2019-2020, we have taken a price hike of 5% across all parks. In addition, we have also raised prices of certain F&B items consumed in large numbers like combo meals, Biryani etc .

Abneesh Roy: Sir you already doing well in F&B, but any learnings you can take from how multiplexes are managing F&B prices? Is there an opportunity to upgrade and go into more offerings just the away multiplexes have done?

George Joseph: We have now started buffet across all 3 parks. We also encourage the groups booked by BDPs to have breakfast and dinner. We are also insisting on all day meal plan, which includes breakfast, lunch and the dinner. As an experiment, we also tried alternate Saturday sky wheel dinner which was also promoted online. Whatever is successful in one park we are replicate it in other parks.

Jacob Kuruvila: We do not want to have high F&B prices as seen in multiplexes, we want to keep it at reasonable level, without much price difference between the restaurants outside and our restaurants.

Abneesh Roy: Sir my second question is on the resort, over last two to three years, it has shown a very volatile performance. If you could elaborate what you have done for long stay & is it sustainable? Secondly even though occupancy rate of 52% is a good improvement, it is still below the overall industry levels. Do you see this touching 65% in the next year?

George Joseph: In Q4, we had about 789 long stay against 186 in the previous year. Long stay is going up, but it is not sustainable. Our occupancy has improved from almost 32% to 52%, there is a big jump in occupancy in the last quarter and short stay segment has gone up from 2006 to 2687, a 34% increase. In the current year, April and May have been fantastic and till date in May we have touched an occupancy rate of 69%, and in the current month our occupancy rate is 82%. I think the trend is good and the bad times are over as far as the resort is concerned. We hope that we will be able to do well in the coming months.

Abneesh Roy: Why is the long stay not sustainable? What is driving the occupancy? Is it B2B conferences & off-site that is not sustainable?

George Joseph: Suppose there is a project in our area. So for that project people come from different locations and we are able to get them for long stay. Once the project is over, they leave. So that is why it is not sustainable. We have also introduced Wonder Club, which is a program wherein we are selling the occupancy of the resort for three years to six years depending on the variant chosen. Gold card variant is valid for three years and provides three one night stays with breakfast buffet and free Fastrack park entry over a period of three years; for this we charge only Rs.18,299 plus GST. For the diamond category variant, we provide six night stays with breakfast buffet and 12 tickets for the park entry at Rs.33,999. These are at a deep discount to the current rate. We promote the same to BDPs to whom we offer a discount of 10% as a promotional offer and give a commission of about 8%. We have targeted 3000 card issue in the current year and we are on track to achieve the same.

Moderator: Thank you. The next question is from the line of Tejas Shah from Spark Capital. Please go ahead.

Tejas Shah: Thanks for the opportunity. Sir if we look at Kochi park, this quarter has shown good growth. But for the full year, because of the washout we had in the first half, the numbers are down. How do you read the demand environment for Kochi for FY2020? Do you think that we can reach the absolute numbers that we clocked in FY2018?

George Joseph: Our target is to get back to the absolute numbers we have achieved in the past, but then you should understand that Kochi-Kerala is a difficult market. Firstly, Kerala heavily depends upon rubber industry, the rubber prices are low and highly volatile. On account of that, income generation of our target group is getting affected. There is a challenge in terms of rebuilding and reforms after the floods. But footfall growth is showing recovery and we will be able to achieve a growth of about 10% to 12% in the current year.

Tejas Shah: Footfall growth?

George Joseph: Yes, 10% to 12% footfall growth , so about 13% to 15% growth in overall revenue because we have taken hike in F&B prices

Tejas Shah: Sure. Second question pertains to Hyderabad Park. In Q4, the footfall growth has been around 4.8%, similar to what was seen in Kochi and for the full year, growth is around 10.5%, as seen in Bengaluru. Now in terms of maturity, Hyderabad Park is newer than the other two parks so growth rate conversing with two mature parks seems discouraging. Do we still maintain the plan of reaching 1 million footfalls in two to three years?

George Joseph: Yes, in Hyderabad, we have to penetrate further in the state of Andhra and Telangana. While we are doing that, there are external factors affecting; for example, we were targeting good footfall growth from May 15 onwards, but this is not happening because the temperature 44 degrees average temperature is seen in the park. Some media elements are creating panic among the people about potentially fatal sunstroke. Bengaluru park took six years to achieve 1 million levels, Hyderabad being a smaller market I think we will definitely see 1 million in a couple of years.

Tejas Shah: Any update on Chennai Park?

George Joseph: As mentioned earlier, everything is ready, but we are still waiting for the notification exempting the amusement park from the local body tax. It was expected before election notification, but unfortunately it didn't, We hope it will come after the announcement of the results. Hopefully we will then submit the papers for approvals, which will take only one month because there is a single window system. So will have to wait and see.

Tejas Shah: Sure thanks and all the best Sir.

Moderator: Thank you. The next question is from the line of Tarang Aggarwal from Old Bridge Capital. Please go ahead.

Tarang Aggarwal: Thanks for taking my question and thanks for a rather elaborate presentation. I have a couple of questions. The first question is that I have noticed that the promoter holding has gone down in this quarter from 71.28% to almost 69.3%, what was the reason for it?

George Joseph: The promoter wanted to invest in a philanthropic project for his foundation, called Chittilappilly foundation. He had brought some land for this project, which was funded by the sale of equity stake

Tejas Shah: Second question is about land utilization. Sir, you have about 188 acres of land between Kochi, Hyderabad, Bengaluru and Chennai. So what is your plan for the vacant land. In addition, can you please give me some details on the land cost between Kochi, Chennai, Hyderabad and Bengaluru?

George Joseph: When we go for a project we always keep some land for expansion purposes. If require 20 to 25 acres for the park, we buy at least 25 to 30 acres of additional land for purpose of future expansion of the park. In Bengaluru we established a resort attached to the park and it has been paying off. This may be replicated in other parks. Coming to the land price, it is currently around Rs.1 Crores per acre in southern region.

Tejas Shah: So Rs.1 Crores per acre is a ballpark figure?

George Joseph: It had been lesser than 1 crores in Bengaluru because we established our park a little away from the city. Hyderabad park is nearer to the airport, but in Bengaluru it is around 22 kilometers away from the city. In Chennai also now we have purchased land away from the city so the price is less

Jacob Kuruvilla: Wherever we have purchased the land parcel, there has also been good appreciation. For example, the price of land in Hyderabad, has increased by three times the our acquisition price. Even in Chennai, our recent purchase, the acquisition cost was Rs.1.07 Crores per acre and now it is around Rs.2 Crores per acre within a short time. Appreciation of the property is not our main motive. We keep the property for our own and plan to add rides or resort in future. We have added playgrounds play courts in the Bengaluru park, we are also using the extra to create a wedding destination. Some part of the land in Bengaluru & Hyderabad is being utilized for vegetable cultivation.

Tejas Shah: There is this line item, which says other balances with banks, which is at Rs. 400 Million from March 2019 against Rs.4.7 Crores in March 2018 if you could throw some light on that?

George Joseph: Yes, on page 18 in the presentation, an amount of Rs.40 Crores has been deposited in two banks in addition to the mutual fund investment.

Tejas Shah: Okay thank you.

Moderator: Thank you. The next question is from the line of Amar Kalkundrikar from HDFC Mutual Fund. Please go ahead.

Amar Kalkundrikar: Thanks for the opportunity. Footfalls have grown in Q4, but the walk-ins that is non-group footfalls have fallen, can you please clarify as to what you think is the reason for this?

George Joseph: That is on account of the shift in festivals. For example Easter, which came in the first quarter of 2019 in March, holiday season started early, and as a result we have more groups. If you look at the peak season in Q1, we have only direct walk-in footfall and the groups are less, whereas in Q2 and Q3 and to a certain extent in Q4 we have more groups than the walk-in.

Amar Kalkundrikar: For next year what kind of footfall growth do we envisage and if you could further break that down between walk-ins and groups please?

Jacob Kuruvilla: We expect 10% to 15% increase in footfalls and mix of walk-ins and groups will continue to be the same.

George Joseph: Yes in fact if you look at the mix in Kochi and Hyderabad, the group mix is around 35% to 40%, but in Bengaluru, it is slightly less at 25% to 30%. We have taken action by appointing direct selling agents in Bengaluru now and we are expecting the groups to grow in Bengaluru without affecting the actual walk-in.

Amar Kalkundrikar: Alright. Thank you.

Moderator: Thank you. The next question is from the line of Kaustubh Pawaskar from Sharekhan. Please go ahead.

Kaustubh Pawaskar:Thanks for giving me the opportunity and congrats for good set of numbers. Sir my question is on the non-ticketing revenues for Bengaluru park. We have seen flat non-ticketing revenues per person, what could be the reason for the same. For other parks, the growth is in single digit now, while previously we used to see double-digit kind of growth. Can you please let us know what could be the reason for the same?

George Joseph: As I mentioned to you that we are trying to push more groups in Bengaluru which means more school children, college students etc. So we do not have much of scope for increase in the non-ticket revenue, because they come with their own costumes and do not buy our costumes, they do not have big budget to spend on other facilities in the park.

Kaustubh Pawaskar:So going ahead should we expect similar kind of trend in terms of increase in the non-ticketing revenue, an average 5% to 6% kind of increase considering the fact that you have taken some price increases in F&B?

George Joseph: Yes. Firstly, we have already increased the F&B prices for fast moving items. Secondly, as I mentioned earlier, we have introduced added options like breakfast, buffet and whole day meal plan,special dinner on Second Saturdays. We are trying to push locker usage as well. Number of lockers used has doubled over the last year. Due to all these initiatives, we will continue to see the non-ticket revenue rise.

Kaustubh Pawaskar: From 2017 to 2019, we have seen significant improvement in the operating margins which have reached about 40% in 2019. Going forward, is there any scope of improvement in the operating margins?

George Joseph: The cost efficiency and the compression of the operating expenditure has bottomed out, now you cannot see the similar reduction going forward. We have to incur some expenditure, if you look at the last quarter we had an increase in operating expenses by about 8%. However, year-on-year there is a reduction of about 8% . So going forward, I do not think that we can have a very high increase in the EBITDA margin, we can maintain at the current level of about 41%.

Kaustubh Pawaskar:Okay got your point Sir. Thank you.

Moderator: Thank you. The next question is from the line of Rohith Potti from Marshmello Capital. Please go ahead.

Rohith Potti: Thank you for the opportunity and congratulations on excellent set of numbers. Sir my first question is on the pricing strategy, if I remember correctly, at the beginning of the previous financial year it was mentioned that you are going to look at aggressively increasing the volumes and for the next couple of years you would not be increasing the pricing, but this year you mentioned that you have taken pricing increase across F&B and ticket, could you please elaborate the reasoning for the change in pricing strategy?

George Joseph: Actually we are not planning to take aggressive price increase, but to meet the inflation we have kept our price increase limited to 5% as a part of our strategy.

Kaustubh Pawaskar:Okay understood.

George Joseph: Earlier, we were taking aggressive price increase of about 10% to 12% every year and we found that there was a resistance to meet the price. So now we have decided to rationalize pricing, but at the same time to cover inflation we are taking a small hike of about 5%.

Kaustubh Pawaskar: If F&B pricing increases at the same level as well?

George Joseph: We have slightly increased prices on fast moving F&B items like from Rs.130 to Rs.140 and Rs.180 to Rs.190. It has not faced resistance and it is is limited to fast moving items, other item prices have not been increased.

Kaustubh Pawaskar:Understood. Second question is more on long-term strategy. I think as per the initial plan, the Chennai park was supposed to have been set up by now. But because of factors beyond our control it has been delayed. So going forward, does the management think is there any way to mitigate this happening in future? I believe you had mentioned that Gujarat and Goa are possible options. So do you think you would purchase land in two places simultaneously? Will it be possible to mitigate regulatory delay in other geographies?

George Joseph: Chennai has been a peculiar case because land acquisition itself took a few about four to five years. The moment we start construction there, we will look for the fifth location. Chennai park is expected to be completed within 15 to 18 months after construction begins. By that time, land will be ready in fifth location. I do not think that whatever happened in Chennai will happen in the next location, but we do not want to use our bank balances for buying the land either. As of now we have already invested about Rs.104 crores in the Chennai park for the land acquisition and the connected cost. We may need another Rs.260 crores more for completion of the park, for which we have Rs.130 crores on our books. The cash generation during the construction period will be around Rs.100 to Rs.120 Crores, so we may have to go for a small external borrowing for completion or supplier credit. Then we may utilise reserves for buying the land for the next location.

Kaustubh Pawaskar:Thank you for the detailed answer to all questions, it is quite helpful. The next question I have is, how do the management think of dividends versus buyback? At the current price would you allocate capital to buy back shares?

George Joseph: We do not have immediate plans for buyback because we need amount to be conserved for setting up the new park.

Jacob Kuruvilla: We have declared a dividend of 18% and accounting for DDT is around 22%. With our dividend policy, I think whenever we have a good profit, we will definitely reward the shareholders.

Kaustubh Pawaskar:And my last question is on advertising and the capex plans for the next year. If you are expecting footfall growth I expect that the peak days in some parks may be a little crowded? Also, what was the advertising and the capex expense for the three parks for the next year?

George Joseph: Capex plan for existing parks is about Rs.28 Crores. We are adding new rides in Bengaluru and Kochi, while some are in process at Hyderabad. For advertising & marketing we have a budget of about Rs.20 Crores. We are looking to change the ad mix. Earlier we were spending lot on print media, we observed that it was not getting fair result because our target group is more into digital than print media. Hence we are going to increase online penetration and advertising via hoardings & movie theatres. We are also penetrating markets directly, for example, in Kochi and Hyderabad during Onam and Christmas, our teams will go various districts to pitch Wonderla in different locations. We are also concentrating on direct marketing, for example staff of our Kochi park which hail from Munnar has traveled 150 kilometers and enroute they have stopped in various locations and distributed thousands of flyers. All of our staff members are involved in business development. Not only are they executing all the duties assigned to them, but they are also going out and bringing business to the park.

Kaustubh Pawaskar:Okay thank you once again and just one last feedback from me. When Mr. Arun Chittilappilly had taken a break from the business there was a concern from the shareholders and investor community. I just want to express my thankfulness and mention my appreciation for the way in which you have improved the momentum in his absence, as well as the continued transparency with which you have communicated everything to us. Thank you.

George Joseph: Thank you very much. We are very delighted to hear that.

Moderator: Thank you. The next question is from the line of Rahil Jasani from ICICI Securities Limited. Please go ahead.

Rahil Jasani: Sir in the last call you have mentioned that you were focusing on digital areas for marketing and tying up with the digital brands such as MakeMyTrip. Will it continue going forward for all 3 parks?

George Joseph: Yes, we are replicating everywhere, footfall growth on account of online bookings is growing. There was a growth of about 30% last year and we had online booking by over 2 lakhs visitors and the beginning of current year has been good. The peak season is seeing more of direct walk-in so the contribution of online partners is going up and we are really happy about it

Rahil Jasani: Okay and can you tell me the contribution of online portals that you have tied up with?

George Joseph: Now it is at 8% , but it is growing well.

Rahil Jasani: Sir my next question is on non-ticket revenues. In the previous years we have seen growth for merchandise sales and from F&B wherein you took over all the restaurants. Do you have plans for introduction of new avenues in this non-ticket options?

George Joseph: Non-ticket revenue are now peaking at almost 25% to 26% level. In India we cannot replicate the models abroad where non-ticket revenues are at 50% level. In Q4 2019, we have achieved ticket revenue at 70% and non-ticket revenue at 30% and for the full year, non-ticket revenue of 28.2%, ticket revenue of 71.8%. In absolute terms it will go up, but in relative terms this is 28% to 30% is probably the peak. Efforts are continuing to drive the same, but there are some hurdles. For example, we faced resentment from certain communities on insisting costumes, you cannot expect ladies from Tamil Nadu to adorn the designated costumes. They were reluctant to get into the water parks because of strict rules. Now we are flexible as far as the costumes are concerned but that has reduced the costume sales to a certain extent. We only insist that they wear nylon or synthetic material.

Rahil Jasani: Okay sure. Thank you Sir. That is it from my side.

Moderator: Thank you. Ladies and gentlemen that was the last question for today. I would now like to hand the conference over to the management for closing comments.

George Joseph: We really enjoyed this conference call and the insightful questions. We believe that the bad times are over and we are looking forward for the good times to come. The difficulties that our economy is going through on account of demonetisation and GST regime will continue for some more time. Many parks across the country are not doing well and are getting closed. Wonderla is able to keep its heads and shoulders above the water and post stellar results.

It shows our company’s excellence in business process reengineering. We have energized our marketing team and the BDPs. Going forward, with your continued support, we will post similar numbers. Thank you very much.

Moderator: Thank you. Ladies and gentlemen on behalf of ICICI Securities Limited that concludes this conference. Thank you for joining us. You may now disconnect your lines.

"Wonderla Holidays Limited
Q3 FY2019 Earnings Conference Call"

January 28, 2019

ANALYST: **MR. RAHIL JASANI – ICICI SECURITIES**

MANAGEMENT: **MR. GEORGE JOSEPH - JOINT MANAGING DIRECTOR - WONDERLA HOLIDAYS LIMITED**
MR. JACOB KURUVILA - CHIEF FINANCIAL OFFICER - WONDERLA HOLIDAYS LIMITED
MR. RAJAGOPAL – ADVISOR - WONDERLA HOLIDAYS LIMITED

Moderator: Good day, ladies and gentlemen, welcome to the Wonderla Holidays Limited Q3 FY2019 Earnings conference call, hosted by ICICI Securities Limited. As a reminder all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing "*" then "0" on your touchtone phone. Please note that this conference is being recorded. I now hand the conference over to Mr. Rahil Jasani from ICICI Securities Limited. Thank you and over to you Sir!

Rahil Jasani: Good evening everyone. We would like to thank the management of Wonderla Holidays for giving us this opportunity to host this call. The management is represented by Mr. George Joseph, Joint Managing Director and Mr. Jacob Kuruvila, Chief Financial Officer. Without further ado I would like to handover the floor to the management for their opening comments and then we can start the Q&A session. Thank you and over to you Sir!

George Joseph: Thank you Rahul. Good afternoon everyone. On behalf of the Board of Directors and management of the Company, we extend a warm welcome to all of you to discuss the Q3 earnings of Wonderla Holidays Limited. In addition to Mr. Jacob Kuruvila, I also have Mr. Rajagopal with me, who has been appointed as the Advisor of the Company. We are happy to present the snapshot of the stellar performance achieved during the Q3 of the current year.

In our last call, we listed out the initiatives which we have undertaken to achieve an accelerated growth. We are happy to inform you that these initiatives have started showing positive results. The initiatives taken to improve our market penetration, change of media mix, focus on digital marketing, tie-up with online portals and enhancing the customer experience etc., have paid off in the form of increase footfalls seen in Bengaluru and Hyderabad at 22.5% and 11.7% on a year on year basis respectively.

In the previous quarter we dealt with the calamity of floods in Kerala, which affected the footfall at our Kochi Park adversely. We are happy to report that we have since then recovered well over the course of Q3 and clocked 20% year-on-year growth in terms of footfalls at Kochi during the month of November and December. We continued to witness growth in our in-park spends, which led to further expansion in our non-ticket revenues, which have grown by 10% on a year-on-year basis.

Coming to our financial performance during Q3, the revenues increased 19.1% year-on-year from 63.8 Crores to 76 Crores on the back of healthy footfall growth. While the average ticket revenue per visitors increased by 8.7% year-on-year, we saw gross growth of 8.2% year-on-year in average non-ticket spends per visitor in Q3 FY2019. EBITDA improved substantially by 56.3% year-on-year, from 19 Crores to 29.7 Crores. Consequently, the EBITDA margin expanded by 930 basis points to 39.1%.

PBT has more than doubled from 10.5 Crores to 22.4 Crores. In this quarter, we produced a PAT of 14.5 Crores, up from 6.5 Crores, up by 122% year on year. Most significantly, our PAT margin improved significantly by 884 basis points, from 10.2% to 19.1%. Our Cash PAT, that is cash plus depreciation, increased by 49.4% year-on-year from 16.31 Crores to 24.37 Crores indicating continued generation to healthy operational cash flow. As some of our initiatives have succeeded in increasing footfalls, we continue to explore further avenues to keep building traffic to our parks, while also delivering a joyful experience to our visitors.

With this, I now like to open the call for question and answer session. Thank you very much.

Moderator: Thank you. We will now begin the question and answer session. Ladies and gentlemen we will wait for a moment while the question queue assembles. The first question is from the line of Abneesh Roy from Edelweiss. Please go ahead.

Abneesh Roy: Sir congrats on very good recovery after many quarters. My first question is the APRU growth was 6% to 9% in the three parks. What has worked here essentially the ticket rack rate increased or it is just that because footfalls are high you have managed some value additions also, could you explain that?

George Joseph: In fact, the rack rates have not been increased. We mentioned during the previous call that we have rationalised the rates, thereby bringing some reduction in the rates. Increased market penetration helped us in getting the higher footfalls. Last year, Dussehra season was in Q2, while in the current year it came in Q3. We have higher rate in peak season, which has helped us to improve our ARPU. in the current quarter.

Abneesh Roy: Any more impact of the Sabarimala issues in Kochi, or the worst is the behind us?

George Joseph: I think the worst is over, but we cannot predict. As you may be aware, Kerala is a very hartal sensitive state where every year we lose about 70 to 90 days in hartals of different type-. the state wide hartal, district wide hartal, etc. It is a very sensitive state, but I think for the time being we will see a normalcy over the Sabarimala issue.

Abneesh Roy: I see that the ARPU in Hyderabad park is still almost 15% below that of Bengaluru Park. I understand the lifecycle of the two parks are different, but I do remember that the earlier comments from management were that eventually Hyderabad ARPU will converge with Bengaluru?

George Joseph: Yes, it will take some more time. In fact, we had some setbacks in the Hyderabad due to unseasonal winter rains. Hyderabad being a hot/humid place, when it rains people do not step out of the house so that has affected the footfall during Q3. In addition, there was an election in Hyderabad(Telangana) during the peak season which has also affected the footfalls vis-a-vis revenue.

Abneesh Roy: Sir but Hyderabad footfall growth is 11%, are you saying it is much lower than what was seen in Bengaluru?

George Joseph: Yes, the initial expectation was that we will have an equal number of footfalls in Hyderabad & Bengaluru, which did not happen.

Abneesh Roy: Sir my question was not on footfall at all. My question was on the ARPU. Do you see Hyderabad's 15% difference converging with Bengaluru ARPU?

George Joseph: It will definitely take some time.

Jacob Kuruvila: As you may know Bengaluru park was opened in 2005 whereas Hyderabad park in 2016, so it will take some time to mature. Bengaluru is already a matured market and growth in the city has also been very high. So, it may take some time for Hyderabad to reach the levels of Bengaluru.

Abneesh Roy: How has the emphasis on digital marketing & online portal helped more this time, compared to our previous approach?

Jacob Kuruvila: Yes, you know the digital drive of the government is also helping our overall industry to have better digital revenues coming in. Yes, it will improve going forward.

Abneesh Roy: That is all from my side.

Moderator: Thank you. The next question is from the line of Kaustav Pawaskar from Sharekhan. Please go ahead.

Kaustubh Pawaskar: Good afternoon Sir. Thanks for giving me the opportunity and congrats for good set of numbers. Sir my question is again on the digital platform, you said that online helped you to clock good footfalls for both Bengaluru and Hyderabad. Now how much is online contributing to your overall footfall?

George Joseph: Online portal partners like Paytm, Cleartrip etc have helped us generate footfalls of 98,000 at Bengaluru Park, 50,000 at Hyderabad and 18,000 in Kochi. Our direct online booking has gone up by 134% in the current year

Kaustubh Pawaskar: Okay so that is really a strong number so do you expect it to continue?

George Joseph: Yes, it is strong and it is growing very fast. We are very extremely happy about it.

Kaustubh Pawaskar: Right Sir. My second question is on the Hyderabad park. We have seen only 11% growth in the footfall, despite it being a newer park. Do you expect the growth rate in footfalls in Hyderabad to improve further?

George Joseph: The elections in Telangana has affected the footfall because all the transport operators have diverted the buses for election purposes. As a result, groups of people were not able to get proper travel and accommodation facilities. Secondly, when it rains in winter, people tend not step out of their house. We had number of days where rain affected the footfall in Q3, especially in December. But, going forward, we definitely see good growth prospects in Telangana and Andhra Pradesh, because these are unexploited markets. We have carried out market penetration in the form of appointing new business development executives, and business development partners, who are going to the villages, towns, holding awareness meets for informing them about Wonderla. Earlier we had a multi-tasking in the marketing. Like Mr. Rudresh, in addition to his responsibility as the Head of the Bengaluru Park, he was also looking after the market expansion. Now we have made him exclusively responsible for marketing. We have put Mr. Mahesh as the Head of Bengaluru Park, so there is an exclusive marketing head and, as a result, the marketing function is therefore getting a very big thrust. We are hopeful of now scaling up Hyderabad.

Kaustubh Pawaskar: So that is good about marketing initiatives and promotional activities. But Sir, as you said, the election has had an impact. So should we expect that national election in May will also have an impact?

George Joseph: That is how going to be tough for all, because Q1 being an important and a very big quarter for us. The national election might upset the activities a little bit.

Kaustubh Pawaskar: Right, but while there would not be any decline, would the growth still be lower compared to what it was in the earlier Q1?

George Joseph: Yes. In the current year's Q1, in April and May we did not get expected footfalls. We only spent about 88 lakhs for media penetration in Q4 last year. But, in the current year, we have a big budget for media. So after the media spend in the upcoming quarter, we may get a higher footfall in April and May.

Kaustubh Pawaskar: Thank you. I will get back in the queue.

Moderator: Thank you. The next question is from the line of Tejas Shah from Spark Capital. Please go ahead.

Tejas Shah: Thanks for the opportunity and congrats on a very good set of numbers. Sir just couple of questions, so though the numbers have been very good but there is also base effect which helped us because of shift in Diwali and also the base had lot of one-off items. So just wanted to know are you seeing any structural change in the growth drivers or you will still not call it out as momentum in sales is in our favour for good now?

George Joseph: If you look at the Bengaluru Park the proportion of the group footfalls was relatively low. It was only around 45% against 60-70% in other two parks like Kochi and Hyderabad. This was on account of the fact that earlier we did not have a full-fledged marketing set up in the form of our own dedicated partners. Instead we were only working with the tour operators and travel agents. That did not work well and they were not loyal to us, they were not exclusively dealing for Wonderla. So we have removed that setup, now we have appointed strong BD partners in Bengaluru In the current quarter there has been a turnaround, the groups are coming in large number at the simultaneously with the walk-ins which were strong in Bengaluru. The structural change has happened this way. Also, because of the digital penetration & boost provided by our online partners, footfalls will go up.

Tejas Shah: Sir when you say digital penetration what exactly it means you have now partnered with portals like Bookmyshow?

George Joseph: Yes, we have PayTM, Bookmyshow, Nearbuy then Cleartrip and all of them and as I mentioned earlier, in the current year we had 98,000 in Bengaluru 50,000 in Hyderabad and Kochi 18,000 footfall on account of the portals.

Tejas Shah: Sir, a lot of these portals have a business acquisition cost, where they must be offering your tickets at a discount, which obviously would not be showing up in your P&L. So would you say that that is also contributing to revival? Are you witnessing that - or is that not the case?

George Joseph: Yes, that is a factor because the ticket prices at lesser than what we can offer. It is a general phenomenon over which we have no control. But then 40% of the entry are by repeat visitors. Once the customer is acquired, then we are confident that these customers will continue to come again. We have also developed a product by name “Wonder Pass” which was mentioned in the last conference call. It is a loyalty program wherein the customer will be given a card, and on next visit they get a 20% discount on entry fee, additional discount on F&B, discount on locker rate etc. So even though the online portals are giving at a discount, I think the repeat crowd will happen even without the discount as the days go by.

Tejas Shah: Sir, do online portals book minimum slot or minimum capacity in advance or is it on real time basis?

George Joseph: It is more or less on real time basis.

Tejas Shah: You do not have any say in how they price as long as your realisation is intact?

George Joseph: Yes, exactly. Also, on our website we give discount of 5% if they book one day in advance, and 10% if they book one week in advance.

Tejas Shah: Sir, after many quarters, the margins were actually very healthy this quarter. Obviously there was an operating leverage that also which came into play, but where would you like the business to operate at? Assuming that Chennai Park does not come up, and its related costs do not hit the P&L for next four quarters, at what level of margins would the business operate?

Jacob Kuruvilla: We are expecting the EBITDA margin will be at least at 40% level, which we have been able to achieve recently. In current year and in the coming years, without the Chennai Park, will we be able to operate at 40% EBITDA margins.

Tejas Shah: And Sir, lastly, any update on Chennai Park?

George Joseph: For Chennai, we are yet to get the notification exempting the amusement park from the LBT. We are pursuing the matter. We thought it will be announced in GIM. GIM was over on 23rd and 24th of this month. Nothing has happened yet. We are in touch and we hope it will come soon. But the land levelling has been done. We spent about 100 Crore in Chennai in land acquisition, land levelling and building the compound wall. So everything is ready.

Tejas Shah: Sure, great and all the best Sir.

Moderator: Thank you. The next question is from the line of Sidharth Shah from Solidarity Investment Managers. Please go ahead.

Sidharth Shah: Thank you for taking my question. Sir I had question on the long-term footfalls in Kochi and Bengaluru. Now I understand that Kochi being a very mature market, the footfalls might be declining but what would be the steady state footfall in Kochi, Bengaluru and with now Hyderabad coming up?

George Joseph: As for Kochi, as I mentioned, the footfall has revived in November and December. In fact, against our own internal budget of 1,23,000, they have done 1,24,000 in November and in December. Against our budget of 85,000, they have done 91,000. But then January was not that great. We had done some very innovative media exercises in Kochi like the Onam. Then we did the Christmas carnival, where our own staff members go in our decorated bus to all parts of the state and every district. They spend about two-three days travelling and speak about Wonderla, play games and then distribute prizes, creating awareness. The media exercise we have done in Kochi will help scale up footfalls over a period of time. We have removed the BDs Calicut and Kannur because they were underperforming. We have appointed new people, then we are tracking the activities of business executives on a daily basis. Through the CRM, we are not only tracking our BD executives, but also our business development partners and their executives. We insist that everyone should visit at least eight to ten corporates or individuals in a day, and that they should record the name of the people whom they have visited, their telephone number, email ID, what is the follow up call date. The system automatically will pop up tasks on the follow up days, and this is doing very well. Coming to the Hyderabad park, in addition to Telangana, we are now concentrating on Andhra Pradesh. Andhra Pradesh also has a big market, but the distance between locations such as Guntur, Vijayawada and our park, is about 600 to 500 kilometres. We have one shortcoming in Hyderabad in the sense that we do not have a dormitory. So, right now, visitors come and freshen up in the dormitory of the Ramoji Film City or some other location. In the current year we have budgeted for making a dormitory at Hyderabad, so we hope to get in groups from far off places like Guntur, Vijayawada, Vizag etc. So what I mean to say is that in every corner of the location, we are doing direct marketing in addition to the indirect marketing by way of media blast. We are confident that the current development will be continued, and things will be better in coming quarters. But I should also warn you that the Q4 is not a very robust quarter as far as we are concerned. It is a lean quarter.

Sidharth Shah: Sir, with respect to advertising and sales promotion, at what times do we run the promotion schemes? Do we primarily run discounts? What kind of promotions do we run?

George Joseph: Discounts, which we have been giving to schools, colleges and corporates will continue. We have brought down the highest discount from 30% to 25% which would be effective from April 1st. As I mentioned earlier, in addition, we are giving Wonder Pass, which offers a discount of up to 20% on a repeat visit.

Sidharth Shah: So within the advertising and sales promotion expenditure heads, is it basically just discounts or do you have anything else also?

Jacob Kuruvilla: Yes, we have the advertisement budgeting also.

Sidharth Shah: Could you have the split between the two advertising and sales promotion?

George Joseph: Yes. On the advertisement front, we have budgeted about 22 Crores in the current year, and so the next year it will also be around 22 Crores. The sales promotion depends upon the BDP performance, that is the commission linked to their numbers, which is around 7% to 10% of the revenue generation. This year we have made a small shift in the basis of commission, earlier we were giving them commission on the basis of footfalls. Now they will get the commission on the basis of the revenue targets, and not the footfall targets.

Sidharth Shah: Okay. Sir one last question if I can squeeze in I wanted to ask so the number of employees that we have, do they stay the same across the year, or do they change on a quarterly basis?

George Joseph: Now we have two set of employees; one is our on-roll employees - they are the permanent employees of the company. The other set is our off-roll employees. Off-roll head-count changes as per our requirements. During the lean season, we scale down the employee head count. Or, in the peak season, if we have more requirements, we recruit more. We have contractors who supply as per our requirement, so we have the flexibility of shedding them or taking them on as and when we need.

Sidharth Shah: Thank you very much. I will get back to the queue.

Moderator: Thank you. The next question is from the line of Nitin Gosar from Invesco Mutual Fund. Please go ahead.

Nitin Gosar: Sir what would be the difference in realisation between your own portal versus online partners?

Jacob Kuruvilla: On our website, as we said earlier, it is only 5% or 10% depending upon when they book it. In the case of portals, from our side we offer some 7.5% to 9%, upon which they may offer additional discounts.

Nitin Gosar: Got it. So when we talk about market penetration, are we talking about online partners recruitment? Or are we talking about new areas where we were in approaching the customer base?

George Joseph: It is both. Basically, I mentioned about the market penetration - I mean more districts are covered by our own business development executives, who are on-roll employees. Plus the business development partner that are employed. We insist that the partners employ a minimum of two executives .Earlier they were concentrating on schools and colleges, now we have told them that in addition to the schools and colleges, also go to the corporates working in that area, or small establishments like petrol pumps, hotels etc.

Jacob Kuruvilla: We have a robust CRM package, which we have given to our BDP partners. Through the CRM system, we can find out where have they visited and what kind of response they have received from the corporates etc. We get an idea how active they are, and based on the activities and on the effort they are taking, we also tend to regulate them. If there are inefficient people, we will remove them. We will appoint the new partners, thereby we are aiming at penetration to the highest levels possible.

Nitin Gosar: How do we monitor the conversion, for example a business partner is approaching a set of SME?

George Joseph: Normally we tell them that they should visit about 8 to 10 per day. So we give them a monthly target of number of visits, and then track the number of visits and how many conversions have taken place. Usually the conversions are less than 10%, and in some case it is less than 5%. So we tell them to go for repeat calls. When a new BDP is appointed, or new BDP executives are appointed, we bring them to our park and give them two day's training in the product as well as selling techniques. We also give them training on the CRM model, and we tell them about the adequacies of the products - not only the ticket entry, but also the breakfast and dinner packages. We are also considering whether we could give our costumes to the BDP so that they can sell it directly to the schools so that the children come prepared. Otherwise they take a long time in distribution of the costumes at the park.

Nitin Gosar: But giving those costumes at dealer level or BD level will only take up the inventory unnecessarily?

George Joseph: In fact, we are selling to them we are not giving. Depending upon their confidence level they will be buying from us and they will be stocking.

Nitin Gosar: Okay. Thank you Sir.

Moderator: Thank you. The next question is from the line of Rahil Jasani from ICICI Securities. Please go ahead.

Rahil Jasani: Two three small questions, one is I wanted to ask is there any ex-provision in the base year Q3 FY2018 with respect to the tax refunds?

Jacob Kuruvilla: Yes, if you are talking about the service tax provision, we have already done it. In the case of income tax we have made advance tax provisions needed by the I.T. department up to December '18.

Rahil Jasani: Yes Sir. So with respect to the service tax provision, I just wanted to know the quantum of the provision?

Jacob Kuruvilla: It is about 45 Crores, which we have already provided during the previous year. Only the interest is being added every quarter.

Rahil Jasani: So in the base year there will be a provision of around 10 Crores or something?

Jacob Kuruvilla: No, not that much. It may be around Rs 1 Crore.

George Joseph: Every year we provide only interest additionally. That comes to about 40 to 42 lakhs in a quarter.

George Joseph:

Rahil Jasani: Right, got it Sir. Secondly, I wanted to ask about the progress on the Wonder pass program, which was started in September 2018. Can you attribute some part of the higher footfall growth in this quarter to the Wonder Pass program?

George Joseph: We had given a target of 5000 wonder passes to each per park to be completed by March but most of the parks have done almost 10,000 by now, so we are expecting increased repeat footfalls as on outcome.

Rahil Jasani: I understood Sir. Great to hear that, and Sir just one last question, GST was reduced in January last year. So is the realisation per visitor impacted by the change, or is it higher because of that?

Jacob Kuruvilla: When the GST was reduced to 28% to 18% rate, we have reduced the rates and passed on the benefit to the visitors.

Rahil Jasani: That is it from my side.

Moderator: Thank you. The next question is from the line of Hardik Bohra from Union Mutual Fund. Please go ahead.

Hardik Bohra: Thank you for the opportunity. Could you just tell me that what is the cash on books as on December end?

Jacob Kuruvilla: We have got around 98 Crores, which is kept in mutual funds and bank deposits, because as you may know, we are investing in our Chennai Park progressively. We have already invested about 100 Crores in the land and development and we have got around 98 to 100 Crores cash available with us.

George Joseph: It is a zero-debt company.

Hardik Bohra: Sure. Clarification on the 100 Crore spend for levelling of land in Chennai - that capex was in FY2018?

Jacob Kuruvilla: Yes, the land was purchased earlier, but this current year we have spent around another 10 Crores for the land levelling, fencing etc.

Jacob Kuruvilla: Once we are close to launching the park, we will be taking the rides there and install them.

Hardik Bohra: Sir once you get the approval for Chennai Park how much capex will we be doing, how much more is left to start the park?

George Joseph: Yes, we expect it to be around 350 to 380 Crores. We have already invested 100 Crores, and we have another 100 Crores on our books, that accounts for about 200 Crores. Then during the construction period, on-going cash generation from the business will be about 125 to 150 Crores, so we may have to borrow around 50 Crores.

Hardik Bohra: We have been hearing that you had a strategy to open one park in every two to three years. Since the last park was opened in financial year 2017, so shortly after the Chennai Park is up & running, could we see one more park planned in the outlay? Could you just guide us on that?

George Joseph: Yes, definitely. Once we are able to start up the Chennai Park, we will start looking for the next destination. There are invitation from many quarters like Goa, Chattisgarh, Jharkhand, Amaravathi etc. We are aware that many existing parks are for sale, which people are not able to run profitably. We are not very keen on the parks which are not well-maintained. Once we start the Chennai Park we will definitely look at the next destination, but not right now.

Hardik Bohra: If I can squeeze one more question, the EBITDA margins for the company before the Hyderabad Park came online was about 45% so could we reach that number again in the distant future?

Jacob Kuruvilla: We can look at that, as I said current year we are hoping that we can have about 40% EBITDA margin. Going forward we can look at better margins, aiming for 45%. Once Chennai park is open it will take some time to stabilize, so it may bring down our EBITDA , but still we hope to maintain 40% EBITDA margin.

Hardik Bohra: But excluding that Chennai Park operationalisation cost in FY2021 remaining three can touch 45% by that time?

Jacob Kuruvilla: Not 45%, 42% may be the figure we can look at.

Hardik Bohra: Thank you. I will come back if I have more questions.

Jacob Kuruvilla: Thank you.

Moderator: Thank you. The next question is from the line of Sidharth Shah from Solidarity Investment Managers. Please go ahead.

Sidharth Shah: Most of my questions have been answered. Thank you very much.

Moderator: Thank you. The next question is from the line of Pankaj Kumar from Kotak Securities. Please go ahead.

Pankaj Kumar: Most of the questions are answered. Just one clarification earlier we were expecting a 13% to 15% kind of growth in footfalls in Hyderabad and 8% to 9% for Bengaluru that is what we had guided earlier, so are we on track to achieve it?

George Joseph: In Hyderabad we grew by around 12% this quarter, in Bengaluru by almost 23%. So only in Kochi there was a mismatch due to the lag effect which gave a negative growth of 1%, but I think, 13% overall could be fine.

Pankaj Kumar: 13% overall is for the company?

George Joseph: Yes.

Pankaj Kumar: Thank you.

Moderator: Thank you. As there are no further questions, I now hand the conference over to Mr. Rahil Jasani for the closing comments.

Rahil Jasani: Thank you for the opportunity Sir and I handover to you for the closing comments.

George Joseph: Thank you Mr. Rahil. As I mentioned in the beginning it has been an extremely rewarding quarter for the company and I would also like to add that the upcoming quarter, Q4, is a non-peak quarter. We may not be able to repeat the performance we delivered in Q3. We will continue to improve upon the initiatives we have taken. Thank you very much for this conference call. We received a lot of apt questions, which will further strengthen and enhance our resolve to improve. Thank you very much.

Moderator: Thank you. Ladies and gentlemen on behalf of ICICI Securities that concludes this conference. Thank you for joining us. You may now disconnect your lines. Thank you.

"Wonderla Holidays Limited Q2 FY2019 Earnings Conference Call"

October 29, 2018

ANALYST: MR. RAHIL JASANI - ICICI SECURITIES

MANAGEMENT: MR. GEORGE JOSEPH – JOINT MANAGING DIRECTOR - WONDERLA HOLIDAYS LIMITED
MR. JACOB KURUVILLA - CHIEF FINANCIAL OFFICER - WONDERLA HOLIDAYS LIMITED
MR. NANDAKUMAR – CHIEF FINANCIAL OFFICER - WONDERLA HOLIDAYS LIMITED

Moderator: Good day ladies and gentlemen, and a very warm welcome to the Wonderla Holidays Limited Q2 FY2019 earnings conference call hosted by ICICI Securities Limited. As a reminder, all participant lines will be in the listen-only mode. There will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing "*" then "0" on your touchtone phone. Please note that this conference is being recorded. I now hand the conference over to Mr. Rahil Jasani from ICICI Securities. Thank you and over to Sir!

Rahil Jasani: Good evening everyone. We would like to thank the management of Wonderla Holidays for giving us this opportunity to host this call. Without further ado, I would like to hand over the floor to the management for their opening comments and then we can start the Q&A session. Thank you and over to you Sir!

George Joseph: Good evening everybody. My name is George Joseph, and I am the Joint Managing Director of Wonderla Holidays Limited. I have with me here Mr. Nandakumar, the current CFO. I would like to inform you that Mr. Nandakumar has stepped down as the Company's CFO today. I also have with me Mr. Jacob Kuruvilla who has now been inducted as a new CFO. On behalf of the board of directors and the management of the company, we extend a very warm welcome to all of you to discuss the earnings of Wonderla Holidays' Limited for Q2 and H1 of FY2018-2019.

Following an encouraging Q1, which was marked by footfall growth and significant margin expansion, we headed into Q2 with lot of enthusiasm. However, as you all are aware, Kerala was ravaged by torrential rains, which resulted in one of the worst floods in the recent history. The damage wrecked by the calamity is estimated to be more than Rs. 30,000 Crores. Our founder's charitable organisation, the Chittilappilly Foundation donated Rs. 3 Crores to the Chief Minister's Relief Fund. From our Kochi park, we were continuously giving food packets on a daily basis to the flood affected areas and we also continued to give the potable drinking water to the flood affected people for a long time thereafter. The Kochi Park was closed for about a week due to floods; fortunately our property has not been affected, and the rides are not at all affected, whereas many other parks in Kerala were under water under the floods for a few days.

Coming to our operating performance during Q1, the park footfalls grew by 4% in Bangalore and fell by 6% in Hyderabad. As we are aware, in Hyderabad and Bangalore, the month of September last year was marked by the festival of

Dussehra. But this year, Dussehra was in the month of October in Q3 of the year, so to that extent we had a footfall reduction in September.

Coming to Kochi footfalls, due to the reason stated earlier, it declined by 51%. We continued to witness a rise in park spends which led to a growth of our non-ticket revenues, seen at close to 30% level in this quarter. We are able to derive procurement efficiencies for our food and merchandise, which helped us generate higher growth margins.

Continuing with our initiatives to enhance the visitor's experience and reward them for spending time with us, we have now introduced "Wonder Pass". This pass has a 2-year validity across all our parks, and provides upgrades and deep discounts on entry tickets as well as on F&B.

Coming to our financial performance during Q1, the revenues declined 16.4% year-on-year from Rs. 49.4 Crores last year to Rs. 41.3 Crores, mainly due to the impact of rains and floods in Kerala and the shift of festival season to October this year. The share of non-ticket revenue improved from 26.9% in Q2 of FY2018 to 29.7% in Q2 2019.

While the average ticket revenue per visitor increased by 9% year-on-year, the growth in average non-ticket spend per visitor was seen at 18% year-on-year in Q2 ofFY2019.

During Q2 FY2019, EBITDA declined 18% year-on-year from Rs. 11 crores to Rs. 9 Crores, while for the half year FY2019, it increased by 22% year-on-year to Rs. 66.6 Crores.

During Q2, PAT declined from Rs. 2.3 Crores to Rs. 94 lakhs, while for H1 it increased by 20% year-on-year from Rs. 28.3 Crores to Rs. 33.9 Crores.

PAT margin declined year-on-year from 4.7% to 2.3% in Q2, while half yearly FY2019 PAT margin increased year-on-year from 18.6% to 23.4%. Cash PAT (PAT plus depreciation) was Rs. 10.8 Crores and Rs. 53.7 Crores, respectively in Q2 and H1, indicating continued generation of healthy operating cash flow. With this, I would now like to open the call for question and answer session.

Moderator: Thank you very much. Ladies and Gentlemen, we will now begin the question and answer session. The first question is from the line of Abneesh Roy from Edelweiss. Please go ahead.

Abneesh Roy: Sir, my first question is on Bangalore and Hyderabad parks and the different trends there in the footfalls. You mentioned that late Dussehra has had an impact, but

Bangalore saw relatively better growth at around 4% positive, while Hyderabad saw -6 which is a difference of around 10% when comparing the two parks. Surprisingly here the adverse number is in a new park, while being the third year, there should have been a scale-up. I understand first year to second year there is going to be a dip because of initial excitement, so could you tell what is the issue in Hyderabad?

George Joseph: Yes, you are right, this shift of the festival season should have affected both Bangalore and Hyderabad, in fact it did affect both. If the festival would not have been shifted then Bangalore would have shown much more growth than what we have recorded right now. Hyderabad particularly had unusual rains this year, unseasonal rains during the season, so it has been affected peculiarly. As it is relatively a hot place, when there are rains in the morning, people do not step out of the house and that has really affected footfalls during the quarter, and in fact in the current month October we are seeing very positive growth in both Bangalore and Hyderabad. Hyderabad has grown by 51% in October till now and YTD growth in Hyderabad is 17%; Bangalore has grown by 39% in the current month with a YTD of 7%.

Abneesh Roy: Sir, does it have anything to do with a higher increase in the average revenue per visitor. In Hyderabad, you have shown a 6.7% growth in Q2 versus first half just 5.1%. In Bangalore the corresponding number is much lower at 4.6%, so have you become more expensive than what the customer can pay, because 7% kind of inflation seems quite high in the current context.

Nandakumar: So Abneesh, this net realisation is primarily on account of the GST reduction. In corresponding quarters, our GST was 28%, but now it is 18%. If you see overall, our gross ticket revenue, what the consumer would pay, is almost flat. We have not taken a steep price increase because of the GST difference.

Abneesh Roy: And that normalises in Q3, right?

George Joseph: Actually January is when the rate change happens, so till January you will see the net being little higher than the corresponding quarter last year.

Abneesh Roy: And Sir, finally in Kochi it was an unfortunate incident, but normally how much time it takes for recovery in terms of sentiments. Now we have the Sabarimala issue, I do not know how much that impacts your business.

George Joseph: Unfortunately, in Kochi body can predict the impact. We have started with the Nipah Virus initially then thereafter the rains floods, then the rat fever, now Sabarimala issue, but we have done a lot of market activation in Kochi. In fact, we were expecting good results during the Onam season. We have gone to all districts, pitched in a lot of places in every district and made lot of market activation, with which we thought the results will follow, but unfortunately that did not happen. Hopefully, with the upcoming shopping festival, it will improve. The electronic and print media in Kerala is planning a shopping festival from November 15, 2018 to December 15, wherein they expect around Rs. 1,000 Crores cash flow to the economy, as 6 lakhs flood affected victims are being given loans varying from Rs. 1 lakh to Rs. 3 lakhs by different banks under the orders of the government. So that will give additional cash flows Rs. 1,000 Crores to the economy, plus a lot of schemes are being introduced in November and December for encouraging the spend. We are also pitching in a big way by spending almost about Rs. 24-25 lakhs in market activation during this period, along with the media in Kerala.

Nandakumar: They have also been very active on TV, where prime slots have been promoting Kerala Tourism. So I think these initiatives will definitely add more tourists during the coming quarters.

Abneesh Roy: And you mentioned about Bangalore and Hyderabad recovering in Q3; any insights you can give on Q3 for Kochi till now?

George Joseph: Kochi is very tough call. In fact during October, the Durga Puja festival, we had good footfalls in Kochi, we were almost touching 4,000-5,000 on a couple of days, but subsequently it has been coming down and the numbers are right now just around 1,000 plus per day. So even at 1,000 plus we are happy, but when compared to last year, on corresponding days we had almost 3,000 to 5,000, so that is a big fall in Kochi. Right now, it will be difficult for us to predict when Kochi will revive, especially with the law and order situation on account of the Sabarimala issue. In Q3, we get lot of college and school crowd from Tamil Nadu to Kochi, but presently it is all dried up. When we enquire, they say we are scared to come to Kerala, because we have been advised not to go to Kerala on account of the Sabarimala issue and all the vehicles are being checked. The influx to the state from other states has come down a lot. Probably in another three months, by December which is the Christmas season, a big season in Kerala, things will improve we are hoping.

Abneesh Roy: I'm a bit ignorant on Kerala, so how far is the Sabarimala from Kochi?

George Joseph: From Kochi, it is around 150 kms. People come to Kochi by train, by flight and then go by road to Sabarimala.

Abneesh Roy: Okay Sir. I got my answers. Thank you.

Moderator: Thank you. The next question is from Tejas Shah from Spark Capital. Please go ahead.

Tejas Shah: Thanks for the opportunity. Sir, I missed out on your Hyderabad October numbers if you can repeat once?

George Joseph: In Hyderabad, we have shown a growth of 51% in October, compared to last October, and YTD growth has been 17% in Hyderabad.

Tejas Shah: And Sir, would there been any change in your footfall guidance for Hyderabad this year for FY2019?

Nandakumar: I do not think we will have any change in Hyderabad, but because Kochi numbers are low, the overall numbers may come down.

Tejas Shah: Okay. And Sir, any visibility on the Chennai park?

George Joseph: Things are moving according to the information we have. We understand that all the secretaries have agreed on the removal of LBT and the Chief Minister has also agreed. We are awaiting a notification anytime now, but there is always a slip between the lip and the cup, so we are keeping our fingers closed.

Tejas Shah: Okay, and Sir in spite of all the dubious shift that we spoke about in the festival calendar, a 4% visitor footfall growth in Bangalore is very heartening. So are you seeing any trends which are helping us report such a robust footfall in spite of Y-o-Y shift in the calendar?

Nandakumar: **G**rowth in Bangalore is both on walk-ins and groups. Walk-ins grew 4%, and groups also grew 5% on the backdrop of an increase in college ID entry of about 12%, corporates of about 45%. So both the categories are showing growth, and this is encouraging as you said.

Tejas Shah: And you are expecting the same for this quarter, which is a crucial one?

Nandakumar: Yes, hopefully, because we have also seen growth in groups. If you see Q3 is primarily a group business and except towards the month of December, when the season picks up, we are expecting good numbers from Bangalore for this quarter.

George Joseph: And the part of Tamil Nadu which was earlier catering to Kochi, coming to the Kochi park, we find that there is some shift from Kochi to Bangalore in the current quarter.

Tejas Shah: Okay and Sir, lastly any visibility or timeline you can offer on stable top management team? We have had a lot of changes in the top management team in the last year, so any visibility of a permanent team taking charge soon?

George Joseph: Yes, that our number one priority. I mentioned initially that Mr**.** Nandakumar, who has been our CFO for the past 18 months, has stepped down for personal reasons and we have inducted Mr. Jacob Kuruvilla as the Interim CFO and he will be there for a period of one year. Talking about his background, Mr. Jacob Kuruvilla has been with one of the prime PSUs of the country, Hindustan Newsprint, for a period almost amount 20 years. He has also been with flagship company of the group V-Guard from 2008 to 2017 as the CFO. He was adjudged as the “Best CFO of Asia”, excluding Japan, for year 2017. So right now, we are in safe hands and we have enough time to induct a regular CFO in the days to come. That process will happen. It has already started and we have sufficient time to get the right candidate and we will definitely have a proper full-time CFO in the days ahead. The present team, which has made the Company what it is today, has been given the challenge to ensure that the Company comes back to its glory of the past. So we are giving them some time to settle down and perform. Things are all fine with the Company right now, except the footfall decline in Kerala on account of reasons beyond our control. And definitely, we will have a look on the Top Management team probably after a year.

Tejas Shah: Sure. That is it from my side and all the best.

Moderator: Thank you. The next question is from the line of Kaustubh Pawaskar from Sharekhan Limited. Please go ahead.

Kaustubh Pawaskar: Good evening Sir. Thanks for giving me the opportunity. Sir I just have questions on the profitability front. This quarter we have seen that although there was a significant revenue decline, your margin decline was not that much. We have seen that in Q1, there was a substantial improvement in margins and you are focusing on a lot of cost initiatives to see better margins. In Q2 the margin dip was not that much. Is it because of the initiatives taken, and secondly, with the shift of festivals in Q3, we might see better footfalls in Bangalore and Hyderabad. So again, that should help you post better margins in Q3?

Nandakumar: Yes, you are right. we have been keeping the operating cost very very low. We have set our baselines last year and even in the current year we are keeping our costs low. So if you see we had a problem with Kochi, so we also cut down on our advertising and marketing expenses consciously, that is also one of the reasons why the other expenses have come down. We have looked at every line item critically, and wherever we think the spends are discretionary, we have actually cut it down.

So as have you rightly said, though the revenues have dropped, we were still able to retain EBITDA margins because of the reduction in operating expenses.

For your question on Q3, this is a fixed cost business. So the moment the revenues go up, consequently, the margins also improve, so we should see better margins in Q3. And as I explained in my previous calls, we should be seeing an EBITDA margin of close to about 40% for the full-year guidance.

Kaustubh Pawaskar: For full year 2019, were you expecting about 40% margins?

Nandakumar: Yes.

Kaustubh Pawaskar: This is despite the fact that Kochi is not going to contribute much to FY2019?

George Joseph: Yes, in fact, we should be closer to the 40% mark.

Kaustubh Pawaskar: Okay. That is great. And Sir, my second question is on the Bangalore resort revenues. This quarter, the resort revenues have gone up substantially. Despite the fact that there was a dip in occupancies and even the ARRs were lower. So, is there any one-off which is a part of your other operational income which needs to be looked at?

George Joseph: Yes, you are right. The occupancy rates have come down marginally, but the F&B revenue has gone up. We have been doing a lot of marketing activity and sales pitch, whereby we are getting corporates in large numbers for our F&B. Even though they may not come and stay with us, but we have lunch and dinner packages for large corporate groups. For example, we had a group from Toyota of about 2,500 people coming for dinner on a particular day in October. The resort is showing higher occupancy of almost 53%. As on date, we have reached our target of room booking for October 2019, and we are happy. This trend will continue in November and December as well, and being the holiday season, we will be performing better in the current quarter.

Kaustubh Pawaskar: So does it help you to take any room rental hike? Because normally it happens at the end of September or may be in the first week of October, so have you increased the room rate?

George Joseph: No we have not increased the room rate, rather we have rationalised the rates now, because we believe that a room remaining unsold on a particular day is a perishable commodity, so to the extent possible we compromised on prices in the last quarter and in October. But going forward, in December and January, the rates will definitely go up. For example, on the Christmas Eve and the New Year's Eve, the rates will be almost more than double and we will definitely have a big jump in prices, given the peak season.

Kaustubh Pawaskar: In Kochi, the non-ticketing revenues have gone up by about 28%, what can this be attributed to?

George Joseph: We discussed with our Business Development Partners and told them that groups which are coming should also book breakfast and dinner, in addition to lunch. We have been getting many groups with breakfast and lunch, which was not there earlier. So this has resulted in an increase in non-ticket revenues in Kochi, in spite of the decline in footfalls.

Kaustubh Pawaskar: Okay.

George Joseph: In addition, there is also an impact on account of certain restaurants being taken over directly by us.

Kaustubh Pawaskar: Okay. So this kind of run rate should continue in the coming quarters, though your footfalls may not match?

George Joseph: Yes, revenue growth will definitely be proportionate to footfall growth. But because the restaurants have been taken over, that additional revenue will come to our books in the ensuing quarters.

Kaustubh Pawaskar: Exactly, and Sir like you mentioned, in Hyderabad, you have seen about 51% growth in the month of October. Any trends you can talk about for Bangalore in October during Puja or the upcoming Diwali holidays?

George Joseph: **In** October, till date, Bangalore has shown an increase of 39%; and YTD, Bangalore has shown a growth of 7%.

Kaustubh Pawaskar: Okay, so that means even December should help you to grow good footfalls.

George Joseph: Yes, we are hopeful that Bangalore and Hyderabad will definitely do well in the current quarter.

Kaustubh Pawaskar: Okay. Thank you, Sir.

Moderator: Thank you. The next question is from the line of Vikas Kasturi, an Individual Investor. Please go ahead.

Vikas Kasturi: My question is during the Kochi floods, was there any damage to the property?

George Joseph: No, there was absolutely no damage to our property. We are at an elevated place, water did not flood our Park at all, but then due to floods in the city and in the peripherals, we had to close down the Park for a week during those days.

Vikas Kasturi: All right Sir. Thank you. That is all I had.

Moderator: Thank you. The next question is from the line of Rohit Potti, an Individual Investor. Please go ahead.

Rohit Potti: Thank you for the opportunity. I understand that the business is primarily a fixed cost business, but I notice that employee expenses have come down by 16%, and I assume that these expenses are primarily fixed cost, so how were we able to reduce it to that extent?

George Joseph: Our employee component is of two types, on-roll and off-roll. In Hyderabad and Bangalore the off-roll proportion is fairly high. Even in Kochi during the lean season, we reduced the off-roll, so we were able to reduce numbers during the lean period in all the Parks, which has resulted in our employee expenditure coming down. In the peak season, we can increase the numbers; and during non-peak we can reduce the numbers.

Rohit Potti: Okay. I understood. That helps. The next question I have is in the presentation you mentioned. In addition to Chennai, the Company is also scouting for other geographies. Are you zeroing down on any geography right now, or are we continuing to focus primarily on getting Chennai done first?

George Joseph: Right now, our focus is only on Chennai, but other enquiries are definitely coming to us and we are looking at it. Once the LBT permission comes through, we will immediately get the approvals ready and will immediately start the construction. That is the priority right now. Other enquires we are looking at, but we are not very keen right now.

Rohit Potti: I understood. And further question on the previous participant question on the top management, so I understand there has been some change in the top management with the CEO changing, and now the CFO changing again, I was just wondering– if any, what are the changes at the park level? Is there some change in park managers and the senior level people at the park level, or are we broadly finding stable people there?

George Joseph: In the park, we have stable management. In Kochi Park, Mr. RaviKumar who is the General Manager of Kochi Park, has been with us since 2010. In Hyderabad, Mr. Madhusudan Gupta is there since inception of the park, and he is doing extremely well. In Bangalore, we have removed the Park head a year back and we have brought in Mr. Rudresh who has joined us back after a short break. Now he is doing extremely well in Bangalore Park. So we are stabilized in all the locations.

Rohit Potti: Okay.

Nandakumar: And the resort is headed by Mr. Sudhir who has been with us since the beginning of the resort, and it is a stabilized management team across all the main units.

Rohit Potti: Okay. That helps, and again a follow-up on the previous question where you mentioned that the non-ticket revenue in Kochi increased because you are asking the group to book for food as well. So just curious to understand how was it previously; are people allowed to bring outside food into the park?

George Joseph: We do not allow people to bring food to the Park, but they can consume their food in their buses or outside of the Park. Sometimes on the way they will have an arrangement with the restaurant, where they will have their breakfast and also while going back, the driver and the crew member will have some local arrangement. That is being broken now and we give sufficient discounts to encourage the crew members and BDP to book breakfast and dinner. And we even give dinner packets along with a bottle of mineral water, so they can consume that on their way back in the bus. Some groups prefer to consume their dinner in the park and then go home.

Vikas Kasturi: Okay. I understood what you are saying. So this discount you will give to the group for food is over the extremely attractive prices that you offer; Rs 300 for three meals, if I am not wrong ?

George Joseph: Yes. Meal rates have been brought down. In fact, the vegetarian meal in Kochi was priced at about Rs 185, and we have now brought this down to around Rs 125. So that has resulted in an increase in thali meals; the breakfast and dinner rates have also been slightly brought down. In fact, we rationalised the entire rate structure in Kochi, on account of the floods. The entry ticket discount, which we have been giving at 20% for walk-ins, has now been increased to 30% for groups above 300. This is all up to March 31, and we will review the position later, and the idea is to encourage people to come in large numbers.

Vikas Kasturi: Okay. I understood. Sir, one last question from my end, we were talking about getting to increase the in-park sales, the "wrist watch" sort of a mechanism. I forgot the term that you were using previously. What if it is implemented across the all Parks?

George Joseph: It has been implemented across all the Parks, and it is getting stabilised and I think this will definitely increase our "in-park sales".

Vikas Kasturi: Okay. Thank you. That is it from my end.

Moderator: Thank you. The next question is from the line of Umang Shah from Edelweiss. Please go ahead.

Umang Shah: Hi Sir. You mentioned something about the Wonder Pass, so I was just wondering what is the synergy with this kind of pass, and how long has this been implemented? How many permanent guests do we have with us, some numbers and figures that you can share?

George Joseph: **We have recently introduced the** Wonder Pass in September. This is a product by which we get an application from the visitor, and if there is an entry of 4 members into the Park, they will get a Wonder Pass free of charge. The Pass is valid for 2 years and they get a deep discount not only on the entry ticket, but also on F&B and shopping. The Pass can also be transferred and gifted. We have given a target to every Park to enlist 5,000 such passes before the end of the year starting now. They have already begun work on this, and now within a few days, we have already collected around 800-plus such passes. By the end of March, if we give 5,000 each, we will have 15,000 such passes in all.

Umang Shah: So we can say about 15,000 returning footsteps, is that the correct indication?

George Joseph: Yes, and this will continue as this is a perennial product. All the guests coming to the Parks will be given an application, and we will see to it that their Wonder Pass is ready by the end of the day and handed out to them

Umang Shah: Okay. Just to understand you correctly, so whenever you are using a Wonder Pass, you need to buy 4 tickets, or is it only for the first time that you buy 4 tickets?

George Joseph: If they buy 4 tickets, they will get a Wonder Pass free without any charges. If they are buying less than 4 tickets and still want the pass, we will charge them Rs. 100.

Nandakumar: This is a more of a royalty program to be precise.

Umang Shah: Right, exactly, so I was just trying to figure out how many returning footsteps we can get from the pass?

Nandakumar: It has just started. In a couple of quarters, we should have some information available on this.

Umang Shah: Alright.

George Joseph: **It has** a two-year validity, and they have multi-park access at Kochi, Hyderabad and Bangalore. Discounts on weekdays is 20%, weekends and public holidays and peak days 15%, on park tickets. There is unlimited number of visits applicable on adult tickets, and discounts for friends and family on park tickets is 15% on weekdays and weekends; and on public holidays and peak days it is 10%. On every third visit, they will get a free fast track upgrade. Normally we charge double for a fast track ticket in Hyderabad and Bangalore, and 150% for Kochi. But for the third visit on the wonder pass, they will get a free upgrade to a fast track ticket. And they will also get a 5% discount on F&B, 10% on shopping and 10% discount on resort stay, applicable on stays between Friday to Sunday. All the features, terms and conditions of the pass are mentioned in detail on our website.

Umang Shah: Okay. So there are tonnes of offers that a loyal customer will be entitled to, going ahead with wonder pass?

George Joseph: Yes.

Umang Shah: Alight Sir. Perfect. That is all. Thank you.

Moderator: Thank you. The next question is from the line of Nimesh Shah from Emkay Investment Mangers. Please go ahead.

Nimesh Shah: Thanks for the opportunity. Sir, your average ticket revenue per visitor has gone up by 9% this quarter. So have we taken any price hikes or is this purely because of the mix?

Nandakumar: No it is because of the GST. If you see, the consumer price, ie. what the consumer has paid, is more or less flat. So only because of the GST, we are getting the benefit of 9%.

Nimesh Shah: So this number includes the GST?

Nandakumar: Net figure is always exclusive of GST.

Nimesh Shah: Okay. So the Rs. 750 per visitor includes 18% GST?

Nandakumar: It was 28% last year, and in the current year it is 839.

Nimesh Shah: Okay. Thank you.

Moderator: Thank you. The next question is from the line of Tejas Shah from Spark Capital. Please go ahead.

Tejas Shah: Sir, one follow-up. There has been lot of disruption in the business model in Kochi and Bangalore and Hyderabad which was not in our hands in the last couple of years. But I can clearly sense some purpose today on the call that we are getting aggressive on pricing footfalls. We are trying to find values for non-ticket revenue growth also, so just wanted to know what is the target on revenue and margins we are seeking as a goal around which all the strategies are being worked up on?

George Joseph: I explained this in our previous call too. We are looking at Bangalore growing at about 8% to 9% on footfalls, and since we are not expecting any price increase, our revenue growth will also be around 8% or 9%. In Hyderabad, it should be closer to the 15% mark. And for Kochi, we will have to wait for Q3 to get a guidance on full year numbers.

Tejas Shah: And Sir, any target that we have on margins around which we were working on pricing and cost?

George Joseph: On Margins, we should be getting closer to the 40% mark.

Tejas Shah: For the full year?

George Joseph: Yes, for the full year.

Tejas Shah: And Sir any update on the impending case on service tax issue that we had with the Government?

George Joseph: No, the status quo remains at this point of time.

Tejas Shah: Okay. That is all from my side. Thanks.

Moderator: Thank you. Next question is from the line Rohit Charmar from GEPL Capital. Please go ahead.

Rohit Charmar: Thanks for the opportunity. Just one follow-up question on what you mentioned about taking over the restaurant business. So can you please throw some more light on this? How was it earlier and how will it operate, going forward, and how would that help us generate more revenue?

George Joseph: Earlier it was run by a third-party, so we got a margin of close to 30%. Now since we have taken over all the restaurants completely, the margin share which otherwise would have been enjoyed by the third-party provider is now with us. This also helps us get synergies on buying, as to that extent our procurement requirement is higher, and we can negotiate better rates with the vendors. So that is also one of the reasons why our margins have gone up in the current quarter.

Rohit Charmar: Right, so this 30% would become how much that you used to get previously?

George Joseph: We should expect close to about 40% to 45% on F&B.

Rohit Sharma: Ok, and at the interim you are also making it sort of compulsory to have dinner and lunch being provided, so that would boost this further?

George Joseph: Yes.

Rohit Sharma: Okay. Thank you. That is it from my side.

Moderator: Thank you. Next question is from the line of Rahil Jasani from ICICI Securities. Please go ahead.

Rahil Jasani: Hi Sir. Just a clarification on the previous question that one of the participants asked on total RPV. If ,I look at the Bangalore Park, is up 4% year-on-year, and the GST difference is 10%, then do you say that there is a decline in RPV?

George Joseph: RPV is the factor of the composition of people coming into the park and GST reduction you have got.

Rahil Jasani: So then you would be implying that there is a negative mix change which is affecting the RPV?

Nandakumar: Not really, because I told you we had growth in both categories of walk-in and groups. So walk-ins grew for the quarter by about 4% and groups grew by about 5%. But within the groups, say for example in the walk-ins, while you see college ID visitors grew 12%, others grew 5%. College ID visitors comes at a higher discount, so basically the composition could make a difference in terms of the overall RPV.

Rahil Jasani: Okay. Got it. That is it from my side.

Moderator: Thank you. The next question is from the line of Rohit Charmar from GEPL Capital. Please go ahead.

Rohit Charmar: Thanks for the opportunity again. One question about the new ride addition. Can you please throw some light on what would be your new plans? Are we planning any new ride at the existing parks, and also which are the new parks coming up?

Nandakumar: Currently, we do not have any plans of any new rides in our park. Wherever it is required, we would probably refurbish our existing rides. For example, we have plans in Kochi to refurbish certain rides, but that is not going to be significant in terms of capital expenditure. For the current year, we have not budgeted any major capital expansions for our rides at least.

Rohit Charmar: Okay. Understood. And can you please give us a ballpark figure on the maintenance budget at every park?

Nandakumar: Maintenance roughly works to about 5% to 6% of our total revenue.

Rohit Sharma: Okay. Thanks a lot.

Moderator: Thank you. As there are no further questions, I now hand the conference over to the management for their closing comments.

George Joseph: Thank you very much. We have enjoyed the questions and it was a wonderful discussion with you all about the performance of our company during the said quarter, especially in the backdrop of a decline in Kerala with the devastating floods. What I would like to highlight again is that in spite of the decline in Kochi, we could more or less maintain the EBITDA numbers on account of the control on our expenditure. Our operating expenditure has come down by 16% year-on-year; and compared to the budget, it has come down by 27%. All our expenditures are under control including advertisement, traveling and administrative expenses resulting in operating expenses. But at the same time, we are getting value for money on “every rupee” spent. Hence, we are confident and looking forward to a brighter future, with lot of expectations and hopes. So thanks to each one of you all for the patient listening and insightful questions. Wish you all the very best.

Moderator: Thank you very much. Ladies and Gentlemen, on behalf of ICICI Securities Limited, we conclude the conference call for today. Thank you for joining us. You may now disconnect your lines.

“Wonderla Holidays Limited, Q1 FY19 Earnings Conference Call”

August 8, 2018

MANAGEMENT: **MR. GEORGE JOSEPH – JOINT MD, WONDERLA HOLIDAYS LIMITED**
MR. N NANDAKUMAR – CFO, WONDERLA HOLIDAYS LIMITED

MODERATOR: **MR. NIMIT SHAH – ICICI SECURITIES**

Moderator: Ladies and Gentlemen, good day and welcome to the Wonderla Holidays Q1 FY19 Earnings Conference Call hosted by ICICI Securities. As a reminder, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal the operator by pressing '*' then '0' on your touch tone phone. Please note that this conference is being recorded. I now hand over the conference to Mr. Nimit Shah from ICICI Securities. Thank you and over to you sir.

Nimit Shah Good afternoon everyone. We would like to thank the Management of Wonderla Holidays for giving us this opportunity to host this call. From the Management we have Mr. George Joseph – Joint Managing Director and Mr. N. Nandakumar – Chief Financial Officer on the call.

I would like to hand over the floor to the management for their opening comments and then we can start the Q & A.

George Joseph Good afternoon everyone. On behalf of the Board of Directors and the Management of the company we extend a warm welcome to all of you to discuss the First Quarter Earnings of Wonder Holidays Limited.

At the outset, I would like to mention to you that in the recent Trip Advisor Rating, Wonderla Bangalore ranked #2 in India and #7 in Asia, whereas our park in Kochi and Hyderabad ranked #3 and #8 in India.

I should also mention to you in this connection that #1 is Ramoji Film city in Hyderabad but Ramoji doesn't really come under amusement park. So, if we exclude Ramoji, Wonderla continues to be #1 Amusement Park in the country and #6 in Asia.

With that introductory note, now I will come to the operating Results for the Q1:

Q1 started with a positive note with a healthy performance in all the 3 Parks. The park footfall in Bangalore had gone up by 3% and Hyderabad 22%, whereas footfall in Kochi has declined by 2%. As you're probably aware, Kerala has been witnessing unprecedented rains in the current season. This started from May, continued in June and the rain continues even today. There are floods in Kerala and this has resulted in tardy footfall into our Kochi Park. The Nipah Virus was a big scare and the tourist inflow to Kerala had become almost nil during the second half of May and thereafter in June. There were initiatives taken in the beginning of the year to stabilise the ticket prices consequent to the reduction of GST from 28% to 18%. The entire GST reduction has been passed on to the customers and we have rationalized the rates in such a way that we have made it more affordable to all the visitors, including school, colleges, the families, and corporates and also, we have rationalized the F&B rates, the merchandise rates and also the certain other non-ticket revenue. This has encouraged the footfall and we are happy that we have also introduced differential pricing, in the sense, our prices during the weekends will be slightly higher than the prices during the weekdays and as a result, compared to last year we have recorded a 60% footfall during the weekdays against 40% last year during the weekdays. We have encouraged the in-park spending. In-park spending witnessed a rise in all the parks. And this has resulted in non-ticket revenue going up from 23.5% in the last year to 25% in Q1FY19.

Coming to the financial performance in the first quarter:

Revenue increased by 1.5% from 102.3 crore to 103.8 crores, driven mainly by 6.3% year-on-year in footfall. But, however, partially offset by 4.2% decline in average revenue per visitor. The share of non-ticket revenue as I mentioned to you increased from 23.2% in the Q1 of 2018 to 25.6% in the current year, while the average ticket revenue per visitor declined by 7.6%, average non-ticket revenue spends per visitor increased by 8.9%.

On a like-to-like basis our revenue grew by 10% adjusted to differential taxes. EBITDA increased by 31.7% year-on-year from 43.6 crores to 57.5 crores. EBITDA margin is a significant growth from 42.7% last year to 55.3%. PBT increased 28.8% year-on-year from 38.3 crores last year to 49.4 crores PBT margin also sees a significant growth from 37.5% to 47.6%. PAT increased 27% year-on-year from 25.9 crores to 32.9 crores, and PAT margins increased from 25.4% to 31.7%. The cash PAT that is PAT plus Depreciation increased by 26.2% from 33.9 crore to 42.8 crore, indicating continued generation of healthy operating cash flows.

While, we shall focus to maintain the uptrend in park footfalls in our coming quarters, we shall also continue to strive for better cost control innovations and new initiatives across the parks through the year.

With this I would now like to open the call for the Q & A session. Thank you very much.

Moderator: Thank you. Ladies and gentlemen, we will now begin the question & answer session. The first question is from the line of Vatsal Mehta from Sameeksha Capital. Please go ahead.

Vatsal Mehta: I just wanted to ask, what is the reason for the decline in the other expenses?

N. Nandakumar: In other expense last year we had provision for service tax which now in the GST environment there is not subjectivity, and hence you see the reduction in other expenses. So, last year we had about 9.28 crores as provisions which were lying in other expenses.

Vatsal Mehta: Okay. And any light on the operating and maintenance cost per Park? Like if you could give a breakup of it?

N. Nandakumar: So, the maintenance cost is generally about 6% of our sales. I could send you the details. If you could request through our IR agency, we shall send you the details.

Vatsal Mehta: Okay. And one more question, on this Chennai Park, what is the status of the Tamil Nadu Government on the local body taxes, have they given any clarity on it?

George Joseph: Yes, the local body tax if you are aware which is 10%. We have met the Deputy Chief Minister and who is also the Finance Minister couple of weeks back, and they have agreed to have a positive look but then again, we are meeting the concerned ministers probably in a weeks' time. But only thing we have made it clear to the government that unless the LBT is totally removed, we will not go ahead with the construction. So, that is the present position. Hopefully, it should come through. But we don't know the time frame. That is the indication we have received. Anyways, we have to wait and see.

Moderator: Thank you. We have the next question from the line of Abneesh Roy from Edelweiss. Please go ahead.

Abneesh Roy: Sir, my first question is on the 21% increase in the footfall seen in Hyderabad Park. So, is this sustainable. Currently, your number of rides in Hyderabad is much lower than Kochi and Bangalore; at 44 vs 62 and 56 in other two. Do you plan to bridge this gap or currently the rides are good enough, because these are new, so as of now no big plans for more than one ride every year?

George Joseph: #1. whether the Hyderabad footfall is sustainable, as you are aware Hyderabad is a new market for us, so we have spent a lot of money on market generation and market activation, it is giving dividend. I think Hyderabad will do well in the current year. Going forward we hope to have the same uptrend in Hyderabad. But coming to the number of rides, I think for the Hyderabad market right now it is sufficient and even though the numbers are small compared to other parks, we have invested large amount in the high thrill rides. So, for example, the high thrill ride by name "Mission Interstellar", has costed us around 40 crores. It is really high-thrilled, and it is highly appreciated and accepted by the visitors. So, right now definitely we will go on adding newer experiences every year. Right now we have no plans to add any further rides in the current year.

Abneesh Roy: in terms of Kochi, what else is required? You have done more rides, still (-2%) in footfalls. So, are you happy with this number, because I understand this is a mature park, so is this the number which is doable, or you see positive footfall in coming quarters?

George Joseph: Definitely we are not happy with the numbers. And especially the we expected these number to go up in the current year. But unfortunately, things beyond our control happened. Like the Nipah Virus and the rains. I think as the sun shines, there will be footfall. Especially Kochi we get large groups in October to December season. We expect large number of colleges, schools, coming from Tamil Nadu and Kerala coming to Kochi in the third quarter. I think definitely Kochi will fire up in the coming days and we have also done lot of market activation in Kochi. A lot of tweaking of rates, rationalization of rates, entry rates, F&B rates. I think it will definitely give us results in the current year. Maybe not in the second quarter, but definitely in the Q3 we will be able to see it upfront in Kochi. I am sure about it.

Abneesh Roy: When I see hotel company results, occupancy is something which is being seen in most of the hotel chains. In your case, the resort continues to underperform 45% occupancy vs 50% last year. So, you have done a lot of corrective action in terms of corporate vs retail and on the room rental, nothing seems to be working. So, what is required here.

George Joseph: What happened last year is, we had number of corporates on long stay in the last year, in the area which we are operating, the Ramnagaram district. Number of large industries have come, and their staffs used to come a long stay say 3 months 4 months and all. But in the current year, it totally dried-up on account of close down of certain factories. But then we are seeing green shoots again in this segment and the current years rate will be able to get some long stay soon. Secondly, there also we have rationalized certain rates and all that and walk-in has improved, and we have a very active marketing team for the resort as well as the park who is combinedly doing marketing for the resort also. And current year the trend is good and definitely we will be able to take the occupancy rate to (+50) in the current year.

Abneesh Roy: And sir, one last question. Have you cut your advertisement spend? You extend other expenses well, but have you also cut your ad spend?

George Joseph: Ad spend, for example we have reworked the segments on which we are advertising for example, newsprint we find that we have been spending almost about 50% in the last year, that we are trying to reduce because the awareness through that media is only less than 3%. So, the spend on the print media we are trying to reduce, but then we are going digital. The digital spend is going up and other modes like TV, movie theatres, hoardings and market activation spends are going up. So, we are able to save something in advertisement on account of our lesser spend on print media. But that doesn't mean that we are slowing down our communication. It is very active. It is going on and we are more on digital right now.

Abneesh Roy: That's fine, but on absolute basis how is the number? Is it flat?

N. Nandakumar: It is flat for the full year. That's the budget we have taken.

Abneesh Roy: This quarter?

N. Nandakumar: This quarter also we are almost flat.

Moderator: Thank you. The next question is from the line of Dimple Kotak from SKS Capital. Please go ahead.

Dimple Kotak: My question is that, the EBITDA margins are 55%. Are they sustainable for the full year? And second is that, what kind of CAPEX are we planning during this year?

N. Nandakumar: EBITDA margins always in the first quarter is higher because our costs are more or less fixed. And hence 55% which is there in the first quarter might not be the same across the quarters but we should be definitely better in terms of our EBITDA margins compared to the last year by at least about 300 to 400 basis points. Yes. And CAPEX we are planning close to about 15-odd crores in the current year. But that again as what Mr. Joseph said it will not be on the new rides, it will be more on the refurbishment which we will be taking up in our parks and more on the IT initiatives.

Dimple Kotak: Sir, as you said to the previous participant, that in your resort you have taken initiatives which will improve occupancy rates; If you could just discuss one or two initiatives that you have taken or how we are working to improve the occupancy rate?

George Joseph: #1 is the differential pricing. If you look at our Resort and the Park in Bangalore, it's all in the same campus, and we have a captive crowd of an average of 3500 to 4000 coming to the park on an everyday. So, we are trying to convert a part of them to the resort, I mean by elongating their stay one day in resort and second day in the park like. We have a scheme by which we have offered a new 9999 package where in a couple in a double occupancy room will get 2 days stay in the resort and 2 days free entry to the park. So, that is attracting very well, and a lot of crowd is coming in, and we have a day package which is at Rs. 1200 and Rs. 1299-day package, and we also have a Stay & Play package from Sunday to Thursday at 5999. Then as I mentioned to you the long stays we have already contacted with couple of companies for a long stay and we expect about 500 room nights of long stay in the current quarter. Like that lots of steps are taken and we are also trying to increase our F&B sales, we have also a lot of innovative steps like promoting celebration in our resort. Like Birthday, Wedding anniversary and all that and we are working out with the event managers to promote the resort destination for wedding anniversary and birthdays etc. We have just started getting a couple of groups and we are taking it forward.

Dimple Kotak: And sir, what will be the growth guidance for the full year for FY19, where do you see?

N. Nandakumar: We are looking at about 8% to 9%, but it all depends on again Kochi.

Dimple Kotak: Assuming on a hypothetical basis; obviously we assume that you know things get better at Kochi in terms of environmental things, but assuming that if Kochi is not in, what kind of growth are you seeing.

N. Nandakumar: Hyderabad would grow at about 14% to 15%, Bangalore we are looking at about 8% to 9%.

Moderator: Thank you. The next question is from the line of Abhishek Ranganathan, from Ambit Capital. Please go ahead.

Abhishek Ranganathan: Sir, in the earlier call you had mentioned that you are looking at 13% footfall growth for this year. Now given the Q1 numbers and saying the Q1 is the best quarter for us, how do we see this number. Is there a change on the outlook of this number? And secondly, I have a question on the comparable growth of 10% which you have given for taxes in the presentation.

N. Nandakumar: To your question, since we are concentrating on the group business, that we lost out in the last couple of years, even in our budget the growth is heavier during the Q2 and Q3 when the group business would start coming in. That way we are not far off from the Q1 numbers that we had budgeted. So, full year number, 13% looks to be achievable. Probably we might have a 1% to 2% variance. But looks like broadly we will be there. And on the net basis yes because we had about 9.2 crores of taxes that was provided under expenses and you know the average rate of that was at about 8% last year which is about 18% GST in the current year. So, if you equate it, we have grown at about 10%.

Abhishek Ranganathan: So 10% you have given as the overall Topline growth or just the ticketing revenue.

N. Nandakumar: No this is overall topline growth.

Abhishek Ranganathan: Okay. So, if you were to adjust the 9 crores just on the ticketing, the ticketing like-for-like?

N. Nandakumar: That would be about 11%.

Abhishek Ranganathan: Except for Hyderabad where we have seen despite the GST piece our ticketing improved, most other places it's largely a reflection of the net ticket prices coming down. Over the last year as gross and this year being net.

N. Nandakumar: Yes. Even in Hyderabad it's the same. In fact you would have seen that in Hyderabad we had 20% entertainment tax and 15% service tax last year. In Hyderabad we would have actually got more saving. Like-to-like, Hyderabad would have grown close to about 40%.

Abhishek Ranganathan: And, on the pricing on Hyderabad, are we now on a mature pricing, or there is still some more scope to rise?

N. Nandakumar: No, pricing between Hyderabad and Kochi are more or less similar. Bangalore is a notch higher than both these Parks.

Abhishek Ranganathan: So we will keep it at the same level now ?

N. Nandakumar: Yes, we don't propose to change the pricing too often, because that actually confuses the customer. We propose to hold on to the prices that we explained in the last call also. We are trying to get that more or less consistent during the year.

Moderator: Thank you. The next question is from the line of Kaustubh Pawaskar from Sharekhan. Please go ahead.

Kaustubh Pawaskar: My question is on the Kochi park, non-ticketing revenues, it is almost flat on year-on-year basis. I guess the reason would be the rationalization of F&B and even the rationalization in the merchandise prices. Even in the Hyderabad Park, the non-ticketing revenues grew by 4%. So, I guess the reason would be the rationalization in the F&B and merchandize price?

George Joseph: Yes, to a certain extent and as I mentioned to you, we are very keen to increase the footfall. We are sure that by increasing footfall, the quantum of non-ticket revenue will also go up. And so, there was some correction required at Kochi. We have done some correction in the costumes, in the merchandise, in the F&B. So, that has brought down the rates. And I think going forward, F&B, with the increase in the footfall the quantum of non-ticket revenue will go up. Though the percentage may come down.

Kaustubh Pawaskar: And sir, this significant increase in the operating margins, as you correctly said that 9.2% was because of the provision effect. But since Hyderabad Park is also maturing, have you seen any improvement in the profitability of the Hyderabad Park?

N. Nandakumar: Yes, Hyderabad park is now more or less in Q1 similar to what Kochi is delivering. Or even a little a notch higher than Kochi has delivered. So, it is definitely contributing to the overall mix.

Kaustubh Pawaskar: So, if we consider the Hyderabad Park continues to grow at about 20% to 22% in terms of footfalls, and revenues to grow in strong double-digit. I guess that will further add to the overall profitability?

N. Nandakumar: Yes, that is why I said we are looking at an EBITDA increase of about say 300 to 400 basis points during the current year. That has also got to do with the growth that is coming out of Hyderabad, which is higher than Bangalore and Kochi.

Kaustubh Pawaskar: And sir, what are your plans for the group booking which largely comes from the schools and colleges? Because that part you need to improve in terms of increase in footfalls in the weekdays. So, what would be your strategy or what actions have you taken over there?

George Joseph: #1. We are revamping our marketing set up. In the sense that we have business development partners are there throughout all the locations. We have in Hyderabad, In Tamil Nadu, in Kerala and in Karnataka. So, we are having a close liaison and monitoring of the activities of the business development partners and wherever corrective actions are required, we have already taken. We will continue to take that. Then we have quarterly performance review of the business development partners vis-à-vis their targets and we have also told them that they have to have a minimum number of executives, capable people who can conclude a deal effectively with them. And we have also introduced a software by name CRM- for tracking the performance of the visits of the business development partners, the executives employed by them as well as our own business development executives. So, there is a system by which we can track how many calls they do in a day and wherever they go, whom do they meet, what is the contact numbers and email ids. And what is the subsequent follow-up and we are able to have a close follow-up and we find that the results are good, and they are able to visit more of institutions and colleges and schools and able to take the orders. So that is how very close tracking of our own executives as well as the executives of the business development partners is being done.

#2. We have also given more incentive to groups in the sense, for school earlier, the free ticket or for the teacher ticket I used to say, it was 8:1 that means for eight students we were giving one tickets now it has increased to 10:1. Then for colleges also we have increased. And we have individuals per ticket offer, there is a lot of tweaking done in the schemes. Definitely I think the numbers will be driven. In fact, our BDPs are earlier concentrating on schools and to a certain extent college. But we told them there are lot of institutions, corporations in the vicinity, in their hinter land, in their command area, they should definitely visit and take a deal from them. And we have also re-energized our own people in addition to the BD executives, we gave a call to all our staffs, all our employees, and all of them should go at least one day to the market and contact their friends' relations and contacts and bring business. So, this is also happening effectively. I think we have really energized the market and tracking in the market on a day to day basis and this will definitely give results in the current year.

Kaustub Pawaskar: So, that was an extensive strategy to improve your group footfalls as well. But sir, when can we see positives out of this initiative coming in. Should we expect FY19 to be better. But whatever initiatives you have taken should start bearing in from FY19 or FY20 will give us something.

George Joseph: I think we will start seeing results from Q3. Because the groups we will start visiting from October. I think we can witness sharp increase in the group from October.

Kaustub Pawaskar: Right Sir. Just a clarification required sir. In the initial comment you mentioned that 8 to 9% growth in Bangalore. You were talking about the footfalls or you were talking about the revenues?

George Joseph: In fact, footfall has grown only by 3% in Bangalore and 22% in revenues.

Kaustub Pawaskar: Okay so you were talking about the revenue targets it seems like. 8% to 9% from Bangalore and about 5% from Kochi.

George Joseph: Yes

Moderator: Thank you. The next question is from the line of Jatin Naik from ICICI Mutual funds. Please go ahead.

Jatin Naik: My question is, is there any plan to come up with a new ride or expand your park in Kochi and Bangalore?

N. Nandakumar: See we have considerably invested in the last year and the year before in Bangalore and in Kochi. So, we don't have any plans in the current year for any new rides for these two parks and even in Hyderabad for that matter. We might only be doing certain refurbishment or if there is any old ride probably we might give it a shape. But otherwise I don't think we will be investing in any new rides in the current year.

Jatin Naik: Sir secondly, I wanted to ask on the footfall numbers. I was looking at your footfall numbers from 2012 onwards. More or less in the last 6 years, we are again back to that same level where we used to be in 2012. So there has been a good 6-year period where in our footfalls have not really grown, if I look at a 6-year period. So, what do you think has been the issue. Is it the market which probably is not mature enough to have new people coming in and actually ultimately visiting the park or is it the Park in itself which is not adventurous enough for the visitors? Or is there something else which I am not able to get, what is the issue?

George Joseph: Probably, pricing would have been an issue initially, because every year we used to increase the prices by 10% to take care of the inflation, etc. We used to have a general increase of a 10%. That could have been an issue. Secondly the discount we were giving to the schools earlier was about 50% and we thought we could bring down the discount and we have sharply brought down the discount from 50 to 35% then 3rd reason is probably the commission we pay to the BDPs. If the rates go high, we thought the commission could be reduces. So that also was slightly reduced. So, these are all added in. In addition to that the effect of demonetization and suddenly the service tax and GST coming up, in fact in Kerala we have having less than 1% of the entertainment, and the component of entertainment tax. Which has gone up to almost 28% in the GST era. So sudden hike in the service tax and introduction of GST has really dampened the spirits and the footfall has terribly got affected. And I am extremely happy that after almost about 8 quarters we are seeing positive growth in the current year. If you are aware, the

GST rate has been brought down from 28% to 18% and still we feel that 18% is little too high. We along with our association and industry peers, we are again lobbying with the government of India and GST council for reduction further. And all the actions we have taken I think it will fire the numbers in the days to come.

N. Nandakumar: Just to add to what Mr. George said, Our traditional tax rates where about 2% to 2.5% for the company. Now that is almost like, in the service tax era it was almost 15% and in the GST era it is went up to 28% and was brought down to 18%. So, some where we had to pass on the tax on to the consumers and hence our ticket prices were quite steep. That's the reason why in this current quarter we passed on the benefit of the entire tax rates to the consumers and our campaign was more towards price less summer. And that is also one of the reasons why we see growth in the current quarter.

Jatin Naik: Sir also one more question I want to ask, is there any other market which the current development team is probably thinking about other than Chennai? Or the entire, anyway because we have identified Chennai is the market we want to come up with a new Park. If that is not happening since quite some time, is there any other market in mind, which you are evaluating or that is in the back burner.

George Joseph: We are not really evaluating, but there are offers, invitations from certain state governments and there are couple of states are very keen that we should go there and have our park there. But we are not looking at it. The current next park in our mind is only Chennai and we are not looking anything beyond that right now.

Moderator: Thank you, the next question is from the line of Pankaj Kumar from Kotak Securities. Please go ahead.

Pankaj Kumar: My question pertains to the clarification on guidance side you said 8% to 9% growth in value terms. That's what we are guiding for the year. And for Bangalore also we are saying 8% to 9%. So how is it in volume terms than in footfalls. What you are guiding?

N. Nandakumar: See, we told you we are not looking at any ticket price increases. And hence more or less the both the footfall and in revenue terms it has to be the same.

Pankaj Kumar: So if I look at your first quarter, the Bangalore in the past has grown at say 3% roughly in terms of footfall. So are we expecting any significant change. Like what will drive the growth in the rest of the quarters?

N. Nandakumar: I did mention this to the earlier question that we will be looking at group business to grow, because we had lost on the group business significantly in the last couple of years. And hence the growth will have to be higher because of the group business in the subsequent quarters.

George Joseph: Again, in Bangalore the footfall, in the early part of the current year we had the election in Karnataka. That has affected the footfall, and again some Cauvery related agitations and all that. So, in April the footfall in Bangalore was much less than expected. Then subsequently after the election thing, after the things got stabilized, from May and June was very good in Bangalore. So, going forward I think Bangalore will catch up.

Pankaj Kumar: Sir secondly, last quarter, we are talking about introducing this cash less wallet-based payment system, that you have launched on a pilot basis. So how is the progress on that?

N. Nandakumar: We have already implemented that in Bangalore. Kochi is also done but it is still under pilot. We will be taking up Hyderabad after these two parks get stabilized.

Pankaj Kumar: So we can say that on a full year basis we will be implementing this across the parks.

N. Nandakumar: Yes.

Pankaj Kumar: And what kind of improvement in business do you visualize in the future.

N. Nandakumar: See, we will have to wait and watch because this is more convenience and experience for the consumer. We also expect the non-ticket revenue to go up. But we don't have right now a real history on this because it's just been about 2 to 2.5 months that this has been implemented. So, we will be able to give you some numbers in the subsequent quarters.

Moderator: Thank you. The next question is from the line of Tejas Shah from Spark Capital. Please go ahead.

Tejas Shah: Just one question. Any update on our service tax litigation with the government.

N. Nandakumar: Not yet. So, what's happening is by the time the case gets listed it is almost evening and the court is not able to take it up. That's how it has been happening the last 3 to 4 times. So, to your question, the status quo remains.

Tejas Shah: And sir hypothetically, if the ruling doesn't come in our favour, how will it impact our balance sheet and P&L in that case?

N. Nandakumar: See we have already provided that in the books of accounts so there is no direct impact. It will be only on the cash flow. We have already paid in Kochi and Hyderabad whatever was the litigated amount under protest in Bangalore is where we have not paid.

Tejas Shah: So impact on cashflow also will be restricted to Bangalore park.

N. Nandakumar: Yes.

Moderator: Thank you. The next question is from the line of Aksh Vora from Patch Financial. Please go ahead.

Aksh Vora: Just wanted to know what is the typical payback period time**,** once we acquire the land and project to develop some theme park on there, not utilizing the entire land what is the approximatively payback period?

N. Nandakumar: Generally, the pay back is close to about 8 to 9 years once you put up the park. That is once the park is operational.

Aksh Vora: That is 100% utilized?

N. Nandakumar: We always take a little more land because there is an opportunity for the future. Example in Bangalore we have the resort attached to it. So, if the resort works well, we might even look at replicating the same in other parks.

Aksh Vora: In such comparison, what would be the amount going towards the land and towards the development of the park?

N. Nandakumar: Again we experiment on development differently. For example, Hyderabad we had crunched our layout. Where as in Bangalore and Kochi, it is more generous. So, we keep experimenting on the layout. So, there is not set standard rule that we follow. So that way it’s different for different parks.

Aksh Vora: What would be the approximate land cost in percentage points?

N. Nandakumar: We use about 60% to 70% of the land that we procure.

Aksh Vora: Okay. So, 60% to 70% of the amount goes towards the land of your CAPEX and the rest towards the development of the park?

N. Nandakumar: No. That way land cost if you see, it will be about 20% of the total project cost.

Moderator: Thank you. The next question is from the line of Chitrangda Kapoor, from Sameeksha Capital. Please go ahead.

Chitrangda Kapoor: I will be harp little bit on average ticket size. You mentioned that, you passed on to GST benefits to the customers this quarter. But when I was looking at the sequential number of your average ticket prices, your Kochi ticket price has actually increased about 30% and Bangalore ticket has increased by 20%. So, could you help me understand how have you passed on the benefit of average ticket price, GST benefit to the customers this quarter?

N. Nandakumar: We have actually fixed a base. The base is the same and whatever is the GST is completely passed on. So, we are not charging the 28%. Only 18% is charged and you could see a difference in the gross RPV for the simple reason that's it's a mixed play. So, if adults in one quarter is higher then the realizations are higher and if the child is higher than the realizations go down. So, it is not very much comparable that way. The mix keeps changing every season.

Chitrangda Kapoor: So you are saying that in Q4 usually the mix is more towards children, vs Q1 mix.

N. Nandakumar: Even if you take Q1 to Q1 last year, the mix would be different. It is not same.

Chitrangda Kapoor: What is the quantum of impact of the mix change?

N. Nandakumar: It could be 5% to 10%.

Chitrangda Kapoor: Even if I consider 10%, as an impact on mix change and the reduction of GST, from 28% to 18%, which happened in February which you may have passed on in Q1. Q1 price is still adjusted base seems higher on a sequential basis sir.

N. Nandakumar: Again, it also depends on the weekday & week end. Last year if you see, in our pricing philosophy we had prices for a normal season and for a peak season, The pricing was the same whether it is a week day or a week end. But this year we have changed the pricing philosophy. We have both week day and week end pricing for both normal and peak seasons and that also could have an impact.

Chitrangda Kapoor: Usually what is the split between your footfalls, weekday vs weekends?

N. Nandakumar: See, week day generally is about 55% mix. But that has gone up in the current quarter by almost 10% points, that is primarily because of the pricing philosophy which I had explained.

Chitrangda Kapoor: Okay. I will probably take this offline. My second question sir is when we are talking about Kochi park being impacted because of Nipah virus and I may be wrong, but as far as I am aware, unseasonal rains started in July. So that was towards the end of Q1. So, how much was the impact of Nipah virus, and follow up on that is, what percentage of the group booking got impacted because of the Nipah virus. I am assuming that the group booking actually got impacted due to Nipah virus.

N. Nandakumar: No even walk ins have been impacted because of Nipah virus. So, I will tell you. We checked out on a group from Trivandrum that did not come to our park. And they said, though we are from Trivandrum, and Trivandrum is not the belt that got impacted because of Nipah. There could be people from Calicut, where the Nipah virus impact was felt more in the entire state. Those people could have incidentally come to the park and we could get infected. So that's the kind of perception that people had. So, I mean, you can attribute people not coming because of Nipah virus there. Whether it is group or even for that matter walk-in.

George Joseph: It was a very scary situation during that period in fact, all the group booking we had from Tamil Nadu was completely cancelled. I will not be able to give the quantum, but then the entire booking from Tamil Nadu was cancelled. Otherwise, during that period we used to have good crowd from Tamil Nadu. There was no tourist inflow to Kerala during that period. Today also if you look at the flights. Flights are going empty to Kerala. Where as in the normal season flights are full. Even now because of the impact of rain (not Nipah), the tourism is badly affected in Kerala in the Q1 and the current quarter.

Chitrangda Kapoor: Okay. next question sir is on the return on invested capital for your matured park vs your new park. What is the differential in the ROI for these 2 parks? Usually a new park takes how much time to ramp up or become a mature level. You said the payback is about 8 to 9 years. So, does it require that much of time?

N. Nandakumar: Actually ROCE you could have seen on the balance sheet 3 years back, when we didn't have any fresh investment was close to about 25%. That is Bangalore and Kochi put together. To your question, to get to a million footfall it normally takes about 3 to 4 years.

Chitrangda Kapoor: My question was on the new park return on invested capital for Hyderabad? How much is that for a new park vs the mature park?

N. Nandakumar: If you take the matured park, that's what I said Bangalore and Kochi delivered almost 25% 3 years back. Because the CAPEX was low there. But in the new park, the land parcel cost, the cost of the new machines etc., are higher so definitely the ROCE will be lower than a matured park.

Chitrangda Kapoor: Okay. Can you put a number to that?

N. Nandakumar: So, I would guess it would be in the range of about 10% to 15%.

Chitrangda Kapoor: Finally sir, in Chennai, you have mentioned in Q4 last call that the Chennai park is on hold right now. But there must be some other expenses which hasn't booked in Q2 and Q3 and Q1 of previous year, which pertains to the contractual workers and some work that could have started in the land. How much would be the quantum of that other expenses pertaining to the Chennai park.

N. Nandakumar: The cost as not been taken into the P&L as yet. It's still to be capitalized.

Moderator: Thank you. The next question is from the line of Bheeshma Sanghani a private investor. Please go-ahead sir.

Bheeshma Sanghani: Hello, I had a question on the Bangalore Park. We have seen that the prices of average revenue per visitor have come down. And Bangalore contributes to about 45% to 46% to the overall revenues. Can you give me a sense as to how pricing is going to pan out in the next 3 to 4 years?

N. Nandakumar: I guess you would have seen the net pricing as compared to the previous year. That has got to do with the taxes. I explained this in the beginning itself that there is a service tax component which was being provided as expenses in the last year to the extent that we had litigated. But if you see on a broad basis, I think we are more or less in line with what it was last year. So, in terms of our pricing philosophy, we still continue to hold prices in the current quarter as compared to the previous quarter.

Bheeshma Sanghani: Yes that is as per the quarterly park is concerned.

N. Nandakumar: For the rest of the year also, we will continue to hold prices because we think, going by what has happened in the previous years, that increases in ticket prices disproportionately also has impacted our footfalls and hence we will continue to hold on to pricing and we will continue to look at foot falls as our growth driver to our revenue.

Bheeshma Sanghani: Okay. So, the focus basically is more on footfalls is what I gather. Now, the second question has to do with your cost reduction initiatives. Do you see any mode of those going forward, or is it that you can expect that to flatten out?

N. Nandakumar: See we have already done our base line in the last year itself. In the last year we had significantly reduced our expenses. I don't see any major reduction in expenses in the current year. But we still continue to look at our costs. We continue to be cost focused.

Bheeshma Sanghani: So essentially the sense that I am trying to get is, last year we have seen a steep drop in the operating expenses. And after some point, that cannot be sustained. So, I am just trying to get a sense of that. The operating structure is going to be the same going forward right?

N. Nandakumar: Yes. I guess you are seeing the number in the previous year which had provision for taxes which is close to about 9 crores.

Bheeshma Sanghani: Yes.

N. Nandakumar: If you leave that out, there has been a marginal increase in certain operating cost and we will continue to keep the cost very minimal.

Bheeshma Sanghani: Third question is to do with a specific rides. Once a customer comes and experiences a ride, there may be some diminishing marginal utility to it going forward. Are there any rides which sort of don't have that kind of an element to it? The ones that gives the most bank for the buck sort of to speak. So, anything specific to rides is what I am trying to get a sense of.

N. Nandakumar: Well the question is not very clear to us.

Bheeshma Sanghani: Some rides get more volume compared to other rides. Some people prefer a certain kind of a ride compared to the other rides. Is there any ride that you think is the most preferred one in your park that drives the maximum number of people there?

N. Nandakumar: See, high thrill rides, definitely interest people. On an average we have about 7 to 8 high thrill rides in each park. I mean that's what interest people more than any other ride. If you see also the way the queueing happens, people first get into the high thrill ride and then get into the other rides.

George Joseph: The water rides are also most preferred and rain disco, water rides attract huge crowds. And people really enjoy it.

Bheeshma Sanghani: So any initiative on those front any kind of fresh set of experience in that area.

N. Nandakumar: If your question is of increasing the number of rides as I explained we are not going to increase in the current year.

Bheeshma Sanghani: I just want to get a clarity on the overall revenue growth for the entire year. Can we expect 10% to 12%.

N. Nandakumar: Yes, we would be looking at that kind of a number. We are looking at a PAT margins close to about 16% to 18%.

Moderator: Thank you. Ladies and gentlemen that was the last question. I now hand the conference over to Mr. Nimit Shah for his closing comments.

Nimit Shah: Thanks a lot. We would like to thank he management of Wonderla for giving us this opportunity to host the call. Thanks a lot sir.

George Joseph: Thank you very much for the opportunity given to us to explain our strategies and the Q1 numbers. Thank you very much.

Moderator: Thank you. Ladies and gentlemen, on behalf of ICICI Securities that concludes todays conference. Thank you for joining us. And you may now disconnect your lines.

"Wonderla Holidays
Q4 FY2018 Earnings Conference Call"

May 28, 2018

ANALYST: **MR. SNIGDHA SHARMA - AXIS CAPITAL PRIVATE LIMITED**

MANAGEMENT: **MR. ARUN CHITTILAPPILLY - MANAGING DIRECTOR - WONDERLA HOLIDAYS LIMITED**
MR. NANDAKUMAR – CHIEF FINANCIAL OFFICER - WONDERLA HOLIDAYS LIMITED

Moderator: Ladies and gentlemen, good day and welcome to the Wonderla Holidays Q4 FY2018 earnings conference call hosted by Axis Capital Limited. As a reminder all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing "*"then "0" on your touchtone phone. Please note that this conference is being recorded. I now hand the conference over to Mrs. Snigdha Sharma from Axis Capital. Thank you and over to Madam!

Snigdha Sharma: Thanks everyone. Thank you for standing by. From the management side, we are represented by Mr. Arun Chittilappilly who is the MD of Wonderla Holidays, Mr. Nandakumar who is the CFO. Without further ado I now hand over the call to the management. Mr. Arun over to you!

Arun Chittilappilly: Thanks Snigdha. Good afternoon everyone. On behalf of Wonderla, I would like to welcome all you to our Q4 earnings call of FY2018. In FY2018, we received an aggregate of 2.5 million visitors and encouraging 5% rise in average ticket revenue per visitor. The Indian Amusement Theme Park industry has been growing at CAGR of more than 17.5% with annual revenue of about 17 billion. This is estimated to grow to at least Rs.40 billion by 2020. We believe that we are placed very well to exploit this growth with our three operational parks and our fourth park to be launched in Chennai where we have already acquired 62 acres of land.

Our parks increasingly promote social wellness and beget fun and learning for children and their family. A major boost was received earlier this year when the GST council reduced the taxes on admission charges from 28% to 18% to the sector. Further a strong 23% rise in average, non-ticket revenue is also encouraging signs of our increasing engagement of visitors. Let me give you a brief about the financial performance for the quarter. For Q4, our revenues decreased by 7.5% Y-o-Y from 59.3 Crores to 54.92 Crores driven by 12.1% Y-o-Y decline in footfall, partly offset by 3.8% growth in average revenue per visitor.

On a like-to-like basis this growth in revenue was 2% considering the provision that we have made for this period taxes in Q4 last year. The share of non-ticket revenue improved from 25.3% in Q4 FY2017 to 28.7% in Q4 FY2018 because of new F&B offerings at the restaurant and merchandize sales. In-park spends grew by 4.9%. The Q4 FY2018 EBITDA increased substantially by 79.2% from Rs. 8.5 Crores to Rs. 15.2 Crores. EBITDA margin has almost doubled from 14.4% to 27.8% in Q4 FY2018. Q4 FY2018 PBT increased by 58.4% from Rs. 4.2 Crores to Rs. 6.7 Crores. PBT margin increased in Q4 from 7.2% to 12.3%.

Q4 FY2018 PAT increased by 9.1% from Rs. 3.3 Crores to Rs. 3.6 Crores. PAT margin increased from 5.7% to 6.7% in Q4 FY2018. Q4 FY2018 cash PAT increased by 37% from Rs. 9.8 Crores to Rs. 13.4 Crores indicating a continued generation of healthy operating cash flows. We are also almost completely debt free as of now. We would also like to inform you that the board has recommended subject to an approval of the ABM an increased final dividend of 1.5 per equity share compared 1 per equity share in FY2017. Our dividend payout order ratio stands at 26.5%. With that, I would like to now open the floor for question.

Moderator: Sure, thank you very much. We will now begin the question and answer session. We have the first question from the line of Avnish Roy from Edelweiss Securities. Please go ahead.

Avnish Roy: Mr. Arun, my first question is on Hyderabad you have introduced new rides now latest is mission interstellar, how do you see FY2019 in terms of footfall for Hyderabad? why I am asking this is you cut your guidance from 0.7 to 0.67, but ended the year at 0.64 and normally in the second and third year we do see pickup in the footfalls, here it has in fact come down a bit only, what are the issues and do you see a good recovery in FY2019?

Arun Chittilappilly: So, like I told you our pricing was completely haywire in FY2018 because our prices changed three times from April to June we had one pricing when we were in the service tax regime, then we had another pricing from July to February when again the GST for the amusement parks was brought down in February, so I think there is a lot of confusion regarding pricing and that is the feedback that we are getting and our price was very high, we passed on all the GST impact to the customers and obviously it definitely impacted our footfalls as well, but that is the policy that we have decided and we are very well aware that I have explained this issue before that is the policy that we have any taxation will always be passed onto the customer even we do not want to try and absorb it. So this year our policy is to maintain pricing. I think we have taken 2% price increase overall that is very less compared to the previous years and our goal is to try and maintain pricing across all the three parks for the whole year without too much fluctuation and all our marketing communication is pricing led and we are talking about how we have dropped pricing this year compared to last year, which is true because our prices have come down by about 10%, so that is the way we are doing it and that has helped us a lot. For example in this FY2019 Q1 we are seeing some good growth in Hyderabad especially is growing I think around 17% growth in footfalls Hyderabad and Cochin is also finally showing some growth in footfall, but it is too early to say it is only two months of the year so I do not want to make a prediction based on that, but we are hopeful that our footfall will start growing from this year onwards.

Avnish Roy: One followup here, the Q4 ARPU in Hyderabad is much lower than the full year that entirely because of the taxes or have you actually cut in terms of real terms also?

Nandakumar: No, it is only because of taxes that the revenues have dropped, but otherwise there has been growth across parks. We have actually grown 2% on revenue on like-to-like basis. It is only because of the taxation, in earlier years the disputed taxes are under provisions under expenses and that’s the reason why you see the net revenue lower.

Avnish Roy: Sir, my second and last question is on the resort, so in the last call you have mentioned the strategy to move towards more of retail rather than corporate, so if you could tell us in that journey how much progress has been made and when do you see year growth coming? Because in most of the other hotel business we have seen companies record good growth and any plans to kind of hive off this because we have seen one of the other listed player hive off the hotel or you have no plans for that?

Arun Chittilappilly: No, for us this is like a very small drop in our revenues. I mean it is only about 4% to 5% of our total business. It is very small for us and it is more of an experimental thing for us and we want to grow from more of a corporate to more a family-oriented kind of this thing, so we are tying up more with your PayTM, Cleartrip and all the online OTAs. So that is being done more aggressively now and we are seeing a bigger jump in terms of direct bookings to our resort against corporate bookings because corporate bookings are very highly fluctuating and that is one of reasons why we lost occupancy last quarter because the year before we had a lot of corporates who had taken the resort for bookings and we are dependent on a few players to give us a lot of booking, so we want to move away from that strategy and try and get more retails family to come and book the resort and so that is our conscious effort that we are doing. So you might see some dip in resort revenue this year, but we are hoping that we will definitely improve our occupancy and then hopefully it will start moving up.

Avnish Roy: And one followup here, isn't the resort business more dependent on the overall footfall in the Bengaluru?

Arun Chittilappilly: Yes, it is also depend on footfall, so if you see like our footfalls in Bengaluru has dropped, so obviously the resort also will show a slight drop.

Avnish Roy: That is all from my side. Thank you.

Moderator: Thank you. Next question is from Gaurav Agarwal from P&R Advisors. Please go ahead.

Gaurav Agarwal: Congratulations Sir and thank you for the opportunity. Sir Just two questions, for the base quarter of current quarter for Q1 FY2019 and what was the tax rate that you are charging in Q1 FY2018?

Nandakumar: So, Q1 FY2018 each park had a different way of charging taxes, in Bengaluru last year we were actually charging only entertainment tax and we have made a provision for the service tax. In Kochi the tickets were split between admission fees and park maintenance fees 50:50 and there was no entertainment tax in Kochi, but we had a service tax, which we were paying on park maintenance. In Hyderabad it was once again 50:50 admission fees and park maintenance fees and the entertainment tax was at 20% and the service was at 15% in Hyderabad.

Gaurav Agarwal: Sir, for Bengaluru how much was the entertainment tax because service tax we were anyways not charging it, we were taking our provision in our P&L?

Nandakumar: Entertainment tax was at 5% in Bengaluru.

Gaurav Agarwal: 5% taxes versus 18% now is the understanding correct?

Nandakumar: Yes.

Gaurav Agarwal: And for Kochi Sir, I am only interested in that tax, which you charging what you are taking in the P&L that does not matter?

Nandakumar: So, for Kochi I told you there is no entertainment tax there because there is only a municipal tax which is based on investment and that is taken as expenses in any case. The service tax was paid on the park maintenance about 50% of the total fees at 15%.

Gaurav Agarwal: Sir, 15% and 7.5% on a total revenue?

Nandakumar: yes.

Gaurav Agarwal: For Kochi 7.5%, It was Rs.100, so Rs.7.5 was the tax part?

Nandakumar: Yes and it will not be exactly 7.5 because what we do we keep admission fees at 500 and the park maintenance fees as the balance and hence depending on the ticket prices this could change, so it will not be exactly 7.5%, but yes if both are same the ticket price is around 1000 depending on who comes into the park then it is 500:500.

Gaurav Agarwal: Finally, if you can help me at the gross level, what would be difference between this quarter versus last quarter, this quarter we are charging 100, what was the figure we were charging last quarter?

Nandakumar: That is roughly about 7%, I can give you the exact numbers after the call, but it is roughly around 7% range.

Gaurav Agarwal: 7% increase on a Y-o-Y basis right?

Nandakumar: Yes and the remaining is shown as the provision.

Gaurav Agarwal: Fine and lastly Sir, can you give me park wise operating expenditure breakup for FY2018, it you have it right now then it is fine. Otherwise I will call you?

Arun Chittilappilly: We request you to write to us through IR agency and the same shall be provided.

Gaurav Agarwal: Sure, Sir. Thank you.

Moderator: Thank you. Next question is from Kaustubh Pawaskar from Sharekhan. Please go ahead.

Kaustubh Pawaskar: Thanks for giving the opportunity. Sir, my question is on the Bengaluru park, for the past few quarters we have been seeing that Bengaluru footfalls have been in the declining rate especially in the groups we are seeing substantial decline?

Arun Chittilappilly: Because of the pricing.

Kaustubh Pawaskar: This is the only reason or is there something else that slows down?

Arun Chittilappilly: Actually Bengaluru park is our highest priced park even it is at least 15% more expensive than the other two parks, so the price increase and the quantum of the increase in Bengaluru is much higher.

Nandakumar: Our pricing philosophy also has changed, we have moved into peak season, off peak and a weekday, weekend pricing model whereas in the last year we were only following a regular day and a peak day pricing.

Nandakumar: So, Q4 pricing was about at 909 on a regular day for a person.

Nandakumar: Last year it was about 1100 and actually it was about 1320 weekend.

Arun Chittilappilly: So, it has gone from 1100 to 1300, so there is Rs.200 difference in the ticket between last year, which is FY2017 and FY2018. So that is the huge difference actually.

Kaustubh Pawaskar: Right Sir, but now since we are not taking substantial price increase or almost 2% price increase should we expect Bengaluru also start seeing an improvement in terms of footfalls?

Arun Chittilappilly: Yes, we want to see improvement in footfalls in all three parks without exception.

Kaustubh Pawaskar: Right and Sir, in your opening remarks you have mentioned that you are seeing about 10% to 12% CAGR growth in the theme park industry in India, what would be the key drivers, non-ticketing revenue is one, but where do you see the footfall?

Arun Chittilappilly: The revenue drivers will always be the footfall, non-ticketing revenue is an icing on the cake to just help you augur your ARPUs and things like that but your primary revenue driver is always footfall.

Kaustubh Pawaskar: No, why I am asking this because your non-ticketing revenues I think it has gone up from 20% to now it is almost reaching to 30% and if you look into the international market, the breakup is almost 50%, 50%, so are we also looking at our non-ticketing revenues to reach to about 50% that is your long term goal?

Arun Chittilappilly: Definitely, I mean I think we do feel as our parks are becoming larger and our ticket prices are going higher it is expectations of F&B and merchandize and memory space are also increasing. So we are selling higher price meals, higher price merchandize, higher price photography things like that and definitely we will see our non-ticket revenues growing and we have already seen that. only issues that we are having is our footfalls again that is because our ticket pricing has been very fluctuating and has been going wildly up and down, hopefully, this year onwards it is going to be stable and then we can start growing our footfalls.

Kaustubh Pawaskar: But, from the longer term view can we expect footfalls to stabilize at about 4% to 5% CAGR?

Arun Chittilappilly: We are looking for more aggressive growth in footfalls for the next couple of years because we have lost footfalls in the last two years especially in Bengaluru and Cochin and especially Hyderabad also we are hoping to get a 7 lakhs visitors this year, so we want to clawback some of that growth this year and next year. so we are not really focusing too much on price hikes for the next one or two years. we are looking at how to improve our footfalls either through direct sales or direct marketing or through social and things like that, so that is our focus for the next one or two years for all three parks, so we are definitely going to be depending more on footfall as a company for the year or two has to show revenue growth not on non-ticket revenue.

Kaustubh Pawaskar: Right Sir and last one if I can, we have seen significant improvement in margins in FY2018 and you have taken a lot of initiatives for that, how much of this will be continued in FY2019 and FY2020 or we might see margins standing in this range only?

Arun Chittilappilly: No, we want to definitely improve our margins also, so we have done a lot of things. Lot of our utility cost has really come under scrutiny and we are now doing solar power purchase and we have installed solar panel, so our utility costs are coming down, our people cost which is our highest cost is also coming down, we are rationalizing our work force across all levels and a lot of changes have been made. In fact we have done a huge rejig of our management also as you are aware, so lot of things are changed in terms of our whole philosophy towards people, so hopefully we can maintain a lot of this as well because people are our biggest cost and so we need to look at that end more carefully. But having said that so people then utility cost, the bigger cost is spares and maintenance cost that has also come down compared to the previous year, but that could vary from year to year, some years we may have more cost, cannot do a prediction on that. The other cost which is we are also trying to rationalize a lot is our marketing cost. Last year we had a brand re-launch and things like that, so we spend a lot more money and marketing. This year that we have been able to bring that down and we are trying to do more performance-based marketing and referral-based marketing. So hopefully our marketing cost, cost of customer acquisition will go down, so that is also a deliberate attempt. So I think with all these things we will definitely be able to improve margins in FY2019 and then coupled with the footfall growth I think we will get back to where we were a couple of years ago.

Nandakumar: And added to what Arun said ours is a fixed cost business and the moment we are able to get more footfalls that actually flows through to the bottomline and the margins will improve considerably.

Kaustubh Pawaskar: Right Sir, I was coming to that only.

Nandakumar: We should be able to increase our margin percentages in line with our footfall growth or even beyond that.

Kaustubh Pawaskar: Yes hope to see the margins coming back to about 41%, 44%, which company used to get earlier. My last question is on the Chennai project how is it going and at this position when do you expect the project to get operational?

Arun Chittilappilly: Chennai project, we are currently in a wait and watch mode. We have made our representation to the Tamil Nadu Government regarding the local body taxes. Unless that is resolved, we will not build the park because that is the decision we have taken and we have communicated that to the Chief Minister as well because we feel that 10% LBT on top of 18% GST, the project is not going to be very profitable so that has been very clearly communicated to Tamil Nadu Government and I think there is a positive sign coming from their end. So hopefully in the next quarter or so, if we get a some kind relief on that we will start work, we are ready to start work, everything is ready, we have our designs ready, we have even recruited some people to help the construction work in Chennai. The design of the park is almost complete. A lot of things have been already done. It it just that we do not want to commit that investment until we get something in writing from the Tamil Nadu Government.

Kaustubh Pawaskar: Are we seeing any impact of Nipah on our footfalls on Kochi park footfalls?

Nandakumar: Actually, Kochi is growing right now and, luckily the season is almost over for us, hopefully we will not see a huge impact, it should be okay.

Kaustubh Pawaskar: Thanks a lot.

Moderator: Thank you. Next question is from Tejas Shah from Spark Capital. Please go ahead.

Tejas Shah: Thanks for the opportunity. Sir, first I believe that we had a very steep increase in prices in last couple of years, then was just curious what led us to take 2% price hike even though miniscule, but why price hike this year again?

Arun Chittilappilly : In fact, we have not taken a price hike. It is just that we have a very complex pricing system so some categories, which we felt we could increase, we have increased whereas some categories we have reduced, so that is a very complicated process. How we look at our price matrix. Some section like for example, full paying child ticket we have been able to increase that whereas the full paying adult we have decreased that by 1% or 2%, so it is a case to case every segment of our footfall, we have peak pricing, more or less we have left it flat, which means we have not taken any price hikes for the year, but some categories have seen some price correction or price increase, so that is why I am saying 1% or 2%, but realistically it is almost flat.

Tejas Shah: Sir, whether have we passed on the benefit of this 28% to 18% GST to consumers fully?

Arun Chittilappilly : Yes, we have passed on and in fact all our marketing communication is on price reduction so this year we have already rolled out that because we did find that pricing was becoming a concern and we were losing some of our footfalls to the smaller parks, the regional parks, so we have been able to clarify that and so we are definitely looking at pricing more aggressively to see how can get back footfalls.

Tejas Shah: And Sir, you sound tentatively positive today on footfalls versus the last quarter's conference call?

Arun Chittilappilly: I think so far it is looking food, but hopefully it will continue for the year as well.

Tejas Shah: But Sir, in your opening remarks you have mentioned about revival in Hyderabad and Kochi?

Arun Chittilappilly: Hyderabad we are very confident of revival, in fact Hyderabad has already beaten our estimates in terms of revival of footfall, so we are very happy with Hyderabad. Kochi has also revived, Bengaluru is kind of showing a slight revival, but it is not as big as we expected, but I am definitely sure that within the next two, three months it will revive in Bengaluru also. Even if we do a price correction for this new target audience, it does take some time, it is not going to be an immediate impact, once we announce that this is our pricing we cannot expect our footfalls to start growing immediately from the next day or the next week or the next month, it usually takes some time for this news to trickle down and especially for groups who are dependent on agents for booking and things like that so there is a bit of trickle-down effect there but we will see a growth is what we are hoping.

Tejas Shah: Sure and Sir, lastly if you can give some guidance on Hyderabad park footfalls, which you are targeting this year?

Arun Chittilappilly: We are looking at 7.5 lakhs, that is the kind of number that we wanted to reach. It is a pretty lofty goal so that more than a lakh of extra footfall this year, but that is the way that we want to see… it should start growing this year.

Tejas Shah: Sure that is it from my side and all the best.

Moderator: Thank you. Next question is from Rohit Potti from Marshmallow Capital. Please go ahead.

Rohit Chavan: Thanks a lot for the opportunity. Sir, I wanted to understand the competitive scenario in our industry, so I wanted to understand what would be the replacement cost of our Cochin park and that of our Bengaluru park considering today's rupee amount?

Arun Chittilappilly: In Today's rupee amount replacement cost will be in excess of Rs. 350 Crores for each park.

Rohit Chavan: Rs. 350 Crores, so because of that it should be a big advantage for us because our capex was I believe in the range of Rs. 60 Crores to Rs. 80 Crores.

Arun Chittilappilly: Cochin is about 120 Crores.

Nandakumar: Because they were all invested, most of it was invested around early 2000, we have done a few refurbishments in the last couple of years, but that has not been very significant.

Arun Chittilappilly: So, Cochin park if I am not mistaken we have invested about Rs. 120 Crores, Rs. 130 Crores, I think Bengaluru is about 150, 160, Hyderabad is about 280, 290 crore. Hyderabad is our newer park and even though slightly smaller than the other two, it is almost Rs. 300 Crores, so that gives you an idea about replacement cost.

Rohit Chavan: Yes I understood. Thanks a lot. So I can assume the similar sort of investment for the Kochi and the Bengaluru park as well right?

Arun Chittilappilly: Yes, now I think in our portfolio all three parks are almost the same except that one big ride, which we have introduced in Hyderabad, that ride does not exist in the other two parks, other than that they are almost the same.

Rohit Chavan: Yes I understood Sir. I also have one question because what I understand is we have developed a park on only 30 acres of the land in Kochi and at Bengaluru as well in that range, so we have a good land bank, which is not yet used, so I wanted to understand how are you going to add rides to these parks year-on-year and what has been the past trend year-on-year? How many rides do we add?

Arun Chittilappilly: Depends on the kind of attraction that we are adding. For example, Cochin never had a big roller coaster. We just added a roller coaster in Cochin. Roller coaster needs about two to three acres of land, so it is a large machine, so if we are adding something like that obviously we will add more real estate into the park area, but other rides like if it is a carousel or something like water slide hardly take any space, so we will slowly the park size slowly gets bigger as times goes by, but every time we add a big attraction. If it is a large footprint obviously it adds more area into the park.

Rohit Chavan: Exactly. That is my question because that is very important activity from our company side because that would ensure that the repeat footfall would be there, so because of the new rides?

Arun Chittilappilly: Periodically we have been able to do. We have been doing it for almost 18 years now.

Rohit Chavan: Have we improved land size from 10 acres to 30 acres in all the parks?

Arun Chittilappilly: Yes. For example Cochin was a 10 acre park. Now it is a 30 acre park. Bengaluru was always a 25 to 30 acre kind of size. Now it is a little bigger than that. Hyderabad is about again 20 to 25 acres kind of size.

Rohit Chavan: Can you also give this kind of information in terms of rides? How many rides were there and how many rides are today?

Arun Chittilappilly: Yes. Hyderabad has the lowest number I think around 44.

Nandakumar: 44 rides. 18 wet and 26 dry rides.

Arun Chittilappilly: Whereas Kochi and Bengaluru are older parks that have more rides I think about 60.

Nandakumar: Kochi has 56, 22 wet rides and 34 dry rides and Bengaluru has 62, 21 wet rides and what 41 dry rides.

Rohit Chavan: I was asking how many rides were there previously, and how many rides have we have added over the period of time.

Arun Chittilappilly: Cochin we started with about 10 or 15 rides.

Rohit Chavan: I can assume the similar sort of range for Bengaluru park as well?

Arun Chittilappilly: Bengaluru was started as a bigger project of course with about 40 to 45 rides like Hyderabad and then we have slowly crept up to about 60 now with the footfalls increasing.

Rohit Chavan: Right. Sir my next question would be because I have read it in some of the reports that we have been able to raise our prices by 10% every year, so do we feel the same pricing power we have going forward over a large period of time? I am not talking about one or two years, but I am talking about five years or seven years down the line, what kind of CAGR do we see in the ticket prices?

Arun Chittilappilly: I think the last two years are exception because our pricing has varied, out of our normal range of pricing. If you go back to not increasing prices this year and may be doing a mild-to-moderate price increase next year. We will come back into the same curve and if that is the case, we will still be able to increase prices by 7% to 8% every year. That is what we feel.

Rohit Chavan: So you believe that you have pricing power of 7% to 8% year-on-year CAGR right?

Arun Chittilappilly: Yes we usually add big rides and we will increase our prices a bit more.

Rohit Chavan: That is wonderful, so basically what you want to say that even at Rs.1200 or Rs.1300 you do not feel that now you are capped at price and to increase footfall now you cannot really increase the prices?

Arun Chittilappilly: When we started the parked in 2000, our ticket prices was only Rs.200.

Rohit Chavan: Exactly Rs.200 to Rs.250?

Arun Chittilappilly: We are not really capped, and we do not have direct competition as well, so it depends on what we feel is the value of the entertainment that we provide and we are not unreasonable in that and we have been able to maintain that pricing. I think pricing across all entertainment options are going up every year whether it is multiplexers etc, so we do see that so generally I do not see cost coming down in this sector that much and this is world over phenomenon as well as. All the parks usually take slow single digits may be in the western countries and may be higher single digits percentage price increase.

Rohit Chavan: Understood and Sir my last question would be because our business is a fixed cost business so it matters to us a lot that we have a breakeven footfall, so considering a nominal pricing of Rs.1000 a ticket price or total average revenue what would be our breakeven footfall for every park?

Arun Chittilappilly: Our average should be around 1200 to 1300 visitors a day per park.

Rohit Chavan: 1200 to 1300 visitors per day, but what would be the breakeven footfall yearly?

Arun Chittilappilly: Our average should be about 1300 footfalls per day per park.

Rohit Chavan: If we hit this mark, we are breaking even.

Arun Chittilappilly: Yes.

Rohit Chavan: Thanks a lot Sir for your time and good luck.

Moderator: Thank you. The next question is form Rohit Potti from Marshmallow Capital. Please go ahead.

Rohit Potti: Apologies I broke off last time. Sir I just noticed that there was a lot of change in our marketing communication? This time it looks like because we have tied up with PayTM. We have tied up with Savaari? Some of my friends in Cochin are saying that they are getting discount offers, etc. So could you elaborate on that a little bit more what all have you changed this quarter on?

Arun Chittilappilly: We have slightly changed our marketing strategy t. Like I said in the beginning, we are trying to see how we can leverage direct marketing networks and also OTAs, which is an online travel agent things like that. Basically we are just widening our footprint of where tickets are available and few offers that we are doing and experimenting in like apartment blocks and things like that. Lot of them have been done and the initiatives are varying between different geographies. I think Cochin will be different from Bengaluru will be different from Hyderabad, so lot of small initiatives are being done and that is giving us good results.

Rohit Potti: I am guessing that in Hyderabad that we are going beyond Hyderabad right now and trying to get footfalls from the nearby districts as well as?

Arun Chittilappilly: Yes that is also because Hyderabad is still a very new park. Our first one or two years we usually focus on Hyderabad itself to develop our BD partners, but slowly now we are spreading out to the other towns like Rajahmundry or Vijayawada lot of areas where we can get footfalls from.

Rohit Potti: Understood. The next question I have is this is taking off from the previous participant's question. From what I understand the static big advantage that we have and we are the first mover in any of the geography is enormous in this business? Connecting that to the Chennai Park, we launched Hyderabad in 2016 and it has been almost two years since we have not begun construction on a new park because of external circumstances obviously, so how do you ensure that your time to market is reduced going forward in newer geographies? Would it make sense to possibly have two parcels of land at any point of time so that you can always have construction going on at that time may be if we had let us say Gujarat? In addition to Chennai we could have possibly started work in Gujarat?

Arun Chittilappilly: The problem is every geography has a different set of challenges like nobody expected LBT to become a problem for us in Chennai, so every time we do a new project there are always some challenges something that we do not foresee, so we do not want to do too many of these because at the end of the day its brick and mortar. We have to physically build infrastructure and build up the parks, so there is a lot of government liasioning involved and things like that, so hard to predict how it will go and every state is different. The challenges we face in Tamil Nadu are different from what we have faced before and I am pretty sure if we go to Gujarat there will be something else there. It is not going to be a cakewalk anywhere, so that is what we feel and there are always challenges. When we have to build physical infrastructure, we want to be a little more cautious about it, but yes, we are always on the lookout for new projects. Now that Chennai has already been frozen, there are some delays. We might get delayed by one quarter or two quarters. I do not see a huge delay. The Tamil Nadu Government invited us to build this park in Chennai during Jayalalitha's time, and now AIADMK, is in power, so I do not see a big problem in terms of getting our approvals done. The only sticky point for us right now is LBT and hopefully that we will overcome that as well. GST was a big issue for us and we have been able to overcome that. I think that will happen.

Rohit Potti: Understood. The next question I have it is a little more on the number front, so I notice that for some reason in Hyderabad park we have not seeing the non ticket revenue grow as healthily as we see in the other parks? Is there any particular reason for that?

Nandakumar: The base was already high in non-ticket revenue in Hyderabad because last year when we started the park itself we went with dress code, etc., and since the base is high you do not see the growth as much what it was on the other parks. In the other parks the dress code implementation came in later part of the previous years and hence you are seeing higher growth there. In Kochi and Bengaluru, on F&B side we have taken over some of the restaurants that have been run by our third party vendors and that is also giving us an increase in non-ticket revenue on the F&B side.

Rohit Potti: Got it. The next question I have is what other initiatives taken to probably stay in the mind of the customer throughout the year as much as possible? there is a lot of I think effort by many companies to get the mindset of the customers, so Wonder Park was one initiative I think we had last year, but I did not see that in the website this time around, so some colour on that would be helpful?

Arun Chittilappilly: Wonder Park we had done a new version of it last year, but it was not very successful, so we have pulled it back and now we are going to re-launch it as a new referral program, so we are still toying with that the whole referral system and repeat it. but you have to remember that amusements parks are a very low repeat kind of an activity. We do not go to an amusement park more than once a year, so any kind of repeat reward system has to take that into consideration and then come up with a plan, so we are toying with a couple of different ideas now. But this year we will again re-launch Wonder Parks as a slightly different offering and also a referral program.

Rohit Potti: Understood. We are a little far from the city, so any idea to go closer to the customer in the city something along those lines?

Arun Chittilappilly: Yes that is part of our direct marketing process that we are doing in terms of how do we make sure that we can reach the customer and tell them that we are here and this is an option for entertainment and why dont you try us out, so to get that first trial even in cities like Bengaluru where we have been here for more than 10 years. There are a lot of people who have not tried us yet, so there is a deliberate attempt now to see how we can get initial more trials, direct marking initiatives and things like that.

Rohit Potti: The last question from me I believe we had started a cashless system in Hyderabad have we implemented it across all parks?

Nandakumar: We are developing our own very innovative cashless system because we feel that is going to be a game changer for us especially when it comes to securing people's money, so we are actually building our own digital wallet system, which people can use inside the park and it will enable people to spend more inside the parks. Because we found that one of the big issues is that people do not carry their wallets when they are on rides or when they are in the water parks, so how do they then buy food or buy merchandise, so it is a global amusement park problem. Companies like Disney and all have spent huge amounts of money. In fact I think they have spent more than a billion dollars developing their system, but we have been able to develop a system at a fraction of that cost and now we are piloting it in Bengaluru and Hyderabad. It is still not final. We are still piloting it, so once it is ready we will be able to roll that out to everybody. Every visitor who comes to the park will have a RFID band and load money onto it and they can use that inside the park and I think that is going to be a huge change for us again in the future, but that is still at least one or two quarters away. It is not yet fully ready, but then we are doing it in all our parks, but in a smaller scale. What we are trying to do is to get all the customers into a wallet kind of a concept. Today our bandwidths to handle all the customers are limited given our hardware.

Arun Chittilappilly: Our IT systems needs a lot relook and we are doing that. We have already revamped our whole ERP and our accounting software so that is the first step. The next is to revamp our customer facing software whether booking online or wherever we can eliminate queues, so people can book tickets on self kiosks, so that they do not need to stand in line. We are working on a lot of those kind of initiatives and then one of the key things that we are developing is also this RFID. We will be launching it at some point soon.

Rohit Potti: This is quite exciting and I am really looking forward to that. I am assuming that this will be a part of the ticket pricing and the customer does not have to pay anything extra for?

Arun Chittilappilly: Yes. We are trying to make it if possible a sub Rs.10 kind of a thing, so that nobody needs to pay extra money for it.

Rohit Potti: Great and one last question sorry from my end, do we have the management bandwidth to go into the next case because you were mentioning that you were rationalizing management and work force, so I believe two years back we made hires because we wanted to scale up the organization to the next level, so just a little more colour on that would be great?

Arun Chittilappilly: We had made some hires, but some of those changes had to be relooked at because we were not seeing the results that we wanted to see, but having said that we have learnt from that and we are a growing organization even today, so we are still hiring. It is that we are looking at it slightly differently, so I think we have the bandwidth in terms to do up to two parks now. Once we have Chennai also up and running, we will have a huge enough workforce that will help us may be build two parks simultaneously.

Rohit Potti: Thank you. That is it from me.

Moderator: Thank you. The next question is form Abhishek Ranganathan from Ambit Capital. Please go ahead.

Abhishek Ranganathan: Good afternoon Arun. Just one question on pricing. You are saying your focus has been footfalls and you will want to hold prices for two years? Till what level would you be willing to hold prices? Let us say footfalls are not in commensurate with what we expect? Would you be willing to drop prices?

Arun Chittilappilly: We have already dropped prices by 10% and then we are marketing that very aggressively, so that has already shown us positive trends. For example Cochin is our most price sensitive market compared to Bengaluru and even Hyderabad and we have seen a good uptick in footfalls in the last couple of summer months, so hopefully that will sustain for the rest of the year as well. Of course Cochin has also higher proportion of group sales which is schools and colleges, so they are even more price sensitive, so we have to wait and see how that works out, but I think our pricing is very aggressive now and it is very competitive. For example the local parks they are charging Rs.800 to Rs.900 and our pricing is Rs.1100 to Rs.1200, so our pricing is pretty aggressive. It is very difficult for a small park to further reduce their price and remain profitable whereas we are able to do it because our capex is lower compared to the other parks, which have big rides like we do, so that way we have that flexibility to play with pricing. I think compared to other players and we will definitely use that tool as well.

Nandakumar: Adding to what Arun said what we have done is in this season is also to split prices between peak and normal season and the peak and normal season between weekend and weekdays. Earlier we used to have only a regular day and peak day pricing, so now we are being more aggressive on the weekday pricing, so that our footfalls can improve there. Weekend is a disposable day for people and they will still come to the park on a weekend, so we are trying to be more aggressive on the weekday pricing so that we can get more footfalls, so that way we have also rationalized our entire pricing strategy to enable customers use the pricing benefit, which we have given during the weekday periods.

Abhishek Ranganathan: Basically with the price correction has been largely on the weekday side?

Arun Chittilappilly: Yes. It is in between both between peak and normal and weekday, so we are being more aggressive during weekday pricing.

Abhishek Ranganathan: More aggressive during weekday pricing and the reason I asked you the willingness because this is a peak season now, but in the non peak season if need be your willingness to drop prices particularly midday, would you be open to that?

Nandakumar: Abhishek, Arun said that we do not want to make too many changes in the pricing because that was also one of the reasons last year we think we lost customers and created a lot of confusion. So we would still want to stick to our pricing, which have determined at the beginning of the year.

Abhishek Ranganathan: We do not want to change pricing midyear. That creates a huge confusion in the whole chain of sales agents and tour operators. It creates a lot of friction. We have to update lot of our leaflets, flyers, websites, and people are confused about what is the real pricing, we will definitely want to avoid that.

Nandakumar: We think we have had a very aggressive pricing even for a normal season period. I think it should work without any further change in the pricing strategy.

Abhishek Ranganathan: Secondly the commentary on the RFID wallet piece, broader question would not it be better off just integrate with PayTM as your wallet and just partner with them and most of the customers may have a PayTM wallet?

Arun Chittilappilly: Paytm does not have an RFID cashless system. This is an in-park system, which needs a special tool. Paytm works on an app or a mobile phone and it is always expensive that way. Why I would part revenues with PayTM when I can develop this on my own and this is purely for intra park spends.

Nandakumar: It is a closed loop program completely.

Arun Chittilappilly: It is a closed loop and most of the companies I have seen abroad also they are developing this on their own. It is just that we have been able to do it at a very, very miniscule fractional cost compared to what like Disney or somebody else has been able to do and I think we have a great system that we have developed and hopefully we can roll it out in time.

Abhishek Ranganathan: That's it from me thanks. Good luck.

Moderator: Thank you. The next question is form the line of Anuj Jain from Value Quest Capital. Please go ahead.

Anuj Jain: Thanks for the opportunity. I have this small query on the balance sheet side. On the balance sheet, I can see intangible assets of Rs.5.5 Crores as of March 31, 2018? Can you explain to me what is this?

Arun Chittilappilly: Content, film.

Anuj Jain: The Mission Interstellar ride?

Arun Chittilappilly: Yes..

Anuj Jain: We made a movie for that I think the cost is about Rs.3.5 Crores, fair enough thank you.

Moderator: Thank you. The next question is form the line of Rohit Chavan from GEPL Capital. Please go ahead.

Rohit Chavan: Thanks a lot for giving me the opportunity one more time. Sir I have two followup questions. I wanted to understand what could be our Chennai Park capex?

Arun Chittilappilly: We are looking at about Rs.350 Crores.

Rohit Chavan: Rs.350 Crores and land size would be?

Arun Chittilappilly: on land we have already spent about Rs.75 Crores and 62 acres is the land size at this point of time.

Rohit Chavan: Wonderful and one more question I have about is of footfall growth, so how much footfall growth we are anticipating for the next three to five years on a CAGR basis for our Hyderabad Park because…?

Nandakumar: I cannot predict three to five year footfall growth, but we have given very aggressive targets to our parks this year 13% footfall growth is what we want this year. It is a very hard target.

Rohit Chavan: Because I was asking from the perspective because Hyderabad is at 7 lakh footfalls, and Bengaluru and Cochin are at higher side of 10 to 12, so I was wondering whether Hyderabad Park will grow much faster than that of the Bengaluru and Cochin park?

Nandakumar: Hyderabad will definitely grow faster. In fact Hyderabad is growing at double digits already, but we want double digit growth in all parks this year because we have lost footfalls in the last two years in the older parks as well.

Rohit Chavan: We are also expecting double digit growth for our remaining parks as well Bengaluru and Cochin as well?

Arun Chittilappilly: We want that, it might take one or two quarters for that to kick in, but we definitely want a bump in our footfalls.

Rohit Chavan: Okay Sir. Thanks a lot.

Moderator: Thank you very much. Due to time constraints, we will take that as the last question. On behalf of Axis Capital that concludes this conference. Thank you for joining us ladies and gentlemen. You may now disconnect your lines.

"Wonderla Holidays Limited Q3 FY2018 Earnings Conference Call"

February12, 2018

ANALYST: **MR. MADHAV PVR - SPARK CAPITAL PRIVATE LIMITED**

MANAGEMENT: **MR. ARUN CHITTILAPPILLY - MANAGING DIRECTOR WONDERLA HOLIDAYS LIMITED**
MR. NANDAKUMAR – CHIEF FINANCIAL OFFICER - WONDERLA HOLIDAYS LIMITED

Moderator: Ladies and gentlemen, good day and welcome to Wonderla Holidays Limited Q3 FY2018 earnings conference call hosted by Spark Capital Advisors India Private Limited. As a reminder all participant lines will be in listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing "*"then "0" on your touchtone phone. Please note that this conference is being recorded. I now hand the conference over to Mr. Madhav from Spark Capital Advisors India Private Limited. Thank you and over to you Sir!

Madhav PVR: Good afternoon. On behalf of Spark Capital I welcome you all to the Q3 FY2018 earnings call of Wonderla Holidays. We have with us the senior management of Wonderla Holidays represented by Mr. Arun Chittilappilly, Managing Director and Mr. Nandakumar, CFO. Without further ado I will handover the call to Mr. Arun Chittilappilly for his opening remarks. Over to you Sir!

Arun Chittilappilly: Thank you. Good afternoon ladies and gentlemen. It is a great pleasure to have all of you for our Q3 FY 2018 earnings. It has been a bit of a challenging business environment in the Q3 due to the full impact of GST for the parks. While we recorded a 5% growth in our gross revenues, the net revenues declined by 8% mainly because of the higher GST rate and the shifting of festive season to September this year. While Bangalore and Kochi Park witnessed 12 and 15% decline in footfalls respectively, footfalls in Hyderabad grew by 11%. Our average ticket revenue declined due to higher GST; however, our non-ticket revenue per visitor increased 26% during the quarter.

The share of non-ticket revenue improved from 24% in Q3 to 29% in Q3 FY 2018 on account of new F&B offerings and dress code enforcement at our water park. With government reducing GST applicable for amusement parks from 28 to 18 from 25th January we are now very confident of now seeing a revival in park footfall as we are able to pass on the entire benefit and consequently a reduction in the ticket prices. We launched Mission Interstellar in the India's first space flying theatre in Hyderabad in December 2017, we have invested about Rs.35 Crores to build this ride. It has been developed in collaboration with leading US and European theme park design companies but the project was entirely managed by Wonderla itself. So that is one highlight from the last quarter. We are hopeful that with our new offerings and our new ticket pricing we will see increase in footfalls in the coming quarters.

Coming to the financial performance during the year, net revenue has declined by 6.5% from Rs.68 Crores to Rs.63 Crores, EBITDA increased by 58.4% from Rs.12 Crores to Rs.19 Crores, operating overheads declined in the Q3 in a row continued to increase the operational efficiency. Park dire operating expenses declined 7.5% and other expenses including tax provisions declined 21%. Tax provision during the quarter is only limited to interest on deferred tax liability of Rs.1.4 Crores. PAT increased by 48.9% Y-o-Y from Rs.4.4 Crores to Rs.6.5 Crores. PAT margin increased from 6.4% to 10.2%, cash PAT which is PAT plus depreciation increased by 32.2% from Rs.12 Crores to Rs.16

Crores indicating continued generation of healthy operating cash flows. I would now like to handover the call for Q&A session. Thank you.

Moderator: Thank you very much Sir. Ladies and gentlemen we will now begin with the question and answer session. Ladies and gentlemen, we will wait for a moment while the question queue assembles. We have our first question from the line of Abneesh Roy from Edelweiss. Please go ahead.

Abneesh Roy: Sir thanks. My first question is on your resort business in Bangalore, Sir when I see any of the other hotel businesses other companies, they have seen a good revival in occupancy but if I see your business both for nine months and for Q3 there is a big dip in terms of occupancy. So I understand seasonal factors, festival but in nine months the big dip of 12% so 58% versus 46% nine months and this quarter also almost 61% to 50% occupancy what is the reason here, are the room rentals quite high?

Arun Chittilappilly: No actually last year we focused a lot on getting corporate long stay guest which we kind of moved away from this year that is a deliberate thing because we feel that we do not want to depend on long stay guest, we want to be focused as a family entertainment resort and consequently some of the even at a low ARR we did not take some of the corporate call so that is why you are seeing a dip in the resort.

Nandakumar: Just to add what Arun said our corporate long stay has declined 35% on a YTD basis while our leisure segment growth was about 13%. We want to grow our retail, the problem with this corporate they block the entire inventory of rooms and it is at a very low rate like Rs.2500-3000. It is just too low for us so we are not really keen to do that business in that pattern so it is a bit of a shift for us as well.

Abneesh Roy: Sir in numbers if you see your number of visitors fell 12% in Bangalore, your occupancy level in resort is 50% is not globally corporate traveler, corporate incentive programs and all this sales incentives programs a big driver for amusement park or it is the way you wanted to build that retail is the big focus everywhere in globally also?

Arun Chittilappilly: Yes, retail will always be the highest focus, we had focused wrongly mostly on corporates because we felt that initially when the resort was opened, we did not get enough retail guests and that continues because getting retail guest throughout the year is a very difficult thing for us because we are a seasonal business but we have taken a certain change in terms of we want to protect some of our ARRs and things like that so that is the deliberate call that we have taken. Also I think sales channels also needs a little bit of work and so I mean we are kind of overhauling the whole thing. It can improve but then I think 60% is what we feel is a good occupancy for our resort. Otherwise only we can attract more revenues so this is to add rooms which right now we are very keen to do. And it is also very small portion of our business so for us it is not key focus area either.

Abneesh Roy: Sir my next question is on Hyderabad footfalls, it has seen decent growth 11% this quarter nine months only 5% so acceleration there this quarter and you have added Mission Interstellar but when I compare your numbers with Bangalore and Kochi which are much older parks and Hyderabad anyway less competition was there hardly any competition in this space, are you happy with the 1.87 lakhs for the quarter, Bangalore is doing 2.36 lakhs, Kochi is doing 2.63 lakhs, Hyderabad is still at 1.87 lakhs.

Arun Chittilappilly: Yes, it is a slow process we cannot grow the business overnight and I told you like actually this quarter has been very bad even for Hyderabad, it is just that because it is a new park it has done this growth otherwise it should have grown faster than this. Actually that is what we believe because our pricing and all has completely changed, my pricing has changed four times in this financial year already so it is a very turbulent year for us. I think overall Hyderabad has done better than what we thought considering all the GST and everything like that because we are still a very new brand. It is not even been two years since we opened.

Abneesh Roy: But Sir normally second or third year is one of the best years right, for most retail destination. In your case is third year normally the best?

Arun Chittilappilly: I mean it can grow, if you look at historically for all our other parks it will keep growing it does not have to be third year, it can be 10th year, it can be 20th year, it may be 25th year, any year that you want grow the business. I mean actually that is what we believe that there is no plateauing of the business it is managed properly but Hyderabad is new, it has only been 18 months so it is too early to say.

Abneesh Roy: Finally Sir GST in terms of pricing could you take us through how the pricing has moved and do you expect that this was the big thing?

Arun Chittilappilly: Can you go back on line, I think there are too many questions coming from you, can you get back online?

Abneesh Roy: Yes. Okay.

Moderator: Thank you. We have our next question from the line of Rohit Kutty from Marshmallow Capital. Please go ahead.

Rohit Kutty: Thank you for the opportunity. Sir this is just a curiosity from my side, I mean we have two older parks in Kochi and Bangalore where the footfalls have seen some pressure due to various issues so I was just wondering what was the strategy behind introducing the new ride in Hyderabad and not in maybe Bangalore or Kochi.

Arun Chittilappilly: So we wanted to introduce that ride first in Hyderabad because it is our new park and eventually we will do it in Bangalore or Kochi, it is just that in Hyderabad it is already planned as part of Hyderabad and we have done it so and it is an expensive ride to do so we thought we will try it in the new market and eventually take it to the older parks.

Nandakumar: To your point we have added new rides both in Bangalore and Kochi in Q2 and what we have added in Hyderabad is a unique one.

Rohit Kutty: Okay Sir, got it. So the second question I have is with the pressure in footfalls I mean, this is for my understanding, how does the management assess the effectiveness of advertisements, so what is the parameter that you used to understand if the advertisements are actually working or not, if the footfall numbers are not coming?

Arun Chittilappilly: See we do not look at only footfalls and advertisements because so many pricing has also changed a lot so I think definitely a pressure of pricing will be there on footfalls and this is not unexpected, it is that just we have to pass on all whatever… we decided that we are going to pass on any price hike which came by taxation to the guest because we do not want to absorb it and that is our stand and that continues to be our stand so because is that and then saying that advertisements are not useful or it is not effective I mean because we have been doing this for many years so it is not that nothing new for us, so we feel that once the whole GST regime for amusement park stabilizes, I think we can see a revival in footfalls once we get, we are still hopeful that GST rates will come down in our sector.

Rohit Kutty: Yes, see I did not want to think that way that advertisements are not useful I just wanted to understand how you assess the effectiveness but I understood what you mentioned. So, one last question from me is I noticed the wonder parks and WonderLab initiatives so I just wanted to understand from you how the experience has been so far enrollment wise and how do you see this panning out for the company over the next three to five years?

Arun Chittilappilly: Yes, so wonder park is a new initiative for us, in its first introduction, it is not very successful so we are changing it and we will be recasting it and putting a new version out I think for the next financial year, from 1st April onwards so that is still a work-in-progress, WonderLab is something that we have done for schools and colleges because there is a lot of request from schools and colleges to have educational content in addition to having only rides so that is something that we are doing again it is a pilot and I think so far it has been very successful so we hope to roll it out in a larger fashion next year.

Rohit Kutty: Okay great. Sorry may I chip in one last question?

Arun Chittilappilly: Yes please go on.

Rohit Kutty: So I think a couple of years back you had mention that the Cochin addressable market has reduced due to congestion I believe there is lot of road as well as metro work going on, so I think a good portion of it completed, do you see that particular issue been resolved in Cochin?

Arun Chittilappilly: See I think infrastructure issues are going to be there in every city in India so but I think we hopefully as time goes by things will get smoother and like you said Cochin is doing better but we still have to work in spite of that and that is what we believe in and I think eventually we should be able to get our footfall to grow again.

Rohit Kutty: Okay, thank you.

Moderator: We have our next question from the line of Tejas Shah from Spark Capital Advisors. Please go ahead.

Tejas Shah: Sir a couple of questions, Sir Footfalls have been under pressure in both the matured parks. I understand there is some seasonality had play in this quarter but if you can give us some sense on the demand environment in general?

Arun Chittilappilly: Demand environment have been pretty bad because like I said it is I mean we are in a discretionary spend category and GST has been a bit of an adverse thing for us. Well, we are hoping that now that things are slowly coming back to what it was like close to ideal situation for us in terms of tax reduction and things like that, it is not yet ideal I mean still 18% we feel it is very high but at least it is better than before and 28% was truly very high rate for us and we have to pass it on and obviously that led to a footfall decline is what we feel but I think now we want to stabilize pricing first because I think we have a very complex pricing system so even to just stabilize it and streamline it will take us sometime because every park has a different metric for pricing for different groups and things like that so once that is done I think we hope that footfalls will continue to grow. As of now we have passed on entire GST benefit to all our customers so there is a 10% drop in our pricing, so we hope that that itself should help us to revive footfalls and we are going to use that as part of our marketing campaign as well.

Tejas Shah: Sure. And Sir I believe it is very difficult to define market in your business but just to understand are we losing market share in the respective geographies obviously not like to like formats but the competing formats which you consider as competition, are we losing markets or you have any sense on any idea or whether the footfalls are benign across or is it just that our format is taking hit right now for GST and otherwise?

Arun Chittilappilly: I think it is across, everybody has been talking about it so it is not just us.

Moderator: Thank you Sir. We have our next question from the line of Nitin Gosar from Invesco Mutual Fund. Please go ahead.

Nitin Gosar: Sir just wanted to understand you mentioned earlier that the GST rate of 18% can further come down or at least there is hope that it will come down further. Keeping in mind it is a highly discretionary item, is it that only this 18% if it comes down it will trigger the footfalls?

Arun Chittilappilly: No, we feel for a capex heavy kind of industry like us we need to have lower indirect tax rate, our effective tax rate for our company used to be 2.5% in 2015 and now it is 18% after being 28% so it is still very high, so we are appealing to the GST council about this and looks like I mean they are still willing to listen, they are already very pro-active and they have already done something but we feel that if the case is strong enough they might reconsider it again, let us hope so.

Nitin Gosal: And Sir the only point out asking this question was to understand the trigger for the footfall to increase, is it this 18% if it comes down to 10% or 5% it will trigger the footfall or is it that the overall macroeconomic scenario will drive it?

Arun Chittilappilly: I think the price sensitivity in India is very high I mean as you all know in all sectors irrespective of sectors, so I think the only advantage we have had as a company is that our sector is not crowded so we can define pricing to an extent and we have tried to do that in the past, it is just that beyond a point definitely pricing will be an issue but i do not know what percentage that will so we will have to be soft on our pricing for the next one year and then hopefully that we will see an uptake in our footfalls and of course it needs to be backed up with marketing and promotions and things like that.

Nitin Gosal: Okay. Thank you.

Moderator: Thank you Sir. We have next question from the line of Abhishek Ranganathan from Ambit Capital. Please go ahead.

Abhishek Ranganathan: Good afternoon. Question here Sir is on pricing and do you think that you would want actually get the prices down more than 10% and pilot it and see if that could revive the footfall further, is that a thought which you hold and allied to that is that also I would like to understand how has the net ATP moved year-on-year for us to just get a sense on how is a like to like ATP moved net?

Arun Chittilappilly: So I think our current thought is to see how we can leverage this reduced price for marketing and driving traffic to our parks. If you look at our pricing now it is lower than what it was clearly by 10%

so we want to re-leverage that, so we will definitely hold any kind of price increase, even if we do something it will be very marginal or may be for some sectors we might think about doing a price increase but I think otherwise we are now going to hold pricing because we are not really looking at increasing pricing that is the view that we have taken and then of course like you said we want to see how that then translates to footfall its effect on footfall and things like that.

Nandakumar: Your question on how the net has moved, suppose if we have to even consider the provisions which we made in the service tax environment you see from 2014-2015 the ARP have been in the average of 618 in 2014-2015, 665 in 2015-2016 and 687 in 2016-2017 but you see if you see the gross ticket increase it has been very steep say, in 2014-2015 it was 636 and then it moved to 756 and then 829 so you will see that the gap is widening between the gross and net that is purely because of the incremental tax impact which we have had.

Abhishek Ranganathan: Right, so basically Sir, just to get a like to like comparison is to say that the 655 which you reported this quarter what would be a like to like net off provision for last quarter?

Nandakumar : See quarter you cannot consider because it is a mix of , so you will see in Q3 it is more a group business where your prices are little low so whereas Q2 would have been because of the Dussehra season would have been more of walk-in and hence that is on a like to like comparison but what I am giving you is the last three years, so 2016-2017 our average has been 687 and because of the GST impact it is 665 now but however what we have done is we have considered so we have changed the prices are from 829 the grosses have moved another Rs.100 so that way if you see we have bridged a gap to some extent of the GST price increase we have had.

Abhishek Ranganathan: Sure and Sir my second question, last question here is on the comment which Arun made is that we have a complex pricing system and he said every pricing has a different pricing for different groups one is what is the system he is alluding to here and what changes are you proposing to make to and so that we are able to absorb some of the… not pass on the price actually to certain groups and pass it on in some other groups, just to help understand how does it function?

Nandakumar: So we would actually want to pass on all the GST benefit to the customer what we have had was promotional offer say for example school groups, we did promotional offers for Monday and Tuesday so those promotional offers we are withdrawing but however we will continue to pass on the entire benefit of GST.

Arun Chittilappilly: Yes, also we have realized that in some we have not done enough thing to understand that in some sectors even if you drop price by 10% it only results in a price difference and actual difference of let us say Rs.40 or Rs.50 depending on the category so just dropping in those categories does not really make sense or it is not really having any effect on footfall. Whereas in some other category when we drop prices we are seeing a huge change in footfall so we need to rationalize all these and then come up with our new pricing plan for the year and in that view that it takes longer.

Abhishek Ranganathan: Sure Sir understood, thank you very much and all the best.

Moderator: Thank you Sir. We have a next question from the line of Amit Kumar from Investec. Please go ahead.

Amit Kumar: Yes, thank you so much for the opportunity. Just actually continuing with one of the point participant earlier also made Sir we had a view in the previous quarter that Hyderabad we could sort of end the year with around 7 lakh footfall now we are at around 4.75 right now and Q4 I do not recall it is being a seasonally strong quarter also to speak are we set of still holding onto that expectation or what is the sort of realistic estimate of where Hyderabad footfall will sort of end up this year?

Nandakumar: See it looks like we would end Hyderabad is about 6.6-6.7 lakh footfall. So its not that Q4 is going to be weak.

Arun Chittilappilly: Yes, it will grow over the last Q4 but like we said it is not one of our strongest quarter, now we will have to see how it does in the next year and then pricing also will play a major role in figuring out how we can leverage different groups.

Amit Kumar: Pricing should help right because it seem to have passed on that 10% cut in order to…?

Arun Chittilappilly: Yes, but it is too late and now we need to in the sense I mean for us January 25th is practically end of the season for us I mean it does not really whatever we do now it is off-season so we would rather conserve energy and then try to see whether we can get the new initiatives going for the next year.

Amit Kumar: And Sir just a broader question which again the previous participant was sort of also alluding to when we look at the Bangalore and the Kochi park just in nine months they seem to be hitting close to seven lakh kind of footfall, Hyderabad it is a new product definitely something which Hyderabad population would not have sort of seen previously, it is sort of interesting new concept from their perspective and even our understanding of the Hyderabad consumer is that it is fairly discretionary spend heavy consumer largely a rural catchment also if you get in the broader Telangana State which sort of comes to Hyderabad for a lot of their shopping needs etc., a little bit surprise that even in a full year and your first sort of full year of operation this year it is not even hitting seven lakh Sir any sort of broader drop down understanding that you have either in terms of the park itself or in terms of marketing activities or in terms of research etc., that you might have conducted in the city and in the area that you know where is the gap in terms of what the consumer wants and what we are providing essentially?

Arun Chittilappilly: No I think it is like any business will have early adopters and then at some point we will see more adopters and then it becomes more mainstream to a certain category of mainstream for that city. So we have still not reached that point if you ask me because we have still a large population in Hyderabad who does not even know about the product and so getting those first trial itself is bit of a hard sell right now but I think so we do not want to over undercut our pricing either because that is also does not really board well for the brand, so we do a measured approach in terms of how we market ourselves and I think as long as footfalls are growing in double digit I do not see a problem I think it is tracking well in spite of being a challenging year.

Nandakumar: And just to add what Arun said about 85% to 90% of today's Hyderabad's walk-in is basically the city so we are actually looking at catchment in terms of programs like well wishers meet, tour operators meet etc., so all this should start giving us results in the coming quarters.

Amit Kumar: Alright, that is really helpful. Just one final sort of book-keeping question at my end, what would be the capex for the first nine months of the year and within that capex was there anything spend on the Chennai park if you can please highlight that?

Arun Chittilappilly: Capex we have spend only in land in Chennai but otherwise the other capex are basically been for the parks and we had some.., so for example in Hyderabad we had a CWIP on storing but there are few spends which happened in the current year also, I can get back if you can share your email ID I can get back with the exact capex as to what we have done in each park.

Amit Kumar: Sir I do not have an email ID I will share it with the IR team and they can pass it on. Thank you so much.

Nandakumar: You can request anything through IR team and we will get back to you.

Amit Kumar: Sure. Thank you so much Sir.

Moderator: Thank you Sir. We have a next question from the line of Rohit Potti from Marshmallow Capital. Please go ahead.

Rohit Potti: Thank you for taking my question again. I just wanted to understand the progress on Chennai I believe last time you said something about a clarification for LBT before going ahead with it, so if you would give us some updates there that would be helpful?

Arun Chittilappilly: So we are still I mean through the association we are trying to see how we can get that LBT eliminated and there are already about four or five parks in Chennai and they are already working towards this and we are working with them to see how we can get this solved and so that is still in progress I mean it is not yet over.

Rohit Potti: Okay so we are looking at FY 2021 right now for launching the Chennai park then?

Arun Chittilappilly: Yes, there could be another six months delay in the whole process because I mean that is… we do not want to start work on Chennai until we have it in writing that we need to be fairly clear on what kind of taxes we will be paying out to the government.

Rohit Potti: Okay got it. So just to clarify this that till something in Chennai is finalized?

Arun Chittilappilly: We will announce when there is some kind of development on this and then accordingly, we will start with it and also our master planning also is going on, it is not yet completed I mean we are still working on the whole thing so there could be a small delay but when we have more clarity on this we will announce.

Rohit Potti: Yes, but we would not be looking at any other land parcel?

Arun Chittilappilly: No, we are definitely going ahead with Chennai I think it is definitely doable and things are looking positive, it is just that it is just a matter of time.

Rohit Kutty: Okay, thank you. That is it from me.

Moderator: Thank you Sir. We have next question from the line of Naitik Modi from OHM Group. Please go ahead.

Naitik Modi: Thank you my questions have been answered.

Moderator: We have a next question from the line of Kaustub Pawaskar from Sharekhan. Please go ahead.

Kaustub Pawaskar: Thanks for giving me the opportunity. Sir my question is on margin expansion, this quarter we have seen substantial increase in margins despite the fact that there is decline in the footfalls and the average ticket prices have also remained flat but we have seen other expenditures and direct operating expenses coming down for three months and for the nine months, so can you just elaborate on the same and whether margin expansion will continue in the coming quarters I mean to say that the direct operating cost and other expenditures will continue to reduce in the coming quarters?

Nandakumar: I mean we are in the process of setting right base and hence you are seeing the reduction and hence you might now see the same kind of reduction in operating expenses going forward.

Kaustav Pawaskar: Okay got your point. But what specific things you have done that your operating expenses have come down anything you can just elaborate or you can just explain us?

Nandakumar: We have rationalized our manpower, we are looking at consolidation mostly in the inventory and stores, also to do with our ARP and we have changed a little bit on how we do our inventories and so lot of our inventory has been consolidated across the three parks.

Kaustav Pawaskar: Okay, got your point. Thank you.

Moderator: Thank you Sir. We have our next question from the line of Anuj Jain from Value Quest Capital. Please go ahead.

Anuj Jain: Hello Hi, thanks for the opportunity. I have one question that with new GST rates since 25th January have we actually seen any improvement in footfalls I understand that it is a very short period to look at but still if you can share few details?

Arun Chittilappilly: See we have not announced that we are, I mean we have to do with some kind of a marketing activity based on our new pricing which we have not done yet but I think we are seeing some kind of improvement in terms of but it is too early for us to say how it is going track.

Nandakumr: And more so because these are exam season you will not really see a trend immediately. There is always a bit of lag in terms of implementing our pricing and marketing and then having a result.

Anuj Jain: Sure. Thanks.

Moderator: As there are no further questions I now hand the conference over to the management for closing comments. Over to the management!

Arun Chittilappilly: Thanks to all of you for joining us for this Q3 earnings call. We remain highly optimistic about the sector and the changes that have been going on with the GST and I think it should definitely further help grow the industry and that is what we are hoping, until next time thank you and good evening.

Moderator: Thank you very much Sir. Ladies and gentlemen on behalf of Spark Capital Advisors that concludes this conference call. Thank you all for joining us and you may now disconnect your lines.

“Wonderla Holidays 2QFY2018 Results Conference Call”

November 16, 2017

ANALYST: **MR. MAYANK PORWAL - AMBIT CAPITAL PRIVATE LIMITED**

MANAGEMENT: **MR. ARUN CHITTILAPPILLY - MANAGING DIRECTOR WONDERLA HOLIDAYS LIMITED**
MR. NANDAKUMAR – CHIEF FINANCIAL OFFICER - WONDERLA HOLIDAYS LIMITED

Moderator: Ladies and gentlemen, good day and welcome to Wonderla Holidays Limited 2QFY2018 earnings conference call hosted by Ambit Capital. As a reminder, all participant lines will be in the listen-only mode, there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal for an operator by pressing "*"then "0" on your touchtone phone. Please note that this conference is being recorded. I now hand the conference over to Mr. Mayank Porwal from Ambit Capital. Thank you and over to you!

Mayank Porwal: Thank you very much Zaid and good evening everyone, good afternoon rather. On behalf of Ambit we welcome you to Wonderla's 2QFY2018 earnings call, representing Wonderla we have with us Mr. Arun Chittilappilly, Managing Director and Mr. Nandakumar, CFO. Thanks to the management for giving us the opportunity to host this call. I would now hand over the call to Mr. Arun for his opening remarks. Over to you Sir!

Arun Chittilappilly: Thank you. Good afternoon ladies and gentlemen. A great pleasure to welcome all of you to this conference call to discuss our 2Q earnings. Our 2Q performance was quite encouraging and we witnessed a sustained operating performance at all three parks despite the big GST hurdle that we had to take. Hyderabad grew the best we had about 20% growth in our footfalls and almost 25% growth in revenue. In Bengaluru, our footfalls grew by about 3% and revenues by about 4%. In Cochin, however, we saw a big decline of about 19%, mainly two factors resulted in this, one is of course the price hike has been quite steep and added to that we also had huge rains during our very crucial Onam season, so all put together we lost a lot of footfall around that time.

Our share of non-ticket revenue improved from 23% to about 27% in this quarter. The higher non-ticket revenue was driven by introduction of new F&B offerings and sale of costumes because we have enforced dress code in our water park starting last year and we hope that will continue. We had announced last quarter that we have successfully acquired 60 acres of land for our new amusement park project. Actually, we had acquired 57, but we added another three acres, which was also very strategic land parcel, which we have added in this quarter, so total land acreage in Chennai is now 60. We plan to start work on this project as soon as our approvals are ready.

Coming to the financial performance, revenue from operations grew marginally by 1.3% to Rs.49 Crores driven by 7.1% year-on-year growth and average revenue per visitor, partially offset by 5.4% decline in our footfalls due to unseasonal rains and GST. 2Q EBITDA from operations increased by 21% to about Rs.11 Crores. EBITDA margin improved from 18.8% to 22.5%. Our operating overheads were kept under a very strict control and we continue to focus on operational efficiencies. Our PAT declined from Rs.3.7 Crores to Rs.2.3 Crores mainly because of depreciation cost of our new rides and some deferred tax. Cash PAT was stable at Rs.11.2 Crores, now I would like to hand over the call for a Q&A session. Thank you.

Moderator: Thank you Sir. Ladies and gentlemen we will now begin with the question and answer session. Ladies and gentlemen we will wait for a moment while the question queue assembles. The first question is from the line of Krish Kohli from Edelweiss. Please go ahead.

Krish Kohli: Just wanted to understand we are seeing sentiment improvement in most of the discretionary consumption. When do we see structural improvement in case of Wonderla? There is one reason or the other,in the last five-six quarters if I see, so I understand price hike has been a big issue and that is why any negative development impacts footfall.But we are seeing discretionary consumption really evolve in others, so when do you see recovery in your case?

Arun Chittilappilly: We do not think a major recovery will happen until probably towards the end of the year. This quarter, Q3 also might see some pressure, but after that I think we should improve because in 2Q and 3Q,for us are the most price sensitive customers that is when most of the price sensitive customers come to us schools and colleges, so we will see some erosion in our footfalls especially in the older parks because the price hikes are pretty high, we are trying to see whether we can get some footfalls back by incentivising few days like for example Tuesday and Wednesday, but we have to wait and see so far it is doing well. I think hopefully by the year-end and I think for amusement park especially, the GST has been the harshest in terms of taxation part. We have gone from almost 3% net tax rate about three years ago to now 28%.So it is a huge tax burden, so I mean we will have to go through it.

Krish Kohli: As a proactive measure you were hiking up on ad spend and also adding new rides, so advertising spends you still want to be on the higher side given the reasons which you mentioned on the GST and similarly on the rides any change in terms of adding one ride every year, you want to accelerate it or do you think this should wait?

Arun Chittilappilly: We want to be cautious about it because of this taxing, the new tax regime, we will be cautious about investment, so whatever investments we have planned in the past we have kind of slowed it down a little bit to see how the market is reacting. In terms of ad spends, we are also again spending in a cautious way. We have scaled back a little bit because we do not want to over spend on it, but at the same time, we need some kind of sustained marketing cover for this kind of an industry requires constant reminders. So we will not be able to completely remove ad spend, but we will keep doing. I think we are lower than last year. We spent Rs.6 Crores for the quarter, which I think is lower.

Nandakumar: What we have also done is that the properties which we have developed we continue to spend on those properties. The fact is that we have cut spends on what we thought are not giving us any upside compared to the previous year. So that way we still continue to invest in properties, which are actually giving us the revenue.

Krish Kohli: Last question, GST rate cut has happened on QSR food restaurants etc., so in your case the food, which you sell in your park and in your resort, how does this latest rate cut impact?

Arun Chittilappilly: Yes that will definitely be a positive for us because currently we are charging a 12% tax and I think effective yesterday the rates have been brought down to 5%.

Nandakumar: But we actually have passed it onto the consumers, the rate cut difference, so basically from the current base price we will be only increasing to the extent of our input tax credit, which is not available for us. So otherwise we intend to pass on the entire benefit to the consumer.

Krish Kohli: That is the question that the end-customer price does it come down by a ballpark number 5%, 6%?

Nandakumar: Yes.

Krish Kohli: So that should be good for consumption as volume?

Arun Chittilappilly: That is good and we hope that at some point the GST council will look at the amusement park sector also, we are working very hard for that hopefully something will come through.

Nandakumar: We are also seeing the in-park spend growing. Q2 has been at 23%, so which means consumers are still spending money and as you said with reducing price we should be able to do better in that front also.

Krish Kohli: That is all from my side. Thank you.

Moderator: Thank you. The next question is from the line of Anuj Gupta from Perfect Research. Please go ahead.

Anuj Gupta: Good afternoon Sir. We have observed globally amusement parks need to reinvest in new rides at the same cost to maintain the footfalls, in our context also we also get launch of new rides at the Bengaluru park at a good cost. So what is our quantum of capex required at the theme park apart from maintenance capex in new rides to maintain the footfall on an ongoing basis like every two or three years?

Arun Chittilappilly: The global parks may have a different standard, but what we spend is roughly 10% of our topline on new attractions. So for example, if our topline is Rs.250 Crores last year you would have earmarked about Rs.25 Crores as new attraction for the three parks sometimes, but this is just a ballpark figure, it averages out only overall a long period of time because it depends like some attractions are more expensive, some are cheaper, so it just depends on the kind of attractions that we are adding in the park.

Nandakumar: Just to add on to what Arun said in the last, for example Kochi and Bengaluru, Kochi has been there for about 16 years and we just added in the last couple of years some new rides, so it is not that way – we do not have a specific timeline as to how much we will add, but as and when there is a need and we see that there is a requirement for us to get our footfalls back we need to put in some rides then we will think over on that.

Anuj Gupta: For the same park?

Nandakumar: Yes.

Anuj Gupta: What is the percentage of corporate or group bookings to the total bookings?

Nandakumar: Our groups contribute to total 45 and the groups are schools, colleges, corporates all put together.

Anuj Gupta: 45%.

Arun Chittilappilly: Of our total footfall.

Anuj Gupta: Even after operating for 15 to 20 years successfully many parks have closed down due to the accidents that happen in the park, so what are the safety measures taken for any visitors and what kind of risk do we have from this?

Arun Chittilappilly: We have our own safety mechanisms, which is very proven and tried and tested and we are very sure that is more than sufficient to cover our risk.

Anuj Gupta: Like any other kind of policy for the customer like after having kind of any accidents or anything, do we have any kind of policy?

Arun Chittilappilly: We can take that offline. We do have all that.

Moderator: Next question is from the line of Sachin Shah from Emkay Investment Managers. Please go ahead.

Sachin Shah: Good afternoon Sir. Thank you so much for this opportunity. I had a little bit of a more structural question. Trying to understand in terms of the trend, if I see the last three-four years now, the total footfalls have actually been just coming down like for example if we just see the first quarter even in FY2015 way back almost three-four years Bengaluru had almost 460,000 footfalls in 1Q, which is really the big quarter for you and Kochi at 304,000 and from there on it is now almost come down to 3.5 lakhs in Bengaluru and Kochi 231,000, so can you explain a little bit what is this trend? Actually we would have thought that because of consumerism, all of that over a period of three-four years we should see some growth and I am not talking about like one or two years, it is almost a four-year trend that every year we are seeing the deceleration?

Arun Chittilappilly: I told you right that is because in 2015 the average tax that a customer paid for a Wonderla park was only 3% then in 2015 June that tax became 15% because we have to pay service tax, then again when GST happened in 2018, so three times the tax rates have changed for a customer, so our net realization even though remaining the same, the outflow from a customer has dramatically gone up in the last three years, so you will see the footfall drop coming only 2015 onwards till then it was going up.

Sachin Shah: Exactly you are right, but last three-four years, so you are saying this trend largely has to do with higher taxation, is it?

Arun Chittilappilly: The entire thing is because of taxation and price hikes.

Sachin Shah: Now in that sense can we conclude that now that we are at the peak of the tax rate more or less?

Arun Chittilappilly: More than this, hopefully not.

Sachin Shah: Okay, so we should see now at least growth in terms of the footfall at least in your older parks?

Arun Chittilappilly: Yes, it should start growing, but I told you this year also we will be under pressure because this is now again afresh.

Sachin Shah: No I appreciate, I am saying next three-four years. I do not want to talk about next one or two quarters, which I understand.

Arun Chittilappilly: One or two quarters we really do not see.

Sachin Shah: Currently, in the next three-four years, do you see a 5-7% kind of a footfall growth every year?

Arun Chittilappilly: Yes low single digit is definitely possible.

Sachin Shah: Even in some of your older parks like Bengaluru and Kochi and those kinds of things right?

Arun Chittilappilly: Yes.

Sachin Shah: Are we doing anything special over there to get this more growth?

Arun Chittilappilly: There are many rides and attractions, A&P spends are going up and so we are doing all those things, yes.

Sachin Shah: Great Sir. Thank you.

Moderator: Thank you. Next question is from the line of Tejas Shah from Spark Capital. Please go ahead.

Tejas Shah: Thanks for the opportunity. Sir first to clarify was there any one-off in this quarter?

Nandakumar: If you compare it to the corresponding quarter last year yes we had provided for the interest on the disputed service tax, but otherwise there was no one-off.

Tejas Shah: There is no one-off in this quarter. There was one in base quarter that is what you are referring to right?

Nandakumar: Yes, so compared to the corresponding quarter last year we had almost about Rs.1.5 Crores, which we provided on the service tax portion. You know we had a disputed service tax portion right, on that we had to provide for interest, which is about Rs.1.4 Crores.

Tejas Shah: Are we done with the provisions or it might come up again?

Arun Chittilappilly: Interest will continue, so we will be continuing to provide the interest until it is settled, the case is settled, so till that time this interest every quarter we will have to provide.

Nandakumar: That is about Rs.1.4 Crores roughly about a quarter.

Tejas Shah: That is part of other expenditure or interest outgo?

Arun Chittilappilly: Yes it is a part of other expenditure.

Tejas Shah: Sir second point if you see before Hyderabad park started hitting our numbers we were comfortably at 45% kind of EBITDA margins and obviously as Hyderabad park ramped up there was initial expenditure pertaining to that, but what we are achieving is still 10% points lower than what we are guiding, even though we are envisaging that Hyderabad park will hit some one million kind of number in the next 18 months, so just wanted to know is there any structural change in cost of doing business and that is why we are guiding for lower margin or Hyderabad park itself has a lower margin versus the previous two parks?

Arun Chittilappilly: The structural economics has changed because of GST and that is the main tax.

Nandakumar: As what Arun had mentioned historically our tax rates were close to about 3% average for all the parks, so basically Bengaluru and Kochi and now the tax rates are close to about 28%.So there is a change in structural economics, but however, we are trying to keep our expenses under check, keep our expenses low, so that we could have a better EBITDA margin, so the 45% margin which you are seeing is actually going to be difficult in future, but we will be say high 30s when the business settles and when Hyderabad also is in the full swing.

Tejas Shah: Any guidance on Hyderabad footfall for this year?

Arun Chittilappilly: This year we are not sure, like I said we are definitely hoping to grow it up at least 10% to 15%, so we might be looking at close to about 7 to 7.2 lakh footfalls, we were guiding for about 8 initially, but I do not think 8 is sustainable, but 7.5 lakh is possible I think.

Tejas Shah: Lastly one request, I have to appreciate the problem that GST and earlier service tax escalated, now we would be thankful if you can share the prices that consumer was paying last year and now what he is paying because the gap between what he is paying and what is reflecting in our P&L has got wider quarter-on-quarter?

Arun Chittilappilly: That is exactly the problem.

Tejas Shah: Actually if you can share because I think that number would be public domain only from your website, but if you can share average every quarter we will be able to appreciate the magnitude of the problem there, so that was just one request from my side.

Arun Chittilappilly: We will take that offline, so please do send a request to us.

Tejas Shah: Thanks and I will get back in queue for more questions.

Moderator: Thank you. The next question is from Sahil Desai from Hornbill Capital. Please go ahead.

Sahil Desai: Good afternoon. I just wanted to check what are your thoughts on essentially the interplay between the ticket realizations in footfalls given that we are high upfront capex, high operating leveraged business, one would have imagined that getting in high footfalls even at the cost of may be slightly lower realizations, would be something that you would look at given that once we are inside you can get into spend on F&B and things like that, so if I look at it historically we have seen realizations going up pretty much in line with your price hikes and taxes etc., but how do you think about this in the sense we are trying to get more people in at least on non-weekdays?

Arun Chittilappilly: We are trying to play with the pricing more nowadays, but there is always an inertia or a lag because we operate in very different markets, all the different languages and things like that so we do not like to play too much in price as we want stability in price, but that is exactly what we have not had in the last three years. So, we are hoping that once the tax regime kind of settles at some level then we can look at pricing because what is happening now every year or so or year-and-a-half, there is a big disruption in pricing, so it is very difficult for us then to absorb that because then the only option that we have is to pass it on because absorbing it means if that does not really add up to footfall then we will lose more and so our strategy has always been that whatever price hikes we have to take, we will take because it is taxation and it is not coming to our bottom-line.

Nandakumar: We have done a sensitivity study also, so what happens is there is a fine balance between both pricing and footfall, so even if you drop prices by 10% the requirement of footfall is quite high, so we would rather tend to keep prices high and then probably compromise a little bit on the footfalls because the moment you drop your prices and your footfalls do not happen it is a double whammy.

Sahil Desai: Okay, Sir you tested this and is it empirical?

Arun Chittilappilly: What we have done over the last three years is that we have tried different methods and this is what we feel is the right way. For example, in this last year 2Q even if we did not have the price hikes, we would not have great footfalls because of the weather, so in that case we would have lost more. So, I think we are in hindsight it did feel like a right decision for us, we feel that we still have great product and people want to visit us, but then there are other factors, which affect consumption so even if we do not hike prices and keep it very aggressive we do not get the footfalls then I think it does not really workout.

Sahil Desai: Just want to be clear, you are saying that in the absence of any adverse weather or something like that on a normal regular day you are saying that the elasticity of price cut is not great enough for you to do something there?

Arun Chittilappilly: Yes, that is what we have mentioned.

Sahil Desai: Got it, and my second question is on Hyderabad, I mean that given that last year was a low base, we had floods last year and footfalls were low, are you happy with the performance this year with the 20% year-on-year footfall growth given that it is a new park?

Arun Chittilappilly: Yes, 20% is a pretty decent number. We would have liked more, but then again the weather was bit of an issue all across south. I do not know how it was in Mumbai, but here the weather was too bad like we actually had a bit of washout for our Dushera season, which is a big season for us in Hyderabad and Bengaluru.

Sahil Desai: Because of that Hyderabad last year also was affected by floods?

Arun Chittilappilly: Yes, last year also, so that’s why we have grown 20% on topline when you look at Bengaluru has not grown much at all.

Sahil Desai: Right, and non-ticket revenues in Hyderabad have also declined, so any reason?

Arun Chittilappilly: Yes, in the first year our dress code we had, we had first implemented in Hyderabad and the pricing was little sharp there and we thought with that kind of a pricing it might be difficult for us to implement or enforce the dress code further and we had to drop the merchandise prices because of which we have seen a decline in the non-ticket revenues; however, F&B continues to grow in Hyderabad.

Sahil Desai: Can you give some sense of how that growth has been in F&B consumption in Hyderabad?

Nandakumar: It has been close to about 20%.

Sahil Desai: This is an absolute revenue right?

Nandakumar: Yes.

Sahil Desai: Thanks. That is it from side.

Moderator: Thank you. The next question is from Manu Gulati from Everstone Capital. Please go ahead.

Manu Gulati: Good afternoon. I wanted to check in terms of your gross margin we have seen to be doing better than competitors, can I ask what helps you to do that and also what is your mix between you and the current customers which you track them?

Arun Chittilappilly: Sorry, I could not get your question at all. It is not legible.

Manu Gulati: I am trying to ask in terms of your gross margins what do you do differently from competitors in order to keep them at a higher level and also what is your mix between new and recurring customers if you track that?

Arun Chittilappilly: Our gross margins are higher than competitors because our cost base is very low and that is one of our key competitive advantages. We are able to price our offering at a very competitive price because our operating cost and maintenance cost are much lower than competition. In our mature parks we have roughly 50% of our footfall as the repeat visitor.

Manu Gulati: Could you please elaborate more on how you keep costs competitive?

Arun Chittilappilly: The cost of setting of a Wonderla park is far lower than competition because we do a lot of reverse engineering and backward integration. We actually make some of our own rides and lots of the facilities are completely designed by us, so that keeps our costs very low. The same applies in maintenance and operations. We don’t outsource any operations like maintenance for our parks which saves substantial amount of money.

Manu Gulati: Got it Sir. Lastly what would be your revenue mix between rides, foods and other non-ticket items?

Arun Chittilappilly: Right now it is about 75:25.

Manu Gulati: 75 for rides?

Arun Chittilappilly: Yes, 75 on tickets and 25 on non-ticket.

Manu Gulati: You expect this trend to go more towards non-ticket because that is higher margin?

Arun Chittilappilly: Yes, that will slowly move, it used to be 80:20 and now we are at 75:25, so slowly it will move now.

Manu Gulati: And lastly what would be the respective margins on each?

Arun Chittilappilly: That keeps varying, but roughly about 40% to 50% on F&B.

Manu Gulati: Thank you Sir!

Moderator: Thank you. The next question is from the line of Kaustubh Pawaskar from Sharekhan. Please go ahead.

Kaustubh Pawaskar: Thanks for giving me the opportunity. So my question is on the average ticket revenues. This quarter it stood at about Rs.770 per visitors. Is it net of GST?

Nandakumar: Yes.

Kaustubh Pawaskar: So what could be your gross ticket revenue or what could be the growth in the gross ticket revenue if you can just help us?

Nandakumar: Gross revenue grew 15% overall.

Kaustubh Pawaskar: That gives us an indication that 14% is something which is a kind of price increase which is required and we have taken that?

Arun Chittilappilly: We have taken the price hike that is why the gross revenues were 15% to 16%, otherwise we would have lost our 15%.

Kaustubh Pawaskar: You have taken it and netted off?

Arun Chittilappilly: Yes.

Kaustubh Pawaskar: But any further price increase you think is required?

Arun Chittilappilly: No, now we are stable with that rate.

Kaustubh Pawaskar: You are stable with the pricing, so whatever impact of price increase would be just in FY2018 and if things would be normal, I think 2019 you would see footfalls?

Arun Chittilappilly: We will able to grow footfalls.

Kaustubh Pawaskar: Provided there are no unprecedented rains or something like that?

Arun Chittilappilly: I think this is a little pretty low year for us, so I think we should be able to grow up from here.

Kaustubh Pawaskar: In terms of margin you said that it would not be 45%, but at least we should expect operating margins to improve gradually considering the fact that 70% of your cost is direct in nature?

Arun Chittilappilly: Yes, as the time goes by the older parks mature and when new parks also mature and definitely our margins will keep improving.

Nandakumar: So, it should settle as around the high 30s so somewhere about 38-39 is what we think the margins settle at for at least the next couple of year.

Arun Chittilappilly: If GST remains the same.

Kaustubh Pawaskar: Before the operational of Chennai Park because once that gets into operation I think again you will have some hit on the margins in the initial year?

Arun Chittilappilly: Yes.

Nandakumar: That depends on the commissioning of Chennai Park, but I think as it stands we might have five to six months delay in the Chennai Park.

Kaustubh Pawaskar: Thank you very much.

Moderator: Thank you. The next question is from the line of Shivcharan Sharma from Perfect Research. Please go ahead.

Shivcharan Sharma: Sir, as you have answered 50% of your consumers are repeat customers so, I just wanted to know the strategy for consumers stickiness?

Arun Chittilappilly: Sorry strategy for?

Shivcharan Sharma: Strategy for consumer stickiness?

Arun Chittilappilly: You will have to explain that for me a little bit more what do you mean by that? What are you trying to ask, I mean do you what to know at what prices they want to come back more often or they want to know at what price they will go away and not come back?

Shivcharan Sharma: No, it is not regarding the price. I am asking regarding a strategy like what we will get the same customers to come again?

Arun Chittilappilly: For that we are working on a new loyalty programme, which we hope to launch by the end of the year. So those kind of things, discounts on repeat visits and loyalty programmes, family passes those kind of things where the customers feel that every subsequent visit discounted will help us and this is what we have been doing, but we are revamping that system right now.

Shivcharan Sharma: Thank you.

Moderator: Thank you. The next question is from the line of Amit Kumar from Investec Securities. Please go ahead.

Amit Kumar: Thank you so much for the opportunity Sir. Sir, I think earlier in the call you had mentioned that Hyderabad in the second half potentially we can still not for the full year, did you say that in the full year you can grow 10% to 15%?

Arun Chittilappilly: Yes, we shall be able to grow footfalls.

Amit Kumar: But that would sort of imply that your second-half footfall growth is going to be like 30% plus given the environment?

Arun Chittilappilly: We do not know. The second quarter we have grown by 20%. We hope that in 3Q also we will grow in a similar fashion.

Nandakumar: Because we get more groups during 3Q and for Hyderabad it is more group revenue, which would be coming in the current quarter. So we should see more footfalls.

Arun Chittilappilly: That will definitely be a double-digit growth.

Amit Kumar: For the second half?

Arun Chittilappilly: Yes.

Amit Kumar: Then checks from the ground indicate although I note that Ramoji Film Park is not exactly your competitor, but they have launched Baahubali set store and that seems to have fair enough traction in that market, so any sort of impact you are seeing because of that?

Arun Chittilappilly: No, see actually Ramoji Film City does not work with the local market at all. We are more of a regional player. Ramoji Film City actually attracts tourists.

Amit Kumar: I mean residents cannot go at all or the general sort of trend?

Arun Chittilappilly: They have been there for 30 years, it is not really a place where local population goes for entertainment.

Nandakumar: And to your question what we have got market news is even Baahubali has been only for a month which they were able to actually extract and I do not think they are getting those benefits now, it is just around Diwali month when they had got the benefit.

Amit Kumar: I understood Sir! That is it from mine. Thank you so much.

Moderator: Thank you. The next question is from the line of Manish Poddar from Renaissance Investments. Please go ahead.

Manish Poddar: Sir, just wanted to know you said the Chennai Park would get delayed by six months. Are we expecting completion?

Arun Chittilappilly: We were supposed to finish the park by second half of FY20 and that might get pushed by about six months.

Manish Poddar: So, this is now expected in FY21 if I get that right?

Arun Chittilappilly: Yes.

Manish Poddar: What sort of the capex are you looking?

Arun Chittilappilly: Capex we are looking same about Rs 350 Crores on the upper limit.

Manish Poddar: Split evenly in the two years?

Arun Chittilappilly: It will be loaded towards the last year.

Manish Poddar: Thanks.

Moderator: Thank you. The next question is the follow up from the line of Tejas Shah from Spark Capital. Please go ahead.

Tejas Shah: Sir, just a follow-up. How do you define industry of peer group for each park but whatever the defined parameters are of each parks' peer group what is your assessment? Are we gaining market or losing market share?

Arun Chittilappilly: We are gaining market share definitely in our new markets. In the old market we may be at a status quo kind of a situation.

Tejas Shah: But are consumers preferring some other platforms of entertainment or they are not stepping out at all in the environment itself?

Arun Chittilappilly: Hard to quantify, from what we are seeing there has been an impact for all the players in the industry so whatever is affecting us is affecting everybody so in that sense I guess it's fair in field at least as far as amusement parks are concerned.

Tejas Shah: Was there any input tax credit benefit in this quarter?

Nandakumar: Tax credit.

Tejas Shah: So input tax benefit basically?

Nandakumar: We had input tax earlier also, so what we used to do is portion of the disputed tax we used to take a credit but not avail it because we have been providing for the disputed tax, so that way the incremental input tax credit what we have got is only of the traded goods, the margin on traded goods proportionately which we had to reverse in the service tax regime versus what is available in GST, so that is a very small amount. So we have got a benefit of close to about 40 lakhs there and with the LBT or the local body tax getting subsumed under GST we have got some bit of benefit in Kochi totaling about 20 lakhs. So totally about 60 lakhs roughly is what we would have got on account of input tax credit between service tax regime and the GST regime.

Tejas Shah: In this quarter?

Arun Chittilappilly: Yes.

Tejas Shah: Sir, what would be the total provision so far on the account of litigation which is going on?

Arun Chittilappilly: It is about Rs40-odd Crores.

Tejas Shah: Let us say if the ruling is not in our favor, this provision should be sufficient to curb P&L from any further hit?

Arun Chittilappilly: Yes, because we continue to provide for the interest also, so it should be sufficient.

Tejas Shah: Lastly, slightly academic question, but just wanted to understand this weather volatility that is hurting our couple of park revenues for the last couple of years now. So globally what is the practice? They also go through this volatility or there is some mechanism some sort of revenue insurance against weather, so how do they manage this because that is much more matured industry in that part of the world?

Arun Chittilappilly: Same. I think this is from what I understand even Disney had to close down their parks when they had hurricane last month, so I mean this is same world over. I do not think we can plan for it.

Tejas Shah: But, there is no financial tool also to safeguard against such volatility?

Arun Chittilappilly: There are no financial ways. We are dependent on customers walking into the parks, it not possible to have some tool that can mitigate that risk.

Tejas Shah: Thanks. That is all from side.

Moderator: Thank you. The next question is a follow up from the line of Amit Kumar from Investec Securities. Please go ahead.

Amit Kumar: Thank you again for the opportunity. One point, which I sort of missed previously, the Hyderabad Park, if we look at the first half, it has delivered just about 300,000 footfalls, and although performance in Bengaluru and Kochi has been slightly muted in the first half itself, but still the footfall performance on an absolute basis is significantly higher, in fact I am not even sure whether you would have compared Hyderabad to Kochi, but if you look at Hyderabad versus Bengaluru, Bengaluru you are still delivering upwards of 4 lakhs footfall while Hyderabad despite being a new park and a new sort of attractions out there, is still just about 3 lakhs in the first half?

Arun Chittilappilly: That’s how it will be. It will be a slow gradual ramp-up. That is what you are seeing. In some quarters, you will see a growth in, for example, this quarter we have seen a growth of about 20% in footfalls even though it is a weak quarter, even for Hyderabad.

Amit Kumar: What I am basically trying to understand is how much time period do you believe it takes for the park to sort of hit us sort of normal level of footfalls, how much time?

Arun Chittilappilly: Four to five years.

Amit Kumar: Four to five years and during these four-five years, your marketing spends out there because you need to hit that level, will they remain elevated?

Arun Chittilappilly: Yes.

Amit Kumar: Thank you. That is from end.

Moderator: Thank you. The next question is from the line of Yash Mehta from Steinberg India. Please go ahead.

Parag: Arun this is Parag here. For Chennai Park, do you have any clarity on the panchayat tax or the local body tax?

Arun Chittilappilly: We do not have any clarity right now, in fact, we are trying to work on that issue because we do not think it is viable for us to run park if there is LBT tax which comes on top of GST. So in fact one of the reasons why we have delayed Chennai by a quarter is to have some clarity on that.

Parag: Could you also comment about change in the management, Mr. Dipy Sachdeva is leaving?

Arun Chittilappilly: Actually Dipy had submitted his resignation yesterday at the board meeting and George Joseph who is our Chairman who is coming into our active role to temporarily support us for the next may be few quarters or so and then slowly we will take a call on replacement or whatever strategy, but for now I think we are just going to maintain status quo for at least a couple of quarters.

Parag: Got it. That helps. Thank you.

Moderator: Thank you. The next question is from the line of Aabhash Poddar from Anived PMS. Please go ahead.

Aabhash Poddar: I just have one question or a clarification. Are you looking to hike prices in FY19 or the question now is where are we leaning towards at the moment?

Arun Chittilappilly: We will take a call towards the end of 3Q about that. We hope that if the footfalls start going in a positive trend then we will probably be looking at some kind of price hike, otherwise we will try to hold prices for sometime.

Aabhash Poddar: Perfect, sounds great. Thanks.

Moderator: Thank you. The next question is from the line of Ronak Shah from SJC Capital. Please go ahead.

Ronak Shah: Was Hyderabad EBITDA positive in 2Q and if you can quantify on that number?

Nandakumar: Hyderabad EBITDA you are saying?

Ronak Shah: That is right.

Nandakumar: Hyderabad EBITDA was positive, so we roughly made about 2 Crores in Hyderabad.

Ronak Shah: What was the entire EBITDA loss for last year, Hyderabad do you have that?

Nandakumar: EBITDA we were at about 8 Crores for the full year, so we did not lose money in Hyderabad last year.

Ronak Shah: Thank you.

Moderator: Thank you. The next question is from the line of Manish Bang from Damos Capital. Please go ahead.

Manish Bang: Thanks for your opportunity. Sir! Just wanted to ask you three questions. One is on the extra land parcels which are with some 64 acres is with Kochi and some 40 odd acres in Bengaluru what are the plans to develop it further? Second question is on Hyderabad footfalls. If you just see the half yearly footfalls, it has been only 2%, so as per you which I heard it was like you are saying for the year we will be having some 15% footfalls growth in Hyderabad, so how is it possible, can you see that very possible? The third question is on the space themed virtual reality right which you are trying to get into. I think in Hyderabad, can you just give some development what is the development in that? These are the three questions Sir.

Arun Chittilappilly: For example, first quarter we did not see any footfall growth in Hyderabad and that is why you are not seeing first half in terms of footfall growth you are not seeing a big number and like I said every quarter we should see double-digit growth in footfalls and that is what we are running for, but because this year we had multiple impacts, so we were expecting the footfalls to touch about 8 lakhs this year, we may not touch 8 lakhs, we are looking something around 7 to 7.5 lakhs range and consequently that is what we are seeing. What is your second question?

Manish Bang: Sir, it was on Kochi and Bengaluru land parcels?

Arun Chittilappilly: For land parcels we are just keeping it idle. We are not looking at monetizing it. The new ride we hopefully would be able to commission it in the next month, in time for Christmas and New Year season. It is still work-in-progress.

Manish Bang: Thank you so much, Sir.

Moderator: Thank you. Ladies and gentlemen that was the last question. I now hand the conference over to the management for closing comments. Over to you!

Arun Chittilappilly: Thanks everyone for attending the 2Q conference call. Hope to see you again and we are quite happy with the performance like I said again and thanks to Ambit and Dickenson Seagull IR for organizing it. Thank you.

Moderator: Thank you very much members of management. Ladies and gentlemen on behalf of Ambit Capital that concludes today's conference call. Thank you all for joining us. You may now disconnect your lines.

"Wonderla Holidays Limited 1QFY2018 Results Conference Call"

August 10, 2017

ANALYST: **MR. ABHISHEK RANGANATHAN - AMBIT CAPITAL**

MANAGEMENT: **MR. ARUN K. CHITTILAPPILLY - MANAGING DIRECTOR WONDERLA HOLIDAYS LIMITED**
MR. D.S. SACHDEVA – CHIEF EXECUTIVE OFFICER - WONDERLA HOLIDAYS LIMITED
MR. NANDAKUMAR N – CHIEF FINANCIAL OFFICER - WONDERLA HOLIDAYS LIMITED

Moderator: Ladies and gentlemen, good day and welcome to the Wonderla Holidays Limited 1QFY2018 results conference call, hosted by Ambit Capital. As a reminder all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing "*"then "0" on your touchtone phone. Please note that this conference is being recorded. I would now like to hand the conference over to Mr. Abhishek Ranganathan from Ambit Capital. Thank you and over to you Sir!

Abhishek Ranganathan: Thank you. Good afternoon everyone and welcome to this call. From the management of Wonderla we have Mr. Arun Chittilappilly, The Managing Director, then we have Mr. D.S.Sachdeva, the CEO and we have Mr. Nandakumar, the CFO. We would like to thank the company for granting us this opportunity to host this call and I hand it over to them for further commentary and thereafter the Q&A. Thank you very much.

Arun Chittilappilly: Good afternoon everyone. Welcome to our earnings call for 1QFY2018. Before we discuss the quarterly performance just a few points. We have recently repositioned our brand as a complete family entertainment destination and our tag line is 'Wonderla the place where you get closer and closer'. We are also very happy to inform you that we have completed acquisition of 57 acres of property in Chennai for our new amusement park in a place called Thiruporur roughly about 40 km from Chennai. This park is expected to be operational by FY2020.

Speaking about our quarterly performance, overall footfalls were flat at the Kochi park, an increase of 5% mainly due to park revamp and introduction of new rides and new marketing campaigns. The Bengaluru park at the same time saw a slight decline by about 3% mainly due to our higher ticket price that we have set for Bengaluru. The Hyderabad park footfalls declined by 4.9% YoY and the main reason for this is because it is not a like-to-like comparison compared to last year. Last year we had a pre-launch offer at a very low price and that makes the quarter look slightly different, but if we remove that I think footfalls have grown in Hyderabad as well. The non-ticket revenue as a percentage of our total revenue continues to do well by our efforts to introduce newer F&B and merchandise sales.

Coming to the financial performance, the revenue from operations grew by about 18.3% to Rs 102.3 crore. EBITDA increased by 17.2% to Rs 43.6 crore. EBITDA margin marginally declined from 43.1% to 42.7%. We have kept our operating cost under check for this quarter. Other expenses primarily increased due to provisioning for disputed tax liabilities, which increased from Rs 4 crores to Rs 10 crores for 1QFY18. PAT has increased by 15.5% to Rs 25.9 crore, PAT margin marginally decreased from 26% to 25.4% for the same quarter. We generated a higher Cash PAT which increased by 14.6% to Rs 33.9 crore under scoring our focus on maintaining healthy operating cash flows. I would now like to hand over the call for Q&A. Thank you.

Moderator: Thank you very much Sir. First question is from the line of Kaustubh Pawaskar from Sharekhan Limited. Please go ahead.

Kaustubh Pawaskar: Good afternoon Sir, congrats on decent set of numbers. Sir, my question is on the footfalls. You did mention that Bengaluru you have seen marginal drop because of the increase in the average ticket price and also in Hyderabad you have seen a decline because of the increase, but I cannot understand because Bengaluru is more of a mature park and you have attained certain scale in Bengaluru operations, but Hyderabad it is yet to reach certain scale, but still you have seen a decline because as you said that like-to-like it is not comparable but we should not see a decline at least marginal increase in footfall should be seen, so only the ticket price increase is the reason or there is something else because of which you have seen decline in the footfalls in Hyderabad?

Nandakumar N: So, if you see, Arun did mention that there was the inaugural offer in Hyderabad so the incremental footfalls if you remove during the inaugural period Hyderabad has shown 11% growth over last quarter.

Kaustubh Pawaskar: In last conference call, Mr Arun said that the expectation from Hyderabad Park the footfall expectation is about 8 lakhs, 8 to 8.5 lakhs, so does that stand or is there any decline in expectation for the entire year for FY2018?

D S Sachdeva: So we are holding on to the 8 lakh number and yes, there has been a steep increase last time in our average ticket price in Hyderabad from around 676 to now average of around 970, so there is a huge increase as far as ticket prices are concerned and yet, we are saying that we should be closer to the 8 lakh number that we have put.

Kaustubh Pawaskar: Sir, in Bengaluru should we expect things to stabilise in the coming quarters because festive season is falling in 2Q and 3Q, so there are many holidays in 2Q as well as 3Q. Normally 2Q is kind of a lean period for you over this time there are many holidays which are panning out in 2Q, should we expect better performance in terms of footfall in 2Q and 3Q?

D S Sachdeva: As far as Bengaluru is concerned there are other macroeconomic conditions in Bengaluru, which were also impacting because of the slow down in IT, so we are very bullish even on the current quarter, it is not that we would not want footfall in Bengaluru to increase. It is yes, there have been some changes in dates because for example the Dussehra holidays are going to start from September 22 this time normally it is in October. So there could be a few dates changes and the quarters may not look exactly comparable, but yes Bengaluru will be under a bit of a pressure because of couple of things again we have taken a 17% price increase and the macroeconomic conditions in Bengaluru are not very, very favourable. We have put in new rides and the investments have already been done in and we expect Bangalore to come back once the situation improves.

Moderator: Thank you. We take the next question from the line of Tejas Shah from Spark Capital. Please go ahead.

Tejas Shah: Thanks for the opportunity. Just wanted to know if you can help us with the price hike taken in each of the parks, if you can help us with exact number on the ticket prices?

D S Sachdeva: If you would look at RPV increase in Bengaluru Park, it has increased by 19%, Kochi Park by 18% and Hyderabad Park by 27%. So this is the kind of increases in RPV that we have been able to get in the first quarter and of June quarter. The ticket prices on our peak days in Kochi were Rs 1,100, Bengaluru was Rs 1,300 and Hyderabad was Rs 1,100. So we have been very aggressive as far as pricing is concerned because we have anticipated that the GST will come in at 18%. Hence, anticipating that and increased price which normally is once a year, we have already factored this into our price.

Tejas Shah: Sir, are these price increases inclusive of CST taxes because on your website you show tax is extra so?

D S Sachdeva: Yes, so what has happened is now what I have mentioned to you the price inclusive of taxes starting July 1, 2017 because the regime has changed to GST, we are now saying it is 850 plus tax is extra, so taxes are now, you know GST for us is at 28%, so we are making clear to the people that 850 is what the company gets and the balance is going to the Government.

Tejas Shah: What will be the reported in our topline will be net of GST, is it correct?

D S Sachdeva: Yes, it will be reported as 850, all the reports are without taxes, so everything is without tax.

Tejas Shah: Even under GST I wanted to clarify sir?

Arun K. Chittilappilly: Yes, it is always like that.

Tejas Shah: Sir, if I can squeeze one more and for the balance I will come in the queue. Sir, if we see that your non-ticket revenue, it is showing very phenomenal trend of picking up, whereas footfalls are actually not picking up in that order, so it actually gives you a very divergent trend of consumption behaviour, consumer behaviour, whose actually once he enters the park he is spending a lot, but somehow we are not able to attract more consumers at the park. So just wanted to understand how would you explain this divergence?

Arun K Chittilappilly: I think it is mostly to do with the ticket price. Ticket prices have been very aggressive. I think it is one of the most aggressive ticket price hikes we have taken in the last may be two-three years. So because of that we were expecting some kind of footfall drop especially for Hyderabad, our price was extremely low for the first year. So we wanted to get away from that as well.

D S Sachdeva: Non-ticket price, which is a strategy for us to ensure turnover once the customer is inside our park we want to get the maximum share of wallet so we have increased our offerings in F&B and in merchandise and that is how we are driving that because ticket prices everyone ask you what is the ticket price whereas once you come inside the park with the family you are able to spend much, much more.

Tejas Shah: Sir, it is a kind of forced purchase by them because they are your captive audiences and how do you measure satisfaction mix afterwards because they had certain budget in mind and this number is increasing aggressively for the last one year now?

D S Sachdeva: We have a track on NPS (net promoter score), and our net promoter score across all our three parks are above 70. So there is no reason to believe that people are not recommending and you know what the net promoter score is. It is your recommendation to your friend, would you recommend going to Wonderla that is the fundamental thing and if you are not satisfied and you do not feel you have value for money you will never recommend, so our scores are as high as 80 plus for Bengaluru.

Tejas Shah: Thanks Sir, I will come back in queue for more questions.

Moderator: Thank you. Next question is from the line of Mohit Hans from Esta Capital. Please go ahead.

Mohit Hans: Good afternoon Sir. I wanted to ask how you have planned to fund the Chennai center using debt or the cash through internal accruals.

Arun K C: It will be a combination of internal approvals and debt, so we are looking at roughly about Rs 150 crore of debt.

Mohit Hans: Rs150 crore of debt, right?

Arun K C: Yes.

Mohit Hans: Rs 57 crore of land you purchased that has been used or have you?

Arun K C: No, that is all internally.

Mohit Hans: Thank you Sir.

Moderator: Thank you. Next question is from the line of Tanmay Sharma from Edelweiss. Please go ahead.

Tanmay Sharma: Thanks for the opportunity. Sir, my question is on other expenditures. Here we are including the provision for taxes. So Sir, now with GST coming, do we need to have this provision again in the ensuing quarter?

Nandakumar N: In the GST environment, this will get netted in revenue so we do not have to create any more provision for taxes.

Tanmay Sharma: Sir, from next quarter, we can see jump in EBITDA margins?

Nandakumar N: See it is only a line item shift, so this dilutes the revenue and then your EBITDA will remain the same. The expenses will get reduced to that extent.

Tanmay Sharma: Sir, I am asking this because the main reason why we are seeing is now GST is coming in, there is only one tax and now the tax liability is largely because there are couple of taxes, state tax, central tax, why we need to have the provision when we know that there is only one tax in India?

Nandakumar N: There is no provision in the GST environment that is what we are telling you. Since we had dispute on certain tax structure, we were creating provisions in pre-GST environment.

D S Sachdeva: Going forward there will be no provisions required.

Tanmay Sharma: But you said Sir, it will be netted also then there is no need to net off that also right because?

Arun K. Chittilappilly: All the revenues are always shown net of taxes.

Tanmay Sharma: So, to be clear there will be no need of provisions from 2Q?

Arun K. Chittilappilly: Yes.

Tanmay Sharma: Sir, my second question is can you repeat the price increase for the quarter I just missed a couple of that?

D S Sachdeva: So the RPV increase in Bengaluru Park is 19%, Kochi Park Is 18% and Hyderabad Park is 27%.

Tanmay Sharma: Sir, that is it from my side. Thank you.

Moderator: Thank you. Next question is from the line of Kaustubh Pawaskar from Sharekhan Limited. Please go ahead.

Kaustubh Pawaskar: Thanks for giving me the opportunity again Sir. My question is on margins, this time we have seen margins stabilizing and they are down by just 40 bps. So going ahead with non-ticketing revenues growing strongly and you are at a direct cost level also the things have more or less stabilised should we expect margins to inch a little bit of the current level because in last quarter you have mentioned that you are expecting in FY2018 margins to improve by about 400-500bps?

Arun K C: We are hoping that our margins will improve, but then it also depends on the impact of GST on footfall, for us footfall is a main thing, we have already passed on most of the price hikes for GST, but I think this would be 4% to 5% more is what we are looking at compared to last year.

Kaustubh Pawaskar: Thanks Sir. Can you guide us with what kind of capex you are doing for Chennai Park?

Arun K C: Rs 350 crore, we have said that before.

Kaustubh Pawaskar: It will be about Rs 150 crores this year and Rs 200 crore next year?

Nandakumar N: It will not be Rs 150 crores this year. We have spent about Rs 65 crore. We will probably spend another Rs 10-15 crore for the remainder of the year. Most of the capex will come next year and the year after that.

Kaustubh Pawaskar: Thank you.

Moderator: Thank you. Next question is from the line of Tejas Shah from Spark Capital. Please go ahead.

Tejas Shah: Thanks for the follow up. Sir, how much was the ad spend for the quarter?

Nandakumar N: Roughly Rs 8 crore.

Tejas Shah: Sir, are we done with our re-branding exercise?

D S Sachdeva: Rebranding is done and the new campaign TVC also has been always done as it with our summer season.

Arun K. Chittilappilly: We will have a higher ad spend for some more time.

Nandakumar N: Two more quarters because Hyderabad is still to pickup, so we will continue to invest in the brand.

Tejas Shah: Sir, second on margins you said that there will be 300-500 bps improvement, this is on normalized margins right because you had a lot of provisions last year, so your guidance is net of that one-time provisions?

Nandakumar N: No, provisions will still continue so it will be in the revenue line. So, in fact if you see with the GST coming in, the impact will be much more and we are still saying we will be able to catch up in another 4% or 5% margins compared to last year.

Tejas Shah: That is it from my side Sir. Thanks.

Moderator: Thank you. The next question is from the line of Amit Kumar from Investec. Please go ahead.

Amit Kumar: Thank you so much for the opportunity sir. Just a quick one on GST, 28% rate which is there, has any state government committed between Bengaluru, Kochi and Hyderabad committed to return back the 14% state GST to you?

Arun K. Chittilappilly: No.

Amit Kumar: Because entertainment tax, if I remember in Bengaluru was 0?

Arun K. Chittilappilly: 5%.

Amit Kumar: 5%, that which was claimed from the state government right?

Arun K. Chittilappilly: Yes.

Amit Kumar: So that now goes to 14, is there any?

Nandakumar N: Under GST, tax rates are defined for each category of service. There is no question of reimbursement.

Amit Kumar: So you pay the entire 28%?

Nandakumar N: Yes, we have to pay the entire 28%.

Amit Kumar: Alright, Sir second one on Hyderabad. You have mentioned the target around 8 lakh footfalls, is the seasonality in Hyderabad slightly different because in your existing parks typically 1Q and 3Q are the high quarters and then 2Q and 4Q?

Nandakumar N: Same for Hyderabad.

Amit Kumar: Sir, given the fact that you have done about 2.2 lakh where do you get the confidence of 8 lakh because when I do the math it turns to be around closer to 7 rather than 8 lakh footfalls?

D S Sachdeva: So currently like we have said so far we were concentrating only on Hyderabad we will be expanding our geographical across 200 km radius which is our normal area of cash met for any of the parks, so

Warangal and Karimnagar all those areas are planned for this year expansion and it will be laboured by the business development team, which will bring in more people. So it is being planned that way, either the first quarter where the footfalls are mainly walk-in and the subsequent quarters are mainly the group footfalls or the business development footfalls.

Amit Kumar: Sir, we are expanding the marketing footprints?

Nandakumar N: Yes.

Amit Kumar: Thank you. That is it from my side.

Moderator: Thank you. We have a follow-up question from the line of Mohit Hans from Esta Capita. Please go ahead.

Mohit Hans: Sir, what is your plan after Chennai? Are you looking for a new park to establish or you are just going to?

Arun K. Chittilappilly: After this we will be doing a new park every two-three years that is the way it is going to be at least until Chennai.

Mohit Hans: Have you finalised the location for the new park?

Nandakumar N: No, we will do something in the west side; we will hopefully either in Gujarat, Maharashtra or Goa.

Mohit Hans: Thank you.

Moderator: Thank you. Next question is from the line of Nikhil Upadhyay from Securities Investment Management. Please go ahead.

Nikhil Upadhyay: Good afternoon Sir and thanks for the opportunity. Just one question, you mentioned that we would be looking at a debt of Rs 150 crore and to the previous participant question, you mentioned that we are not looking at adding any new park over the next two-three years except Chennai. So if I look at our cash flows I think we are making almost Rs 100 crore of free cash, which can sufficiently fund our Chennai Park, how do you see it is going to be that we will always in the future in terms of new park addition, we will keep a one-third debt and two-third equity type of a proportion in terms of future capex or is it just that you want to keep some cash with you in order to buy the land or some?

Nandakumar N: We will need some cash to build other parks, and we need to upgrade existing parks. So, we will need some debt, and free cash is not Rs. 100 crores, we should factor in taxes of about Rs. 22-25 crores. So the free cash flow available is Rs. 72-75 crores.

Nikhil Upadhyay: Yes, so my point is like over the next two-three years, if I look at the overall cash generation it could be around Rs 200 crore for 2018 and 2019 then probably as Chennai comes up our 70 cr itself will start moving to 80 cr or 90 cr range, just want to understand whether we want to maintain the philosophy of your one-third debt and two-third equity for future capex?

Arun K C: Yes, we want to keep debt as low as possible.

Nikhil Upadhyay: So, on an average it would remain in the range of 100-150 cr even in future?

Nandakumar N: Yes, but you see I think once we have Chennai up in running we probably may not even need debt for future parks.

Nikhil Upadhyay: Thanks.

Moderator: Thank you. Next question is from the line of Abhishek Ranganathan from Ambit Capital. Please go ahead.

Abhishek Ranganathan: EBITDA margin you said you put about 400 to 500 basis points. Just could you share the ballpark drivers behind this expansion for FY2018? What would be driving these margins with the non-ticketing revenue, ticketing or footfalls, in what revisions or rather what basis could we be guiding this number?

Nandakumar N: It is because our costs are going to be pretty much hopefully stagnant for the rest of the year. We are not going to have any inflation in the cost so that will help us.

Abhishek Ranganathan: When you see in cost it will be largely the maintenance, wages?

Nandakumar N: All of that.

Abhishek Ranganathan: The other question I have is you said that GST you have passed on pretty much everything, so in that sense then there is no more need to take price hikes?

Arun K. Chittilappilly: We might have to do a small correction, but we are waiting to see how is it post GST. See actually for us demand has been soft in June and July a little bit, so depending on how it comes back we will see. We will not structurally change pricing for the rest of the year, but may be for the peak days we can add some extra pricing which we have not decided yet, depending on the footfall we will see because whatever price hike we wanted to take we have already taken.

Abhishek Ranganathan: Sir, the group footfalls, in the non-walk-ins last year we saw pretty steep decline?

Arun K. Chittilappilly: We are hoping that this year that will come back and especially for Hyderabad we will not really have much group footfalls, so we are counting on Hyderabad to give us more group footfalls this year as well.

Abhishek Ranganathan: In Kochi and Bengaluru any particular reason why there is a fall in this group footfalls?

Arun K C: Every year I do not know, I think pricing is one then there is market fluctuations, our external factors, so I think we have in the kind of the last two-three years our pricing has changed a lot, so that is one of the reason.

Arun K. Chittilappilly: Last year also Abhishek you know there was Tamil Nadu colleges have contributed and with Bengaluru Kaveri issue, we had some issues also and in the school calendar they have those days on which they go out, outings and all. If you miss those calendar days then you cannot bring them back, so unluckily that happened in August, September, so bit of a problem there.

Abhishek Ranganathan: Do you envisage any differential pricing for group, significant differential in-group thing totally changed which you would like to make there on group ticket pricing?

Arun K. Chittilappilly: No, there also we have taken our prices Abhishek that you know we have in fact reduced the discounts now with GST coming and the discounts seem to be much, much more so that is one price we have not changed dramatically in spite of GST.

Abhishek Ranganathan: So basically to the average consumer price there is still discount now?

Arun K. Chittilappilly: It is a post discount when you add GST because we have assumed 18% GST now it is at 28% GST.

Abhishek Ranganathan: Thanks.

Moderator: Thank you. We have a followup question from the line of Tanmay Sharma from Edelweiss. Please go ahead.

Tanmay Sharma: Sir, just one clarification. When you said that you have taken this price increase, which is one of the aggressive in last two-three years, this 19%, 18%, 27% price increase is the price increase taken by the company not at the consumer level because at consumer level, I understand it will be 19 plus the GST extra that is going in, am I correct in that?

Nandakumar N: Yes, you are right and so these prices for pre-GST just to mention because this is we are talking of January or June Q1, the GST now price increases are also around the same level, we have to just think around it like Arun said now we have post-GST as well.

Tanmay Sharma: Sir, in this scenario there is a steep price increase. What is the footfall assumption you are taking for the park? On one-two year basis or you think that this price increase has been taken and we might not take any price increase in the next year or to compensate for that?

D S Sachdeva: We will evaluate this because our season is in next April, we will take a call closer through to our decision then, but we understand that with a higher price increase footfall will be soft to some extent and we are trying to find ways in which we can compensate for those footfalls through groups and business development channels.

Tanmay Sharma: Sir, that is all from my side, thank you.

Moderator: Thank you. Next question is from the line of Rashesh Shah from ICICI Direct. Please go ahead.

Rashesh Shah: Sir, just wanted to know what kind of input tax credit you would be getting so what could be your effective tax rate on GST. Would there be some benefit that would add to the margins?

Nandakumar N: Yes, input tax credit is very minimal, so if you see it is about 5% to 6% in our business.

Rashesh Shah: But that would not be added to your effective tax rate would come down by 23% or something like that?

Nandakumar N: Yes, it will be a 23%, but that has already been factored in the post tax environment also, we have been taking the credits, so incremental credit what we would get between GST and service tax environment is only the trading margins on which we diverse the service tax input credit, which is a very small portion.

Rashesh Shah: Thank you. That is it.

Moderator: Thank you. Next question is from the line of Nimit Shah from ICICI. Please go ahead.

Nimit Shah: Good afternoon Sir. Sir, sorry to repeat this question on the price hikes, so this 19%, 18% and 27% were taken on April 1, 2017, right?

Nandakumar N: Yes.

Nimit Shah: And post-GST how much is the increase?

D S Sachdeva: It is slightly different park to park, it is virtually flat in Bengaluru, so hardly Rs 20, so it is not a big number, but for Kochi for example we have increased by another 6% point.

Arun K. Chittilappilly: Our impact is roughly about 5% to 6%, so I think we have passed on about another 4%, may be 2%.

Nimit Shah: So Hyderabad, would there be any reduction or because we were at 36% at Hyderabad?

Nandakumar N: No, we have equated our pricing, we are not doing it like that; we are doing at the company level.

Arun K. Chittilappilly: Also that since we have added rights before that, we have increased our ticket prices.

Nimit Shah: So in Hyderabad also post-GST has there been any increase?

Nandakumar N: It will go up a little.

Arun K. Chittilappilly: Yes, just gone up, it is flat, Rs 10 – Rs 12 it is not a big number.

Nimit Shah: So except for Kochi, Bengaluru and Hyderabad are flat, for Kochi is it 6% increase?

Nandakumar N: Slightly bigger price I guess. Bengaluru already we are seeing some pressure on footfalls, so because of that we have not increased prices. Hyderabad also we had a huge price increase, so we have not touched so much, Kochi we have done a little bit more, so that is how we have done it.

Arun K. Chittilappilly: And also we are investing in new rides. There is a new roller coaster like I mentioned a while back.

Nimit Shah: Thanks a lot Sir.

Moderator: Thank you. We have followup question from the line of Mohit Hans from Esta Capital. Please go ahead.

Mohit Hans: Sir, for Chennai the central park development area will be what 31 acres, 32 acres?

Nandakumar N: We have not done the master planning yet, but it will be similar to the other parks.

Mohit Hans: Hyderabad was 50 acres land and 27 acres something like that right?

Nandakumar N: Yes, it will be slightly bigger, Chennai it will be a slightly bigger park for us.

Mohit Hans: Sir, so more than 31 acres.

Nandakumar N: Yes, it could be around that much.

Mohit Hans: Thank you.

Moderator: Thank you. We have next question from the line of Abhishek Ranganathan from Ambit Capital. Please go ahead.

Abhishek Ranganathan: Sir, follow-up on the price hikes, which are 18%, 19%, 27% that is the rack rate plus there is a GST on top of it?

Nandakumar N: These are RPVs and on top of that will be the GST.

Abhishek Ranganathan: Sir, RPV will be in average ticket price or will be that the other, when you talk about RPV we would also include F&B?

Arun K C: It is net of taxes, Abhishek. We have done this, if you look at 1Q this is our net price increase, 19, 18 and 27.

Abhishek Ranganathan: In 2Q it may not be so much?

Nandakumar N: Yes and 2Q onwards it may we are looking at may be 10%, 12%, it will go into tax also.

Abhishek Ranganathan: Thank you.

Moderator: Thank you. As there are no further questions from the participants, I would now like to hand over the floor to the management for their closing comments. Over to you Sir!

Arun Chittilappilly: Thanks all of you for joining our earnings call for the first quarter of FY18. We are optimistic of growing in this field in the country, we feel that the amusement park sector is pretty under presented in large cities in India, so that is pretty much ambition to take Wonderla to all the large cities, so thank you for joining us and have a good evening.

Moderator: Thank you very much. Ladies and gentlemen on behalf of Ambit Capital that concludes this conference. Thank you for joining us. You may now disconnect your lines.

"Wonderla Holidays Limited 4QFY2017 Post Results Analyst Conference Call"

May 25, 2017

ANALYST: **MR. ABHISHEK RANGANATHAN - AMBIT CAPITAL PRIVATE LIMITED**

MANAGEMENT: **MR. ARUN CHITTILAPPILLY - MANAGING DIRECTOR WONDERLA HOLIDAYS LIMITED**
MR. D.S. SACHDEVA – CHIEF EXECUTIVE OFFICER - WONDERLA HOLIDAYS LIMITED
MR. NANDAKUMAR N – CHIEF FINANCIAL OFFICER - WONDERLA HOLIDAYS LIMITED

Moderator: Ladies and gentlemen, good day and welcome to Wonderla Holidays Limited 4QFY2017 post results analyst conference call, hosted by Ambit Capital. As a reminder all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing "*"then "0" on your touchtone phone. Please note that this conference is being recorded. I now hand the conference over to Mr. Abhishek Ranganathan from Ambit Capital. Thank you and over to you Sir.

Abhishek Ranganathan: Thank you. Good afternoon everyone and thank you to the management of Wonderla for having this call. We have with us Mr. Arun Chittilappilly, Managing Director of the company, Mr. D.S.Sachdeva, the CEO and Mr. Nandakumar, the CFO. I will just hand it over to Mr. Chittilappilly and his team to take it over from here. Thank you very much.

Arun Chittilappilly: Hi, Thank you. Good afternoon ladies and gentlemen. Welcome to our 4QFY2017 earnings call. Firstly, I would like to talk a little bit about our repositioning strategy that we have done in terms of our branding and our marketing strategy. So, we have consciously taken decision to reposition Wonderla as a complete entertainment and hospitality brand and as you know we have been an established player in this industry for about 17 years and we felt that it was important to do that at this point in time as we have larger ambitions and we want to grow as a National player.

Speaking about our quarterly performance, we have seen flat footfalls at Kochi and 13% decline in our Bangalore park. This is primarily due to weak consumer sentiment, due to the whole challenges in the IT industry, but more than that it is also because a shift in some of the exam timings. Sometimes the holidays start in March and for example, last year it was in March, the holidays started earlier, whereas this year it shifted a little bit and that also will have an impact on our footfalls.

Hyderabad has shown a good traction and we have achieved about 6.2 lakh visitors for FY2017. If you remove 2Q where we had a very poor performance for Hyderabad, I think Hyderabad has shown, it has met or exceeded the footfall expectations. The non-ticket revenue as a percentage of our total revenue continues to be growing very fast.

Coming to the financial performance, the revenue from operations grew by about 37% to Rs 61 crore, driven by 10% growth in the average revenue per visitor and 26% growth in footfalls. EBITDA declined by 10% to Rs 9.8 crore and EBITDA margins decreased from 24.7% to 16.2% mainly due to factors like higher direct operating expenses, employee expenses and advertising and promotion expenses, pertaining to the Hyderabad park and also our rebranding strategy. Other expenses were higher primarily due to provisioning for disputed tax liabilities. 4Q PAT declined by 54% to Rs 3.4 crore, PAT margin decreased from 17% to 5.6% in FY2017. 4QFY2017 cash PAT marginally declined by 4.3% to Rs9.9 crore which highlights our focus on maintaining healthy operating cash flows. I would now like to hand over the call for Q&A. Thank you very much.

Moderator: Thank you very much. Ladies and gentlemen, we will now begin with the question and answer session. Anyone who wishes to ask a question may press "*" and "1" on their touchtone telephone. If you wish to remove yourself from the question queue you may press "*" then "2". Participants are requested to use handsets while asking a question. We take the first question from the line of Abneesh Roy from Edelweiss. Please go ahead.

Abneesh Roy: Sir my first question is on your marketing spends. Last year Hyderabad launch happened and now this rebranding, so when does rebranding get over and last year 84% growth in the other spends for the full year and 77% in 4Q. So if you could take us through marketing spends also and for FY2018, how do you see marketing spends?

Arun Chittilappilly: For FY2018, our marketing spends should probably marginally decline compared to FY2017 because in FY2018, we do not have a new park launch or anything but having said that it will not show a considerable decline because of our new rebranding but rebranding as such is going to be costing us an extra Rs2 crore maximum, which we have already kind of done, I think with 1QFY2018 that extra spend will kind of be over and we will come back to our usual, but having said that Hyderabad is still a new park and we will continue to spend a little more for Hyderabad in Andhra Pradesh and Telangana and also we have now slowly started advertising in Tamil Nadu because we have a project coming there in the next couple of years. So we will slowly start spending a little bit there but I do not see a considerable increase in A&T spends for this year compared to last year.

Abneesh Roy: Rebranding gets over in 1Q, did you say that?

Arun Chittilappilly: No, it will continue to 2Q also. Some part of the cost will also be in ad spends, which we have to do in terms of changing the logos, changing lot of collaterals, so I think that will be over by 2Q.

Abneesh Roy: Sir, you have mentioned Bangalore, one of the reasons was IT slowdown. Now, if you see one study says 2 lakh job losses every year for the next three years I think Bangalore and Hyderabad and later even Chennai will be quite large. So in that context, how do you see Bangalore and Hyderabad more so Bangalore because Hyderabad is a new park? So Bangalore how do you see FY2018 because job losses will continue for the next three years at least as per the study.

Arun Chittilappilly: So, I think see it is actually an overall sentiment that we track with us and it has a bearing on the footfalls and what we have seen is, even though last quarter is seeing a decline now, for example, April it has shown a positive but then again May might show a slight negative or flat. So, I do not know, it is hard to kind of put a number on it. I think more relevant to what happened last quarter is also the fact that some of our exam schedules have changed and that had some role to play in our footfall decline as well. So, it is not easy for me to say it is just one factor and Easter holidays, this year was in April and last year it was in March. So every time that happens, there will always be a fluctuation. So, Easter holidays itself is a huge like four, five days of continuous holidays. So whenever that moves between March and April, you will see that change.

Abneesh Roy: Sir, for your two legacy parks you have been trying to add few rides. In Bangalore you had done in think earlier itself. So, how you are measuring the efficacy of whether these rides are working or not? In Kochi, now you are trying to do that. So that is the question I have, are these rides working because in terms of numbers I do not see that. There are many reasons for it?

Arun Chittilappilly: See, the way we measure whether the new ride is popular is just by the queues and that has shown definitely that there is definitely uptake in terms of number of people using the rides. Now there are a lot of other factors which come on top of it, like you know for example, our pricing has been very fluctuating in the last couple of years and it has gone up quite a bit. So that could have also played a part as people get used to the new pricing. Pricing cumulatively if you look at our last two years, it has gone up by almost 25% to 35%, if you just look at two years. So that is a huge price hike that we have taken and that again is going to continue with GST. So it is hard to say how it will affect footfalls because pricing we are not able to keep constant.

D S Sachdeva: We also track the utilization of the rides and number of consumers who are taking the rides as a metric. So we know, like what Arun said, popularity of the rides so the queue is just one and it is also measured in terms of number of people going on the new rides.

Abneesh Roy: Resort has some rooms closed because the occupancy is up from 45% - 49% but most of the other numbers are flat, so why has occupancy gone up although revenues are largely flat because 2% is the average room rental increase also, have some rooms closed?

Arun Chittilappilly: No, it is not that, it is because we have had a higher percentage of corporate guests and they are discounted guests. So that is why for 4Q, there is no change…ARR has dropped marginally or it is flat.

Nandakumar N: So, also the focus was on increasing occupancy and so the drive was to see corporates, because corporates are a good, I will say, a sampling tool for us because they are the potential customers who can come back with families. So that was the stated strategy saying that let us get more corporates who can experience the resort along with the park. Also there were some other guests that were there, so that is the reason why the occupancy was…it was a drive to increase occupancy.

Abneesh Roy: Okay Sir, that is all from my side. Thank you.

Moderator: Thank you. We take the next question from the line of Kaustubh Pawaskar from Sharekhan, please go ahead.

Kaustubh Pawaskar: Yes, good afternoon Sir. Thanks for giving me the opportunity. Sir, my question is again on the pricing. Sir, you just mentioned that because of the new GST rates, there would be further price increase. So should we expect it to be about 8% to 10% considering the fact that the rate is at 28% and you will be paying overall tax at about 16% to 18%, including service tax and entertainment tax?

Arun Chittilappilly: We are still working out the details. Every park is different. For example, Hyderabad we will not need to increase prices, whereas Kochi will have a huge increase and Bangalore will be somewhere in the between. So we will have to see how we will have to work that out because I think there is also an anti-profiteering clause in GST, so because of that at this point I cannot tell you what the price hike will be but definitely looks like we will have to do another price hike.

Kaustubh Pawaskar: Suppose Sir, if you take about 8% to 10% price increase which you normally take every year at the…

Arun Chittilappilly: That we have already taken for this year.

Kaustubh Pawaskar: So that you have already taken for this year.

Nandakumar N: Price hike has already been taken and because last year we did not take much of a price hike. The year before that we had taken price hikes two times, so it has been very, very lumpy price hikes that we have done. So again the scenario is going to repeat this year.

Kaustubh Pawaskar: So, you have taken 8% - 10% price hike in both the parks, Bangalore and Kochi?

Arun Chittilappilly: All the parks.

Kaustubh Pawaskar: All the parks? Even in Hyderabad?

Arun Chittilappilly: Yes Hyderabad we have gone higher - 30% increase. We have already increased this a lot because first year we had discounted pricing in Hyderabad.

Nandakumar N: This is our annular price increase which we do every season. It is like you know the hotel rates get repositioned in October. For us April is our staring month. So with the season we always have a new price.

Arun Chittilappilly: Every year, we have been doing this since the company was formed.

Kaustubh Pawaskar: So, going ahead, once the GST is implemented, I think the price increase would depend on… what would be exact calculation?

Nandakumar N: That we do not know yet, yes.

Kaustubh Pawaskar: So my question is on footfalls, the second question, you said that in Bangalore and Kochi you still feel the heat of whatever price increases you have taken in the past but since the consumer sentiments are expected to improve and I believe that the value proposition what amusement parks give in terms of nine hours of entertainment vis-à-vis a three hours of entertainment in multiplex or for that matter IPL, I think that value proposition is huge in amusement parks. So once the sentiment improves you do not think that footfalls would be better considering amusement park is one of the better…?

Arun Chittilappilly: In the long term, we are very sure that what we are doing is the right thing in terms of pricing or price hike or even the offering that we have, we are very sure that we have a good offering and very few for any other operator to beat us in terms of offering that offering to price ratio but because this GST and the service tax all this has impacted us within two years, our pricing has gone through a huge change in the last two years and it will continue to go through another cycle of change. So it is very difficult to say whether my footfalls are going to grow or not. We are parallely trying to add rides, improve the experience, bring in more digital technology so that reduce queues and enable… we will do all that but whether that actually will increase the footfalls it remains to be seen but over the long term definitely what you said is right. We do feel that there is scope for the industry to grow further. It is very small in India. Very few players are doing anything concrete in this industry. If there is a uniform tax regime and even if it is a high tax, I think, a company like Wonderla will eventually benefit from it but at this time there will be short-term challenges is what we see.

Kaustubh Pawaskar: Sir, my next question is on your other expenses side. It has gone up significantly. Sir, Could you explain what was the provisioning you did in this quarter for your tax?

Arun Chittilappilly: Nandakumar will answer that question.

Nandakumar N: See, we have disputed tax liabilities. So what we do is, today we have actually - so there is both entertainment tax and service tax across the parks. So what we have done is we have made provision for the one, so we have split our tickets into park admission fees and park maintenance fees. So we feel justified in saying that we should either pay the entertainment tax or the serviced tax. Still we feel that though the payout is not happening, we have provided in the books on a conservative basis.

Kaustubh Pawaskar: Right, so how much was the provision in this quarter? I think last quarter you did about Rs8-odd crore.

Nandakumar N: This quarter incremental is about Rs 5.9 crore compared to the last quarter.

Kaustubh Pawaskar: Compared to 3Q you mean to say?

Nandakumar N: 4Q, compared to 4QFY2016, it is about Rs 5.89 crore.

Kaustubh Pawaskar: So, that means it should be about Rs9 crore because…

Nandakumar N: About Rs 10 crore roughly, yes.

Kaustubh Pawaskar: Okay, so will this kind of provisioning continue in the coming quarters or…?

Nandakumar N: Post GST annuity rates are different, the working would be different and hence we might not be required to continue with this kind of a provision, one more quarter possibly.

Arun Chittilappilly: May be the 1QFY2018 we will have to…

Nandakumar N: Yes, 1Q maximum.

Arun Chittilappilly: Also, it will be slow because I think there are some cumulative provisions we have done also.

Nandakumar N: Only for 1Q, we will have to do, so we have sufficiently provided as of 31st March 2017 for the whole year.

Kaustubh Pawaskar: Right Sir and Sir, can you just give us what was the EBITDA loss for the Hyderabad Park this quarter is?

Nandakumar N: EBITDA we have not had a loss, in fact we were cash pocketed by about Rs8 crore. Because we had had depreciation of about Rs17 crore, there is an EBIT loss in Hyderabad that is all but as such they are cash profit.

Kaustubh Pawaskar: So, I think considering this kind of… since you are already EBITDA positive and the footfalls are expected to continuously grow in Hyderabad, so should we expect margins to gradually improve at the standalone level, since direct cost element is about 70% of your operating cost, so FY2018, should we expect margins to…

Arun Chittilappilly: Yes, actually because our kind of business, the cost is fixed in nature, so Hyderabad will have a fixed cost, right now 70% but then as the footfalls grow and as our yield which is our ticket price also grows, that number should come down.

Kaustubh Pawaskar: So, gradually from 18, we should expect margins to come back on track, I am not expecting it to go up to 40, but they are …

Nandakumar N: Hopefully this GST, again I do not know what kind of impact it is going to have on our footfalls but we will have to wait and see. If we are expecting even a flat footfall growth may be a 15% to 20% footfall growth in Hyderabad, we will still be doing much better than last year.

Kaustubh Pawaskar: Sir, one last question, if I can. Sir, on your Chennai facility, have you finalized the land and what would the capex you would be planning to do at this….?

Arun Chittilappilly: This year it will be finalised and we have already started acquiring and I think we will spend about Rs70 crore on that in this financial year, most likely in this 1Q and 2Q and in 3Q, we hope to start construction.

Kaustubh Pawaskar: So, Rs70 crore would be the capex, which you will be incurring in FY2018 and the entire it should be about close to Rs300 crore?

Nandakumar N: Yes, about Rs300 crore to Rs350 crore, we will have to do a little bit of a working on that, we will update.

Kaustubh Pawaskar: But the funding for the capex would be mix of internal accruals and debt?

Nandakumar N: It will be mix of internal accrual and debt.

Kaustubh Pawaskar: Okay fine. Thank you.

Moderator: Thank you. We take the next question from the line of Sangeet Lakkar from New Berry Capital, please go ahead.

Sangeet Lakkar: Hi sir, I see that we have a lot of vacant land in our Bangalore and Cochin Park, is there any plans to expand?

Arun Chittilappilly: I have answered this before many times. We are not going to sell the property or we are not going to do anything with it. It is just that as the park grows we will need that property, so it is like a back-up for us and for us the acquisition cost is very low, so it does not make sense for us to sell them.

Sangeet Lakkar: So the entire unused land would be used to expand the existing …?

Arun Chittilappilly: Yes.

Sangeet Lakkar: Okay Sir.

Moderator: Thank you. We take the next question from the line of Manish Poddar from Religare Capital Markets. Please go ahead.

Manish Poddar: Hi Sir, just wanted to understand that ad spends which you have mentioned will they go down in FY2018 that is on absolute basis right?

Arun Chittilappilly: Absolute basis, I do not think it will be flat, is what we hope at an absolute basis.

Manish Poddar: And this tax charge which you have mentioned in 1QFY2018, what would be the quantum of that?

Arun Chittilappilly: Tax charge I do not know. For FY2018 we do not know, we have to…

Manish Poddar: Would it be the same run rate at which it is going right now?

Nandakumar N: See, roughly in a quarter we provide about – last quarter we provided about Rs10 crore, so it will be about the Rs10-crore mark.

Arun Chittilappilly: I think if GST is coming in from July, then we do not need to provide after that, maybe a small percent we will have to do.

Nandakumar N: No, that is it.

Manish Poddar: Would this be classified in the annual report as rate tax and license fee in FY2017?

Nandakumar N: Yes, in the rate tax and license fee.

Manish Poddar: I remember this number being Rs14 crore in FY2016, how much is the summer cumulative in FY2017?

Arun Chittilappilly: We will send it to you through e-mail.

Manish Poddar: Thank you so much.

Moderator: Thank you. We take the next question is from the line of George Philip from ICICI Bank. Please go ahead.

George Philip: Sir, this is with regards to the earlier question that you had answered with regards to additional land. Would the same strategy be followed for the Chennai Park or does that…?

Arun Chittilappilly: When we buy we always buy a little extra because later on buying property becomes very expensive.

George Philip: Understood Sir. Thank you.

Moderator: Thank you. We take the next question from the line of Nikhil Upadhyay from Securities Investment. Please go ahead.

Nikhil Upadhyay: Hi good afternoon Sir and thanks for the opportunity. My question was on when do you plan to complete the Chennai Park? Earlier, I think we were looking at FY2019 but then the land and things had come up. So what would be the period when we look?

Arun Chittilappilly: I think they are delayed by about two quarters roughly I think may be first half of FY2020.

Nikhil Upadhyay: First half of FY2020 we would be starting the Park?

Arun Chittilappilly: Yes.

Nikhil Upadhyay: Secondly, Sir on our pricing strategy, I just wanted to understand now. When you said that on Bangalore and Kochi we have taken a price increase and parallelly like with GST rate coming in and we probably would need to take some other price increases and almost 70%, 75% of our cost is fixed. So, would the price increase post the GST would be to the extent of almost 10% to 15% because some of the increase we have already covered through our new price increase. So how do you work about both these things?

Arun Chittilappilly: Roughly on an overall cumulative basis, we will need to change pricing by I think 8% to 10%?

Nikhil Upadhyay: But parallelly in Hyderabad because I think entertainment tax in Hyderabad was quite high almost around 25% and the service tax of 12%?

Arun Chittilappilly: No, it is 20%.

Nikhil Upadhyay: So, the effective tax rate was almost 35%.

Nandakumar N: But then we had disputed that and we had split our tickets, so that is it. So, in our case it is a very convoluted, complicated scenario. So it is very difficult to put a finger and say this is the tax that we paid or this is the tax that we are going to pay but for us either way the way we see it, all three parks will have a slight impact in terms of GST.

Nikhil Upadhyay: Even after covering for that 30…?

Nandakumar N: Kochi will have the highest impact because Kochi we were paying the lowest taxes and the problem is even after GST we will still have to pay some of the local taxes.

Nikhil Upadhyay: And secondly on this input credit, which we would generate from the utilities or services, will they also come under the anti-profiteering or do we keep that gains in our margin?

Nandakumar N: See, today no more. So today if you see, most of the input credit we are taking today. So the incremental is only on the margin, which we actually reverse in terms of our trading goods. So, what we are saying, the net impact of 7% to 8% is after taking the input tax credit.

Nikhil Upadhyay: Okay fine thanks and Sir just one more question. In one of our earlier interactions, Sir had mentioned that we could probably be looking at two parks consequently along with Chennai. How does it…?

Arun Chittilappilly: Right now we are not doing that because we will have to wait and see how Chennai itself unfolds and once Chennai is on track in terms of construction. Chennai has not even entered planning phase right now because we are doing the land acquisition. After land acquisition there is a planning phase, which is roughly one quarter, and then there is a construction phase. Once we reach a construction phase, we will then look at a further another project.

Moderator: Thank you. We take the next question is from the line of Nimit Shah from ICICI Securities. Please go ahead.

Nimit Shah: Good afternoon sir. I just wanted to know the price hikes, which we have already taken. For Bangalore and Kochi it was 8% to 10% you mentioned.

Nandakumar N: So**,** Bangalore we have taken a price increase already of 11% and Kochi is close to 14% and Hyderabad is 30%; high in Hyderabad optically because Hyderabad if you recollect it was a new park and we had an introductory offer for nearly a full year. So as the percentage looks high but it is still lower than Bangalore, similar to Kochi as of now.

Nimit Shah: Currently, after the high rate, what will be the average ticket rates for each of these parks?

Nandakumar N: So, it is roughly for Kochi around Rs1,000, for Bangalore it is around Rs1,100–1,200 and for Hyderabad it is Rs950–1,000, so those are the ranges.

Nimit Shah: So, Hyderabad still it is at a 20% discount to Bangalore?

Nandakumar N: Yes, the number of rides are also only 43 there. So there is – Bangalore is our biggest park with maximum number of facilities and rides. So it is just that, it is slightly lower than Bangalore.

Nimit Shah: Sure, and you mentioned you will start the construction for Chennai in 3Q?

Arun Chittilappilly: Yes, if all goes well, yes.

Nimit Shah: So, the land, have we started making some payments or it is still at the finalization stage?

Arun Chittilappilly: Yes, this quarter we will be making payments.

Nimit Shah: Okay, the location has been finalized?

Arun Chittilappilly: Yes, all that is done.

Nimit Shah: Okay where exactly or would you…?

Arun Chittilappilly: We cannot disclose it now because it is very price-sensitive for us.

Nimit Shah: In terms of acres, it would be how much, 40 acres to 50 acres?

Arun Chittilappilly: 56 acres to 58 acres, we do not know the exact, once it is fully done it will…

Nimit Shah: So, everything will be acquired at one go?

Arun Chittilappilly: Yes, it will be in three phases but for us effectively it is a very short period, so it will be one go.

Nimit Shah: Sure, and sir if I recollect Hyderabad, the construction happened within 18 months, post all the clearances and so we expect Chennai to be up and running by 1HFY2020. So this is mainly because of the gap in clearances and approvals and all that?

Arun Chittilappilly: Yes and also the planning also has to happen, right. Once we do the planning, then the approvals have to be sought, and then after we get the approvals, then we start construction. Then finally before opening we have another set of approvals to be taken, so that is a bit of a long process.

Nimit Shah: Sure, okay and Sir, the earlier participant also had asked this question regarding the tax, which you had provided, I think it would be Rs20 crore or more than that for FY2017?

Nandakumar N: More than that, FY2017 is Rs25-odd crore.

Nimit Shah: So 3Q it was Rs10 crore, right?

Arun Chittilappilly: No I think it is more than Rs25 crore for FY2017.

Nimit Shah: FY2017 Rs25 crore which is reflected in other expenses?

Nandakumar N: Yes, other expenses under rates and taxes.

Nimit Shah: Sure, thanks a lot sir.

Moderator: Thank you. We take the next question is from the line of Abhimanyu Singh Negi from Tano Capital. Please go ahead.

Abhimanyu Singh Negi: Hi sir, I wanted to ask about your in-house development of rides and all. Last I checked it was around 30% of the rides you were doing the design manufacture and installation. In the new Chennai Park do you think this percentage is going to change and if it will change, how much cost benefit do you see for yourself?

Arun Chittilappilly: Right now, we are projecting a similar kind of mix like how we did in Hyderabad, so we do not see, I do not know whether there is a benefit, but definitely benefit in the sense, for us, cost of acquisition of rides is very low. Even if we buy a ride from outside because we are able to buy refurbished rides which other players will not be able to do because of the risky nature of the proposition. We use our in-house team to actually refurbish our own machines also. So that if you are able to do and we have already managed to do in many, many cases we have done it. In fact, all the three roller coasters that we bought for our Parks are all refurbished and come at roughly a 50% discount compared to what if we were to buy them new. So that advantage we will continue to get.

Abhimanyu Singh Negi: Okay, on a slightly different note, as the smaller indoor entertainment centres come up like PVR bluO or Smash, which is in almost 9 – 10 cities, do you see the competition stiffening people not wanting to go out?

Arun Chittilappilly: No, not really, we are a very different, the kind of rides that we have, even an indoor entertainment centre will never be able to offer the kind of rides that we have. Whether it is water rides, or whether it is a big roller coaster, they simply would not fit into a mall. So we are a proper outdoor amusement park, a large format, which I do not think, if that had to be a problem, because wherever we are present, especially Hyderabad and Bangalore there are already a lot of malls, we have Smash here and we have bluO, everything is there in Bangalore and it has been like that for many years. We do not see that being a direct competition. Yes, may be in case of inclement weather and stuff like that, sometimes we might see a cannibalization, but on a long-term basis I do not see that as a threat.

Abhimanyu Singh Negi: Thank you.

Moderator: Thank you. We take the next question from the line of Raghvendra Upadhyay from Cogencis. Please go ahead.

Raghvendra Upadhyay: Sir, I just want to know what exactly would be the cost of the Chennai Park and how would you finance it?

Arun Chittilappilly: We are looking at a Rs300 crore or Rs350 crore kind of outlay for the park. Exact number we will tell you but I think will be less than Rs350 crore and the way we are looking at it, we will need some debt, of roughly about Rs130 crore to Rs150 crore maximum is the debt that we are foreseeing. The rest of it will be internal accrual.

Raghvendra Upadhyay: And Sir how are you going to raise this debt? Are you going to make any follow on issues or it is going to be…?

Arun Chittilappilly: No, we are not going to, it will be through consortium of banks or something.

Raghvendra Upadhyay: Okay and when do you think you will have to raise this debt?

Arun Chittilappilly: Towards the last year of Chennai (construction). It will be back-end loaded.

Raghvendra Upadhyay: Okay and when would you be actually raising this money?

Arun Chittilappilly: We will keep you informed. There is no timeline set …

Raghvendra Upadhyay: One more thing I want to ask you is, you have seen a sharp fall in the operating profit, and do you think in the current year you will be able to see an improvement in the operating profit?

Arun Chittilappilly: Yes, we will improve. As the new parks improve, there will be an improvement in profit.

Raghvendra Upadhyay: Okay, so what is the target on operating margins you have for the current year?

Arun Chittilappilly: We should improve it between 5% and 10%.

Raghvendra Upadhyay: In that range is it?

Arun Chittilappilly: Yes.

Raghvendra Upadhyay: Because follow up from 24% - 16% in this quarter.

Arun Chittilappilly: Yes.

Raghvendra Upadhyay: Okay, so you will go back to around plus 20 level?

Arun Chittilappilly: We cannot give you a number for the quarter because that is very misleading and in our case it is more misleading because we have all these provisions and things like that and seasonality, so on an annual basis, we should definitely be able to improve our EBITDA by 5%.

Raghvendra Upadhyay: And the last thing that I want to ask you is, this Rs10 crore that you provided for taxation that is inclusive of the other expenses of Rs14 crore that you have mentioned, right? That includes in that, is it?

Arun Chittilappilly: What is the Rs14 crore, sorry I am not sure.

Raghvendra Upadhyay: Other expenses you have mentioned that it has jumped up almost double to about Rs148 million. So that includes the provision?

Nandakumar N: See, other expenses include all the provisioning.

Raghvendra Upadhyay: For the tax…and what is this exactly? Why is this additional provisioning and how has the tax come about?

Arun Chittilappilly: We cannot give you too many details, because whole thing is in court.

Raghvendra Upadhyay: Okay. Thank you very much sir.

Moderator: Thank you. We take the next question from the line of Raunak Shah from JSC Capital. Please go ahead.

Raunak Shah: Hi. Sir, I remember a few quarters ago we were talking about…have we potentially moved the Bangalore and Kochi F&B model towards the Hyderabad model, we are doing a lot more stuff on your own, has that happened already?

Arun Chittilappilly: Yes, in a phased manner it is happening in Bangalore and Kochi. We still have outside vendors but now with the GST coming in, we have to relook at the model again to see which is the more cost-effective model. We might have to make few changes, but we will see.

Raunak Shah: Okay, sir, can you give us a sense for what the gross margins are on your F&B in Hyderabad currently versus what you are doing in the older parks?

Arun Chittilappilly: 60%

Raunak Shah: For which one?

Arun Chittilappilly: For our own restaurants.

Raunak Shah: For our own restaurants…and the outsourced?

Arun Chittilappilly: Outsourced is a revenue share of roughly 25% - 30%.

Raunak Shah: Okay got it and just on the Chennai Park, is there a plan to build a hotel or a convention center along with park as well?

Arun Chittilappilly: That will be later on, as the business grows, we will look into that.

Raunak Shah: And my last question is, just on the RFID rollout, has that happened across all the parks yet or is that…?

Nandakumar N: Yes, that has already happened in all the parks, we are still perfecting the system. It has got some glitches and we are also in the middle of our ERP rollout and so lot of IT initiatives are being planned for the year. Our goal is to make sure we try and go cashless in all our parks by FY2019.

Raunak Shah: And you see benefits of this play out in Hyderabad, which is kind of leading you to do this, in other parks also?

Nandakumar N: Yes, also it gives us more control in terms of less cash handling, no leakages and things like that also.

Raunak Shah: Got it. Thank you.

Moderator: Thank you. We take the follow up question from the line of Kaustubh Pawaskar from Sharekhan. Please go ahead.

Kaustubh Pawaskar: Yes Sir, I have two more questions. Sir, in this quarter, your non-ticketing the revenues for Bangalore and Kochi has gone up significantly by 45% and almost 50%. So any particular reason for it?

Arun Chittilappilly: That is because we have enforced a dress code in Bangalore and Kochi starting from February. We did not have a strict dress code policy until this year and we have done that from February onwards and that is one of the reasons why there is a more sale of costumes and swim wear and things like that and that is why it is showing up and also F&B also, we have improved our F&B yield per footfall.

Kaustubh Pawaskar: So, such kind of a growth should continue at least for next few quarters because since you have implemented the same in February, so I think 1Q, 2Q, and 3Q we should see a similar kind of a growth rate?

Arun Chittilappilly: In the next two to three quarters, we should see that.

Kaustubh Pawaskar: So, the same thing has been implemented in Hyderabad or Hyderabad model you implemented in Kochi and Bangalore? It has already been there in Hyderabad and you have implemented those…?

Arun Chittilappilly: Yes, whatever is there in Hyderabad, we implemented those in Kochi and Bangalore. That is correct.

Kaustubh Pawaskar: Okay. Thanks.

Moderator: Thank you. We take the next question from the line of Devanshu Sampat from Yes Securities. Please go ahead.

Devanshu Sampat: Hello Sir, I just have one question, can you give us a sense of repeat customers at your two older parks?

Arun Chittilappilly: The older parks will have definitely about 50% repeat visitors out of which I would say about 20% are repeating within the year the repeats are not within the year, may be once in two to three years.

Devanshu Sampat: Okay fine. Thank you.

Moderator: We take the next question from the line of Manish Poddar from Religare Capital Markets. Please go ahead.

Manish Poddar: Sir, just one more thing. Just wanted to understand that say in the last three to four years, I believe you would have added parks for sure. What sort of cost increase is there generally that you have to offset that with the pricing increase?

Arun Chittilappilly: We will have the cost increase usually about 6% - 7% per annum per park.

Manish Poddar: Okay and generally you tend to take a price increase higher than that because of tax rate…?

Arun Chittilappilly: Yes.

Manish Poddar: Would it be right that given that I believe every 24 months you will keep on adding a new park. This steady state of EBITDA margin, which this business can clog, would be in the range of 30% - 35%?

Arun Chittilappilly: Yes, 30% - 35%.

Manish Poddar: It would be in that ballpark, right?

Arun Chittilappilly: Yes.

Manish Poddar: Okay fine. That is all Sir. Thank you so much.

Moderator: Thank you. We take the next question from the line of Tejas Shah from Spark Capital. Please go ahead.

Tejas Shah: Hi Sir. Thanks for the opportunity. Sir, this provision that we provided this quarter as well and you said that it would go till first quarter. So considering that now GST has also come, would this be extended to second quarter in the wake of GST transition or would it be done in first…

Arun Chittilappilly: For GST, we are not going to have a legal issue. Their issue was with the service tax amendment that was brought in July 2015. We felt that amendment has lot of holes in it and it was very ambiguous in its construct and that is why we have challenged it. This is through legislation, so I do not think there is scope for us to challenge that.

Tejas Shah: This does not substream local body taxes is it?

D. S. Sachdeva: No it does not substream local body tax.

Tejas Shah: And that you will not be able to take credit against GST?

D. S. Sachdeva: No.

Tejas Shah: Sir what that number would be in your three different parks?

D. S. Sachdeva See local tax is only in Kerala. While the other two are state and entertainment tax.

Arun Chittilappilly: Right now even in Chennai it is state tax, it is not local.

Tejas Shah: Sir second how does GST impact our F&B and merchandize sold at our park?

Arun Chittilappilly: See in Bangalore and Hyderabad more or less it would be flat, but in Kochi since we are today paying it on composite basis, we might have an impact in Kochi.

Tejas Shah: So broadly Kochi seems to be most impacted by GST.

Arun Chittilappilly: Yes Kochi has the most impact from GST. Not only us and all the other players in Kochi will definitely have a huge impact even whether it is Multiplex or whether it is amusement parks I think everybody is going to have a huge impact from GST in Kerala.

Tejas Shah: Sir third, last quarter you said that we are hiring some top level management resources and that is why our run rate, which used to be Rs8 crore it is now looking like Rs10 crore per quarter, so are we done with the hiring part or…?

Arun Chittilappilly: Almost done. I think, but we still have positions vacant and it is a new team, so there will be some little bit of a hiring. I think it will take us another six months to stabilize that.

Tejas Shah: So was the employee cost inflation as aggressive as this year 26%?

Arun Chittilappilly: No. Now employee cost should come down as a percentage of top line. That is also because we have a new park at Hyderabad where the attrition rates have been very high because it is new. That usually happens. When you go to a new city and we start a new operation definitely our attrition levels also will be high and so that should come down.

Tejas Shah: Sir if you can share some qualitative comment on how Hyderabad Park has been this year and what are you planning for in terms of footfalls for FY2018?

Arun Chittilappilly: We hope to reach about 8 lakh visitors this year in Hyderabad. It looks achievable and we have been very well received in the market and we have a good reputation there. Our reviews and ratings, NPS scores, and everything seem to be going in the right direction. We hope to reach that 8-lakh-footfall mark this year.

Tejas Shah: Even with the 30% kind of price increase?

Arun Chittilappilly: Yes. The price increase was more because it is a new park and lot of things are still under construction. First quarter, last year, we had a very aggressive pricing. We sold the tickets for Rs.650, which is very, very low for Wonderla, so those things we have completely removed now and our pricing is more in line with other parks now. So slowly that should settle down.

Tejas Shah: Sir I just wanted to check have we restated our non-ticket revenue in the base quarter. So like for example, Bangalore non-ticket revenues used to be Rs200 as per our last presentation of fourth quarter, it has come down to Rs174 in this quarter's presentation, so just wanted to know have we done any rejig over there?

Arun Chittilappilly: Rs200 to Rs170.

Tejas Shah: So overall the numbers has not changed, so it is Rs986 Bangalore revenue per customer. It is now looking like Rs916 in the fourth quarter base quarter, but there is a significant change in our non-ticket revenue per customer, which used to be Rs200 now reading like Rs174.

Arun Chittilappilly: I am not really sure. We will let you know. Let them email us and we can answer that. We do not see it right now.

Tejas Shah: Sure and Sir last question you made a comment that this whole branding exercise is for a larger ambition that we have as a brand for Wonderla, so when you say larger ambition will it restrict to amusement park as of now or you are thinking of extending franchise for the…?

Arun Chittilappilly: No we are looking at amusement park itself because I think that is where our core competency is. Of course we can add resorts and all that as the brand grows and gets more established, we can do that, but our focus will be on amusement parks.

Tejas Shah: That is it from my side. Thanks and all the best Sir.

Moderator: Thank you. We take the next question from the line of Raunak Shah from JSC Capital. Please go ahead.

Raunak Shah: What would be your maintenance capex plans for the three parks for FY2018, as such are you planning to add any rides?

Arun Chittilappilly: We do not have maintenance capex plan as such because that is an R&M cost and it is charged to P&L. We will be adding some new rides to Kochi. We will be spending close to about Rs30 crore on a new rollercoaster. It is a refurbished one, so we will be doing that and then we have also started buying rides, some refurbished rides for Chennai. We managed to find some rides from a park, which was going bankrupt in the Middle Eastern country, so we have managed to salvage a lot of rides from there, so we will be refurbishing that and then as Chennai land acquisition will be complete, we will move some of those rides to Chennai. Some of those rides will be used in Kochi. Some of those rides will be used in Bangalore and Hyderabad, so that is the way we are planning it. So we are always on the lookout for rides, which we can refurbish and so that will continue. I think we have spent Rs20 crore. So we have already spent about Rs20 crore on that initiative, but we will be adding another may be Rs5 crore to Rs10 crore.

Raunak Shah: Okay, got it and then my second question was if I look at the footfalls for Bangalore over a slightly longer time period, so 2012 was about 1.08 million and we have ended 2017 with 1.04 million, so it has been flat for the kind for the last five to six years. Do you think that Bangalore is basically saturated and there is no kind of newer avenues to…?

Arun Chittilappilly: I think it is more and more to do with our pricing strategy, which has been very aggressive in the last four, five years. So because of that I think footfalls have not grown. It is a natural phenomenon where if you raise your prices by 10% to 15% every year, you cannot expect your footfall to grow. That is what has happened I think and I think it will continue unfortunately for another year or so because with the GST again, we will have to take another aggressive price hike and if that happens then I do not think it is possible for us to look at a significant footfall growth.

Nandakumar N: 2% to 5% is something.

Arun Chittilappilly: That is the only thing we can expect.

Raunak Shah: Got it and if you kind of compare the Bangalore and Hyderabad parks in terms of the demographic of the two cities the fact that Hyderabad is a little bit closer as well to the airport compared to Bangalore being further out, what is the long range kind of potential of what Hyderabad can do, two to three years once it matures?

Arun Chittilappilly: Hyderabad we will be able to mirror Bangalore numbers eventually is what we feel. Here it should be a million footfalls.

Raunak Shah: Year three to year four somewhere there.

D S Sachdeva: Yes somewhere near year three to year four.

Raunak Shah: Got it and were there are any significant control group numbers for Hyderabad in 4Q or was it just walk-in only.

Arun Chittilappilly: The numbers of groups in Hyderabad is yet to pick up. We have some groups, but I think that will take a couple of years as the brand establishes. We are still more reliant on walk-ins.

Raunak Shah: Got it. Okay. Thank you.

Moderator: Thank you. We will take the next question from the line of Abhishek Ranganathan from Ambit Capital Pvt. Ltd. Please go ahead.

Abhishek Ranganathan: Just a question on your footfalls and pricing and considering the fact that with the GST part is it quite evident in your mind that you would want to pass on the cost fully at this point in time?

Arun Chittilappilly: Why would we want to take that burden on and then hope for a footfall rise, which may not happen. So always our philosophy has been that anytime any kind of taxation hits, we will pass it on completely to the customer.

Abhishek Ranganathan: The second thing you mentioned about the capex of about close to up to Rs70 crore for Chennai in 2018, this would be largely for land and the rides, which you mentioned does it what allows it?

Arun Chittilappilly: The total capex for the company as a whole we are looking at about Rs100 crore including Chennai. Rs137 crore is the total capex, which includes the new rides, some rides for Chennai, some rides for Kochi all that put together.

Abhishek Ranganathan: Right and lastly if I check your direct expenses, which has gone up this quarter, I understand particular to some rides, I want to understand what has been experience of getting these rides on these expenses rather than buying them out directly.

Arun Chittilappilly: So I think Nandakumar you want to…?

Nandakumar N: See, the direct expenses basically have gone up because of per se Hyderabad if you compare it to the last quarter. So other than that we have had lease expenses, which we have spent close to about Rs70 lakh during the quarter. So with that I think if you see the expenses are more or less flat compared to the previous quarter.

Abhishek Ranganathan: Would you be open to pursing this model over buying the rides out or…?

Nandakumar N: Basically today if you our borrowing MCLR is at almost 8.3% and it has spread of about another 5bps, we should be getting term loans at 8.35% and I am not sure. We will have to work that out whether leases would be cheaper than that. So as you said we would take a call based on interest rates when we are buying the rides.

Abhishek Ranganathan: Right Sir. That is all from my side. Thank you so much.

Moderator: Thank you. We take the follow-up question from the line of Tejas Shah from Spark Capital. Please go ahead.

Tejas Shah: Hi Sir, just wanted to clarify. You said that the target for this year's margin would be to include by 500 to 10% basis points. Would it be on your adjusted margins, adjusted for provisions or…?

Arun Chittilappilly: It is adjusted for provisions actually.

Tejas Shah: Thanks a lot.

Arun Chittilappilly: I think we are kind of done.

Moderator: Sir, shall we close the call then.

Arun Chittilappilly: Do we have any questions? No, right?

Moderator: No Sir.

Arun Chittilappilly: Alright. Thank you everyone.

Nandakumar N: Thank you everyone for the call.

Moderator: Thank you very much. Ladies and gentleman on behalf of Ambit Capital that concludes this conference. Thank you for joining us and you may now disconnect your lines.

"Wonderla Holidays Limited 3QFY2017 Results Conference Call"

February 02, 2017

ANALYST: **MR. ABHISHEK RANGANATHAN - AMBIT CAPITAL**

MANAGEMENT: **MR. ARUN CHITTILAPPILLY - MANAGING DIRECTOR WONDERLA HOLIDAYS LIMITED**

Moderator: Ladies and gentlemen, good day and welcome to Wonderla Holidays Limited 3QFY2017 Results Conference Call, hosted by Ambit Capital. As a reminder, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call please signal an operator by pressing "*" then "0" on your touchtone phone. Please note that this conference is being recorded. I would now like to hand the conference over to Mr. Abhishek Ranganathan from Ambit Capital. Thank you and over to you Sir!

Abhishek Ranganathan: Hello everyone. Good afternoon and I thank you for joining this call. We have today with us Arun Chittilappilly, Managing Director, Wonderla Holidays to discuss the third quarter FY2017 earnings. I am going to hand it to over Mr. Arun Chittilappilly for opening remarks and thereafter we can open the floor for question-and-answer session. Thank you Mr. Chittilappilly for granting us this opportunity to host this call.

Arun Chittilappilly: Thank you. Good afternoon ladies and gentlemen. It is a great privilege to welcome all of you to this conference call to discuss Q3 earnings.

To talk briefly about it, we have seen a growth in the footfalls for all of our parks. Cochin, we saw a growth of roughly 3% in footfalls and in Bengaluru we saw a growth of roughly 1.5% and also Hyderabad being a new park, we had a pretty good quarter and as a result our topline has grown by roughly 39% and while footfalls saw healthy growth, the average revenue per footfall has also improved significantly mainly driven by higher non-ticket revenue.

This is something that we have been conscious about in the last couple of years, as you may know. We have also had two festive seasons in the park, which is Christmas and Dasara. Dasara in Hyderabad and Bengaluru and only Christmas was there in Cochin.

We had introduced two new rides to our Kochi Park. They are high thrill rides. They are called Equinox 360 and Flash Tower and we are seeing some good response from visitors.

Coming to the financial performance, the revenue stood at 9% like I said to 70.09 crore driven by 6% growth in average revenue per visitor and 32% increase in footfall. Bengaluru Park witnessed 4% increase in average-ticket revenue, 39% increase in average not-ticket revenue and 1.5% increase in footfalls. Kochi Park witnessed 3% increase in average-ticket revenue, 8% increase in average not-ticket revenue and 3% increase in footfalls. Hyderabad Park had about 0.5 million footfalls in the nine months so far, for the last quarter we had about 1.7 lakh visitors.

EBITDA declined by 26.7% to Rs13.34 crore. EBITDA margin decreased from 36.1% to 19% in 3Q. The increase in employee expenses is primarily on account of Hyderabad Park. The operating cost has increased primarily due to higher marketing and advertising expenses for

Hyderabad and increase in provisions of roughly Rs10.3 crore on account of taxes and levies, which is still under litigation before authority, so that is the biggest charge.

PAT declined by 66% YoY to Rs 4.1 crore. PAT margin decreased from 24.3% to 6% in 3QFY2017.

With this we are done. I would like to hand over the floor for any questions that you may have.

Moderator: Thank you. Ladies and gentlemen, we will now begin the question-and-answer session. We will take the first question from the line of Mr. Tanmay Sharma from Edelweiss. Please go ahead.

Abneesh Roy: Thanks for the opportunity. Sir, my question is essentially that you have seen recovery in footfalls versus earlier, but of course the cost has gone up significantly, so these costs if you could explain in greater detail I understand these are ad spends and then the provisioning part, but from 4Q going ahead how you see ad spends panning out?

Arun Chittilappilly: I think ad spends for 4Q will be low, it will not be very high, but next year 1Q there will be higher ad spends again because that is the high season for us in summer, but by then our ticket prices also would have revised it is also high season for us, so it should be fine. It will not have such an impact, you can definitely see marketing spends will be up rightly 50% from last year. It may not double like this quarter, but I would say it would be one and half times.

Abneesh Roy: That was my question you are saying 4Q it will be low, but in 1Q it will come back, so if I compare on a YoY basis why is that double this time and you are saying again it will go up by 50%?

Arun Chittilappilly: I think we had spent on creating some new content this time, which have not done like we made some movies for the new commercial for the new park and all that, which we have not done historically, so making a movie obviously then is an expensive affair, so that itself would have taken huge chunk out of the marketing budget and I think this time what the marketing team essentially did was to use a majority of the budget for the year in 3Q and not save too much for 4Q, so they spend a little more on 3Q and then we are spending less on 4Q. So that was the strategy we have taken.

Abneesh Roy: And on the provision?

Arun Chittilappilly: Provision is like I said this is whole thing is in court so there are varying remarks by lawyers and auditors and based on that some of this provisioning that we have done this quarter is actually not for this quarter, but for the beginning of the year and that was done because some calculations were changed in the way it was calculated. So they said we have to provide more for this quarter, so that is what happened. I think next quarter also we will have some extra provision for the disputes, so there are a bunch of them one is service tax and there are some local taxes, so all put together these are the provisions. We are hoping that we will prevail in these cases, but the provisioning has to be made.

Abneesh Roy: Sir, your ARPU this quarter for both the parks has come down versus the first half, and the growth also versus the last year has also decelerated, so if I compare for example Cochin, the growth in ARPU is 4% for 3Q versus the nine month it is around 7%, so have you consciously?

Arun Chittilappilly: That is because 3Q is heavily dependent on school and college footfalls and they are definitely higher discounted, that you will see for every 3Q will be like that.

Abneesh Roy: But I am still comparing YoY, so has the mixed become more for those schools at this time, which is last year?

Arun Chittilappilly: This time we lost a little bit of retail footfalls due to demonetisation. I think we lost maybe about 2 weeks of retail footfalls, second week of November till about first week of December, so the mix of groups versus full-paying customers have shifted likely in favour of groups, so that is what resulted in that.

Abneesh Roy: Now demonetisation is largely normal?

Arun Chittilappilly: Yes, by the Christmas season we have come completely back to normal. In fact, if you see Christmas numbers alone just for those 10 to 12 days, we are significantly higher than last year in all three parks. For example, Hyderabad is new, so we cannot compare, but Hyderabad for Christmas almost reached the numbers what Bengaluru did. Bengaluru you should remember it is an old park so Hyderabad did very good footfalls.

Abneesh Roy: Sir, are you calling this as a revival in Hyderabad, so finally you are seeing?

Arun Chittilappilly: Hyderabad, 2Q was very poor as you remember last time I updated. So that 3Q we are seeing a huge come back.

Abneesh Roy: Anything you have done apart from seasonality?

Arun Chittilappilly: I think I told you a couple of things, one is we have increased our marketing spends and the mix of marketing, the kind of marketing we did is slightly different. We did more video-led marketing whereas earlier it was more print and static advertising that we did. This time, we did more video and online mainstream channels those kinds of things, which are expensive, but I think that helped us a lot. The other thing that we did is we targeted heavily for schools and colleges because this being the first year we need to be marketing a little more to the schools and colleges because we have essentially new player there, so as part of that we are giving free costumes to school kids who come to use our water parks and things like that, so that has also added to cost a little bit, but we consider it as a marketing kind of spend.

Abneesh Roy: That is all from my side. Thank you.

Moderator: Thank you. The next question is from the line of Mr. Lalit Kumar from MC Management. Please go ahead.

Lalit Kumar: I have been to the park last week from Chennai to Bengaluru, so my first question is I suppose there were plans for the Chennai park getting opened in 2018 end. So can you just throw up some light on the Chennai Park? When is it expected and other plans as well?

Arun Chittilappilly: I think in the last quarter, I had updated that in Chennai, the land acquisition we have to put it on hold because there was a High Court order, which came around September, which said that any agricultural land, which is even if not used for agriculture cannot be registered for non-agricultural use. So that has kind of put a lot of pressure on us, so we will not be able to go ahead with that particular property, but what has happened subsequently is that we have seen some because of the political developments that has happened with the Chief Minister's death and all there is certain softening of demands that has happened in real estate, so I think we are seeing more interest from sellers to bring down prices and things like that. So if that continues and we are able to close in I think may be if not next quarter, but by first quarter of 2017 we hope to finish land acquisition. We are not going to wait anymore, but the problem right now is that because there is a lot of ambiguity in terms of political powers and things like that so we have to be a little cautious.

Lalit Kumar: Anything apart from Chennai you are looking out for?

Arun Chittilappilly: Not immediately because we want to definitely go ahead with Chennai. We have already signed an MoU and that MoU is valid for 3 years, so we definitely want to push ahead with Chennai first and with the same government which is in power so I think we will get support once we finish land acquisition.

Lalit Kumar: At the PAT level for individual team parks I assume that Bengaluru is in profit, but what about Hyderabad and Kochi?

Arun Chittilappilly: Bengaluru and Kochi are definitely at PAT level. Hyderabad is I think at an EBITDA level it is positive, but not PAT level.

Lalit Kumar: When is it expected to break even in terms of PAT?

Arun Chittilappilly: PAT level will be after year four.

Lalit Kumar: That is it from me.

Moderator: Thank you. The next question is from the line of Kaustub Pawaskar from Sharekhan Limited. Please go ahead.

Kaustub Pawaskar: Thanks for giving me the opportunity. Sir, my question is again on the margins in this quarter, your margins decelerated to 19% and what is the substantial?

Arun Chittilappilly: I have already explained that.

Kaustub Pawaskar: Just wanted to understand that in big time your margins were somewhere about 45%. Bengaluru and Kochi Parks were doing good and footfalls were steadily growing and 40% to 45% operating margins. This year we can understand because of the higher operational cost at the Hyderabad level, the impact would be there, but we are expecting operating margins somewhere about 30% because in first nine months the operating margins were 30%, so next year should we expect some kind of improvement on it?

Arun Chittilappilly: Next year definitely there will be an improvement, actually the main reason for us to have a bad EBITDA this quarter and may be next quarter also is because of this provisioning that we are doing that is there is nothing we can do about it we have to keep providing for it until hopefully by end first quarter next year GST will come into place and we will not need to provide for any of these lawsuits after 1QFY2018. So, till then you can expect some of this kind of provision, the extra provisions and things like that, but after that we should be able to show some good growth and improvement in profitability. By that time, Hyderabad would also have finished one year of operations. So I think the footfalls would start growing in Hyderabad from 1Q onwards and even 3Q is looking quite promising, but we have to predict because it is a new market and we do not really have any data what footfall trends are in Hyderabad and it is difficult to predict, but I think the way we have predicted it we were expecting 7 lakh footfalls for Hyderabad, but I think now we have downward revised that to about between 6 and 6.5 lakh visitors for this first year. If that happens, I think we should definitely be able to grow that significantly in double digits next year also and then I think we should be fine.

Kaustub Pawaskar: Sir, about provisioning part, earlier the calculation suggested that the provisions would be somewhere about Rs 4-5 crore per quarter, now you are saying that, you have changed some kind of your estimate?

Arun Chittilappilly: Yes, there are some estimates and some kind of changes, I mean there is no change in the case, but I think the auditors want us to provide for penalties something like that, so I think whatever provision has to be made we have to do it.

Kaustub Pawaskar: Should we assume Rs10 crore kind of provision for every quarter?

Arun Chittilappilly: No, Rs10 crore is exceptional. I am telling you this is not only for this quarter, this is cumulative for the other quarters of this year as well. So, I think the next quarter also there will be a slightly higher provisioning, but after that we will have Rs 4-5 crore per quarter as what we are doing.

Kaustub Pawaskar: Sir, another question is on the footfalls, this quarter you have seen your footfalls growing by about 1% and 3% in Bengaluru and Kochi respectively, so that is commendable considering the fact that demonetisation was there, but in 4Q can we expect that to normalise to about 4% to 5% and steadily growing by about 5% to 6% because Bengaluru and Kochi are kind of mature parks for you and unless and until you do not add rides the frequency of visitors visiting the park would be less, but is it fair to assume 4% to 5% steady kind of a footfall growth is achievable in Bengaluru and Kochi Parks from current levels?

Arun Chittilappilly: Yes, I think we are targeting 4% to 5% growth in footfalls for our mature parks that is what we are working towards, but having said that because of all the uncertainties that have happened with the markets with all this demonetisation and I think there is a slight cautiousness in people's minds about spending, but we are seeing that aspect of it is slowly not really affecting us right now, but it is hard to predict, but we definitely hope that by 1Q onwards we want to see growth in all our parks and that is what we are trying to do.

Kaustub Pawaskar: What kind of price increase you are planning to take because this year service tax has not been increased so I guess price increase would be limited to 4% to 5%?

Arun Chittilappilly: Last year, we increased our prices only by 3% to 4%, if you remember the year before that we had increased it substantially. This year I think we are planning between 5% and 8%; this is for the next financial year.

Kaustub Pawaskar: But you do not expect it to have any significant impact on the footfall as such?

Arun Chittilappilly: No, I think it is okay because I think whatever impact has happened is already happened in terms of footfall reduction and all that because price was a factor. I think especially the first quarter of last year, we saw some drop, but after that we have not seen any significant drop and I do not think it is linked to price anymore so we are thinking of raising prices a little bit.

Kaustub Pawaskar: Sir, in some of the earlier quarters may be 3Q or 4Q of last year, there were some issues with schools and that affected the footfalls in 2016 in the second half of the year, so again that issue has been now sorted out and things are better in terms of school students?

Arun Chittilappilly: Yes, we have seen that problem this year so far and that is why you have seen higher contribution from schools and colleges for this last quarter.

Kaustub Pawaskar: Thank you very much.

Arun Chittilappilly: Thanks.

Moderator: Thank you. The next question is from the line of Tejas Shah from Spark Capital. Please go ahead.

Tejas Shah: Thanks for the opportunity and congratulations on very heartening set of numbers in a bad time. Sir, just wanted to know that this provision you mentioned is with the provision that we are planning for the next quarter have we done for the down side just in case of the litigation does not go in our favour?

Arun Chittilappilly: Yes, that is what we are doing. We are provisioning for any kind of downside, so we are writing everything off. So, we have done most of it in this quarter, some of it will continue in the next quarter and that should be it. This is not just one litigation. Please do not put this in any reports and all that, because you know these are bearing on the case itself so we do not want this to be written specifically, we are just saying it is provisioning and hope you will understand that.

Tejas Shah: Sure Sir, just to understand the whole service tax part and I believe there are two elements in terms we are splitting out tax part on service tax and?

Arun Chittilappilly: That is the huge subject, it will probably take me one full day to explain, but as a very complex matter, but definitely there is merit in it is what we feel and it has been admitted by courts, it is not that the courts have said that they have not quashed it, in fact everywhere we have taken this argument it has been admitted, so I think there is some merit to it and so that is why and we do feel it unfair especially like if you look at Hyderabad, we are paying 15% service tax and 20% entertainment tax which is absurd, so we are definitely challenging it, let's see.

Tejas Shah: But Sir once GST comes then this confusion will be over?

Arun Chittilappilly: Yes, so this will happen only till the first quarter of next year.

Tejas Shah: Sir, this whole ad spends you said that you are doing something which we have not done earlier so is this to support a particular park because our understanding is that you cannot leverage media because the content and media both has to be localised for this kind of advertisement?

Arun Chittilappilly: Yes, it's mostly the regional spends that we have done. We have done all the southern four states and whatever you spend is limited to those southern four states.

Tejas Shah: But any particular park, which will revive that kind of distant support which we have not done in past?

Arun Chittilappilly: No, just for Hyderabad predominantly because we have a new park there and we have to spend more in our first couple of years.

Tejas Shah: That is it from my side, all the best.

Moderator: Thank you. The next question is from the line of Girish Shetty from Equity Master. Please go ahead.

Girish Shetty: Sir, just one question. Sir, main thing I wanted to ask is are you looking at building up resorts in other areas like you have done in Bengaluru?

Arun Chittilappilly: I think we can do it in only mature markets, so we have already done one in Bengaluru. We are thinking of doing one in Cochin, but the approval for that has been pending for a while and the whole thing is stuck, but for Hyderabad we are not foreseeing to do something like that until we are hit like a million visitors per annum, only then does it make sense for us to invest in a resort.

Girish Shetty: So in terms of space and all there would be no constraint if you want?

Arun Chittilappilly: Yes, we have no constraint in terms of space.

Girish Shetty: That is it from my side.

Moderator: Thank you. The next question is from the line of Amit Verma an individual investor. Please go ahead.

Amit Verma: I wanted to ask what would be effect of GST on margins?

Arun Chittilappilly: That depends on which category, which slab that we will come into, I think this slab could go up as high as 25% or 28% is what I understand and I do not know where we are going to fall, so depending on that we will have to take a look, we do not know yet.

Amit Verma: Thank you.

Moderator: Thank you. The next question is from the line of Rohit Potti an individual investor. Please go ahead.

Rohit Potti: Thank you for the opportunity. First of all I would like to convey my admiration for the company and the way it is run. Sir, I have a question on the formats the company is currently following and if there is any plan to add new formats in future like may be getting closer to the customers by opening certain smaller centres in the city?

Arun Chittilappilly: We have thought about it earlier in like being in a mall, and opening an SCC that category is called an SCC when you take the floor of a mall and you make it into a small amusement park, but anyway we have toyed with the idea, but it is just that, that kind of business is highly perceptible to competition because the investment is low and there are a number of malls that are coming in every city. You definitely had to be on the top mall in the city for you to get a profitable business, which is a big gamble for us, so we are really sure. We already have expertise in making larger parks so we feel that our brand is more probably suited to that. So for the time being we are not looking at that, but if there is an opportunity that comes our way in a city that we already operate in new recruited company building of big mall or something and then there is an opportunity to participate we can try, but that is not our part of strategy, our strategy will continue to be building large format amusement parks in the outskirts because that is where our competitiveness really lies.

Rohit Potti: The next question I have was about the capacity utilisation, if I am not wrong, the capacity for each park is from 8,000 to 10,000 visitors per day and right now the run rate is around 3,000 to 4,000, so just wondering what strategies do you foresee the company developing to hit an optimum capacity utilisation, what would be the optimum utilisation you would be happy to see in the long run for even the mature parks that is the first question and second is what plans would you be following to achieve those levels?

Arun Chittilappilly: I think it has to be marketing led to achieve higher levels of footfalls has to be definitely marketing led because I do not think from an offering standpoint we have any issues, but you have to remember those 8,000 to 9,000 is the theoretical capacity and that is the capacity of the park and it is very difficult to optimize it over a 365-day period. No park has been able to do that not even the big companies, so it is very difficult to plan in that way, you will always have seasonality depending on holidays and things like that, which we will not be able to overcome. But having said that couple of ways to incentivize not so big travelers is to play with pricing and also marketing and our creating events and festive during the off season, but it also again requires a higher marketing spend. So there are ways and means it can be done, but we need to find profitable ways of doing it. We are constantly trying and the seasonality is slowly easing out, but I would say that at current prices we will not be able to hit more than 4,000 visitors per day, but I do not think anything more than 5,000 or 6,000 is feasible for our size of a park.

Rohit Potti: The next question I had was about the repeat business, understand that we are expanding the parks, so slowly I think it will not be possible for a customer to may be see whole park in one go, which is a good way to encourage customers to come back. Are there any methods that you choose or is there any way that you check how many customers come back and how often they come back something like a membership card or something?

Arun Chittilappilly: We had a privilege card or we had a loyalty programme earlier and now we are transitioning to an annual park, which we are calling Wonder Parks and that will be rolled out in 1Q of next year fully. We are actually in the middle of an ERP transition as well. We are completely automating a lot our functions to an ERP implementation and that also hopefully. Once that is done, we can do this little better. Right now what we do to understand what kind of customers are coming is it is usually by asking them have they visited us before, this is through a few questions that we ask them and that is how we know that we do get roughly between 40% and 50% of repeat visitors.

Rohit Potti: So, roughly 40% to 50% visitors are repeat visitors for both Cochin and Bengaluru is it?

Arun Chittilappilly: Yes.

Rohit Potti: That is a very nice number. The next question I have is if I am not wrong, you do not charge for parking and neither are there advertisement hoardings in the park, which is a very good way of improving the customer delight factor, but just wanted to understand do you have plans to undertake that?

Arun Chittilappilly: We do not want, I think our philosophy has always been that we want to reduce from that point for a customer where he has a shell out money because I think especially on a crowded day it all adds to dissatisfaction. You all have been to a mall during the festival time and then, first you will wait in a long line to get into the mall then you wait in a long line to watch a movie, then you wait in a long line for safe parking, so it just adds to the dissatisfaction levels and that incremental revenue for us is not really worth dissatisfaction is what we feel and that is why we do not do it and it is a conscious decision that we have taken. It also needs a lot of control and additional manpower and we rather charge the visitor little more than have any more points where which the people have to pay at least that is the way we have done it. We could start monetizing parking we have thought about it in the past, at some point we could do it. It is just that right now we are not doing it and regarding advertising in park is something that we do not like to do because it kind of spoils the way the park looks. We are open to some kind of tie-ups with some brands if they want or brand a ride or name the ride after a brand and things like that, which we have done couple of times in the past, but I think that make more sense if it is a theme ride and the ride is seen to that broader or things like that, which you will be getting into little later because we do not have too many content base we just have couple of them, but I think going forward we will be investing more in those kind of rides.

Rohit Potti: When you say going forward it is going to be for all three parks or how it is going to be like for Kerala something like Mayavi or Balarama based ride?

Arun Chittilappilly: We already have Balarama-based ride in Kerala, so you know it is difficult to find that kind of popular characters and then bring them to life and then they create a ride around it, so that is the way it has to be done. We are looking at doing that going forward. I think it will have to be a centralised one because it is very expensive and very difficult to create content, park-wise. So, we are trying to see whether we can do something, which has a little more universal appeal and it can run in all three parks.

Rohit Potti: One last question from me. Just to understand how you will look at the business what are major things that you look at for each of these parks or the companies to measure?

Arun Chittilappilly: I think the fundamental, the Holy Grail, for any investment park is footfalls. If the footfalls are not growing, I mean obviously that is a concern for us and so we always try to track footfall growth in different sectors, in different seasons and that is always something very important to us that is the first thing, then we look at in park revenues, which is not ticket revenues then we look at by what percentage we are able to pass on a price hike to customers every year. So, these are all measures by which you know the strength you're offering and I think we have done well in all these aspects so far. We hope to continue to be able to do that.

Rohit Potti: Thank you, you have been very patience. Thanks a lot.

Moderator: Thank you. The next question is from the line of Nikhil Upadhayay from Securities Investment Managers. Please go ahead.

Nikhil Upadhayay: Good afternoon Sir and thanks for the opportunity. Sir, two questions, one was like as you mentioned in this quarter we had some employee additions for Hyderabad Park, I just wanted to know have we added most of the costs related to the operations and the advertisement, is in the P&L now or do you think there are some more costs, which can be borne by the P&L?

Arun Chittilappilly: No, I think anything other than marketing and depreciation cost would slowly be consolidated that beyond this. In fact, it should come down that is what we are hoping. Some of the employee cost that we have seen in top management hires that we have done, we have expanded our top management team significantly since last year. We have added some new people in the systems, so some of that will continue, but any other park level we do not see increase in employee cost as such at least for the current three parks, of course when we have another park again there will be a level of induction and change in employee cost some things like that.

Nikhil Upadhayay: Sir, secondly if we look at on the pricing side you said we would probably be increasing ticket prices in the range of 5% to 8%, but if we look at Hyderabad Park, which we are currently doing around Rs 656 for an entry, which is the 35% tax which means the average realisation would be around Rs 1,000 could it be a case that in some of the parks like Hyderabad or Kochi, the price increase could be much higher or do you think that 5% to 8% would be borne even in Hyderabad?

Arun Chittilappilly: I think in Hyderabad, first year, we have played pricing a lot and we have not stuck to our original pricing. It is little lower than that right now, we might hike Hyderabad a little more, but that we will wait for 4Q and then take a decision at least part of 4Q and then decide on that.

Nikhil Upadhayay: Lastly Sir, if we look at our non-ticket revenue increase in Bengaluru and Kochi, the increase has been very appreciative, is it also a result of because we took over some of the operations of the restaurants and also as a result of profit sharing, which we were doing is not there in the complete revenue has come in?

Arun Chittilappilly: Yes, that is part of the reason that I think only in Cochin you have that Effect. The other main reason is we are strictly enforcing our dress code in the water park since last quarter and just to improve the customer experience and so because of that we are seeing higher incident of sale merchandise so that is also another reason. We are looking at ways in which we can come up with a very competitive pricing for swimwear and water park costumes, so they would not feel that is too expensive so that is some of the feedbacks we are getting now that is too expensive to buy water park costumes in our park, so we want to try in rationalise that and we are coming up with very innovative design so that we can keep it very competitive at the same time improve our spends in the park. So I think we will definitely try our best to make sure that we increase our non-ticket revenue and whatever you see as a result of that effort.

Nikhil Upadhayay: Lastly Sir, one of the things like which we had discussed earlier was when we takeover the operations of the restaurant, the overall profitability, which our earnings would actually increase. So, I just wanted to understand because although we are not sharing the revenue with the partner, but also the cost will be borne by us, so how does it increase the profitability?

Arun Chittilappilly: It increases profitability mainly because of the production methodology. Right now if you look at Bengaluru and Cochin we have individual kitchen for each restaurant whereas Hyderabad is our first where we have a central kitchen and every restaurant does not have its own individual kitchen, so when you do things like that it will automatically brings a scale to the business and you can reduce cost substantially, also help us improve quality and maintain quality far better, also cost of equipment and investment in the equipment everything come down also instead of having five kitchens if you have two always it is cheaper to do that.

Nikhil Upadhayay: If you can help me understand this, earlier the set-up was like we were creating the set-up in the kitchen was run by the partners, so most of the cost was borne by him?

Arun Chittilappilly: No, actually the investment in the kitchen is done by us, it is not borne by him. He only manages the cost of labour and raw material for cooking and things like that, but all the heavy machinery in the kitchen and all the cooking hardware is provided by us.

Nikhil Upadhayay: Last one question, if I compare our average ticket revenue or average ticket pricing, so at Rs1,000 or Rs1,100 rupees entry ticket and if I compare the pricing of some of parks in the USA like Six Flag or Cedar which is around $25, which comes to around?

Arun Chittilappilly: Six Flags is not a $25. Six Flags is at $40 to $45.

Nikhil Upadhayay: So that is the total, so only the ticket revenue I am talking.

Arun Chittilappilly: No, if you look at the pricing in Six Flags, most of their parks have a pricing of roughly between $40 and $50 dollars and they charge $20 dollars for parking.

Nikhil Upadhayay: Okay, in their presentation it shows $35 to $40 realisation with the ticket price of $25 and $10 dollar of non-ticket revenue?

Arun Chittilappilly: No, that is because they have huge annual ticket plan and lot of the tickets are highly discounted, but if you go to their counter and buy a ticket it is roughly $45 dollars, that is our average ticket realisation, like say our average ticket realisation is Rs600 or Rs700 if not Rs1,000.

Nikhil Upadhayay: Got the point. Thanks for clearing.

Moderator: Thank you. The next question is from the line of Miten Lathia for HDFC Mutual Fund. Please go ahead.

Miten Lathia: I just wanted to clarify the service tax provisioning was anyways happening every quarter, so the provision that we made this quarter is not exactly service tax or something else and hence the one of nature?

Arun Chittilappilly: It is actually part of it is for service tax, but the calculation was done differently by the auditors and they said this is the way you have to provide, so we have to provide a little more that is the reality.

Miten Lathia: You sort of answered to the previous question on ad spends and now that this year Hyderabad would be in the base, next year's growth should be pretty nominal in action, when you are looking at fiscal 2018 should ad spends be very different from what they were in Fiscal 2017?

Arun Chittilappilly: There will be small increments. I do not know I mean it is hard to put up in a number to that right now, but I think we are working. We technically increase our ad spends by roughly 10% annually.

Hiten Lathia: In line with revenue essentially?

Arun Chittilappilly: Yes, it is in line with revenue always.

Hiten Lathia: There is no need otherwise on the market?

Arun Chittilappilly: It could even come down, actually depending on how the footfalls ramp up in Hyderabad that initial ad spends could come down, but I do not know, but next year we are looking at changing our brand identity also. We will come up with a new logo and we are just refreshing our brand a little bit, so when we do that I think there will be a little bit of spend happening around the first quarter of next year, but I think by the next year we should come back to our normal kind of scenario.

Miten Lathia: For us just tracking the Hyderabad Park through the year I think we started out better than what we were originally expecting and at this point we think we will probably be short of the 700,000 footfall target that we had. So other than demonetisation did anything else change as far as your footfalls expectations?

Arun Chittilappilly: I think couple of things happened. One is demonetisation; I mean demonetisation did not play much for us. I think what happened for us is initially when we need we heavily discounted our pricing in our first two months and that created a bit of negative sentiment because everybody used to say that our parks are too crowded, so I think that is not a good thing to have in the beginning itself so I think that played that kind of adversely affected us in 2Q and then we have to revive the footfalls again for extra marketing, so that happened in 3Q. So now we are at a good place. I think if we are able to manage it we should be able to do, so that is why I said we were expecting 7 lakh and then we thought we reached only 6, now we are saying it could be anyway between 6 and 7 depending on how it pans out, but we will not reach 7, I think it gets too ambitious.

Hiten Lathia: To another question, you answered that you will try to close the Chennai land deal by June 2018 given the time that it takes for these kinds of deals to conclude. What are the other parcels? We should be in a fairly advanced stage at the moment to be able to close it in 2018?

Arun Chittilappilly: We are not moving away from the parcel that we have already done legal wedding and all that, it is just that some part of it has to be changed to new part, which are not in the agricultural zone, so that is the change we are doing and also there is a change in pricing and so that is slight ambiguity right now in Tamil Nadu because of the whole government instability and things like that, so we are waiting for that to settle down a little bit and then we can go and also there has been a shuffle in the IAS cadre, there is a lot of change that has happened in Tamil Nadu so that is the main reason there is a bit of an ambiguity in Tamil Nadu in terms of land acquisition in our project, but we have reasonably saw that it is the same government and we should be able to go ahead with it with all the promises they have given us in the MoU we find with them, but we are just seeing a little cautious with it.

Miten Lathia: Essentially it is a same parcel, but it may be rehashed?

Arun Chittilappilly: Yes, this is rehashed and some of those properties have been deleted which we feel cannot be registered because of that new ruling that has come out.

Hiten Lathia: In the case or in a very rare case that this thing is absolutely not doable then how much of a setback in terms of timeline would Chennai Park see?

Arun Chittilappilly: As of now we are behind by about one and half quarters. I think every time there is setback in land I think we will lose that at least one or two quarters, so that is how it usually works. If we are not able to close it in the next six months, I do not know, but I will update you, I think it should be fine.

Hiten Lathia: If the land closure happen by June 2017, the March 2018 or April 2019, would still hold?

Arun Chittilappilly: Yes, we need a clear two years after land acquisition to finish the park.

Hiten Lathia: I wish you all the best, thank you.

Moderator: Thank you. The next question is from the line of Gaurav Shah from SJC Advisors. Please go ahead.

Gaurav Shah: Thanks for the opportunity. I am sure I think last quarter you mentioned that the EBITDA contribution from the Hyderabad Park was a negative Rs 1.8 crore what is the number for this quarter?

Arun Chittilappilly: This quarter is also EBITDA positive, but I do not have the number with me, let me check it. I cannot find it right now, but I can send it to you.

Gaurav Shah: It is an EBITDA positive right?

Arun Chittilappilly: Yes, EBITDA positive.

Gaurav Shah: If I kind of back out an EBITDA number for Hyderabad if you look at the implied EBITDA numbers for the other two parks and even if you kind of account for higher provisioning this quarter there seems to deceleration as far as the margins are concerned for the older parks. Would that be a fair comment?

Arun Chittilappilly: There is a deceleration of margins mainly because of we have had an increase in employee cost and operational cost which is R&M, we add a couple of extra R&M charges to the balance sheet. They are one off that has happened in the last quarter.

Gaurav Shah: So there is only go live basis which the older park should be able to do between 40 and 45 EBITDA margin which is kind of your guidance currently?

Arun Chittilappilly: No, there is no change there.

Gaurav Shah: Secondly, I think you have introduced RFID billing in the Hyderabad Park, if I am not mistaken and the plan was to role that out to the other parks as well. What is the progress on that?

Arun Chittilappilly: We are doing that right now. In fact as we speak I think in Bengaluru we are implementing that we are changing all the lockers to the RFID type of lockers. I think by the end of Q4 we will be completely ready and also parallely we are doing an ERP transformation also. All our IPs are going to be Oracle base now. I think by end of Q4 all three parks will be completely linked to the RFID and all our parks will be upgraded as expected which are happening right now.

Gaurav Shah: I am just empirically from whatever you have observed, what has been the ease of use or the benefit to the end customer once RFID comes in like what kind of uptick should be seen in terms of consumption?

Arun Chittilappilly: Hard to predict, but we do definitely see some kind of an uptick because right now we are losing a lot of spends because people do not carry their wallets with them especially in the water park so that is probably the half the day they do not have the money with them so it should help us improve spending, but by what extent it is hard to predict.

Gaurav Shah: How does this work in that when they enter the park, would they pay a certain amount of value loaded on to their RFIDs or would they pay for this and then they get a refund for whatever is not used?

Arun Chittilappilly: Yes, prepaid and then refunded.

Gaurav Shah: Last question from me. On the Hyderabad Park we saw walk-ins contribute 45% in terms of mix and of course we said that to drop from the 91% you saw in 1Q when the park just opened, but for 45 seems to be quite a low number compared to the other parks as well and obviously that adversely impacts the ATP, where do you expect that number to settle or will start maturing next year?

Arun Chittilappilly: First year you cannot draw any conclusions on all those things and we have to remember that. It will take one or two years for it to settle, but we should broadly follow what Bengaluru is doing after a year or two.

Gaurav Shah: That is it from me. Thank you very much.

Arun Chittilappilly: Thank you all for listening in. If you have any other more technical questions do you write to us and then we will be able to answer to for you. Thanks for joining us.

Moderator: Thank you. Ladies and gentlemen, on behalf of Ambit Capital that concludes this conference. Thank you for joining us. You may now disconnect your lines.

Wonderla Holidays Limited
Q2 FY17 Earnings Conference Call
October 28, 2016

Moderator: Ladies and gentlemen, good day and welcome to the Q2 FY17 Wonderla Holidays Limited Earnings Conference Call. As a reminder, all the participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing '*' then '0' on your touchtone telephone. I now hand the conference over to Mr. Rohan Rege. Thank you and over to you, sir.

Rohan Rege: Thanks, good afternoon everyone. On behalf of Dickenson Seagull IR, let me welcome you all to the second quarter and first half FY17 earnings call of Wonderla Holidays Limited. With us is the management led by Mr. Arun Chittilappilly - Managing Director and Mr. Nandakumar - Chief Financial Officer. Before we start the call, I would like to remind you all that our remarks today might include forward-looking statements and actual results may differ materially from those contemplated by these forward-looking statements. Any forward-looking statements you make on this call are based on assumptions as of today and we undertake no obligation to update these statements as a result of new information of future events. I would now like to invite Mr. Arun to make his opening remarks. Thank you and over to you sir.

Arun Chittilappilly: Good afternoon, ladies and gentlemen. Thanks for joining the Q2 FY17 conference call of Wonderla Holidays. Talking briefly about our performance during the quarter, our business was impacted largely due to the external factors in Bangalore and in Hyderabad. In Bangalore, we lost about 22 working days because of the Kaveri river dispute and it kind of played out on Mysore road where our park is situated whereas in Hyderabad, we lost some footfalls due to the heavy floods and rain. But despite these hurdles, we were able to deliver a steady financial performance for the quarter.

The revenues from operations grew by 16.5% to 50 crores, driven by a 9.6% growth in average revenue per visitor and 5.6% growth in footfalls. Bangalore park has seen a 20% increase in average ticket revenue and 37% increase in non-ticket revenue. Kochi park has witnessed a 3% decrease in average ticket revenue and 10% increase in average non-ticket revenue. Footfalls in Bangalore declined by 27.5% and in Kochi park increased by 6.4%. Hyderabad park average ticket revenue increased by 14.4% Q-on-Q and average non-ticket revenue increased by 3.4% Q-on-Q. Q2 FY17 EBITDA decreased by 30% year-on-year to 10 crores. EBITDA margin decreased from 34% in Q2 FY16 to 20% in Q2 FY17. There was an overall increase in operating expenses primarily on account of addition of Hyderabad park. Q2 FY17 PAT decreased by 75% Y-o-Y to 2.96 crores. PAT margin decreased from 27% to 5.9% in Q2 FY17.

Now, I would like to hand the call over to our CFO, Nandakumar for providing details on operational and financial performance of the quarter.

Nandakumar: Good afternoon gentlemen, thank you for participation and I will take you in detail where Arun has stopped because Q2 with respect to Bangalore park has been severely affected whereas Kochi has witnessed some marginal increase in operations after a sluggish year, for this quarter Kochi was lagging behind and Kochi is just showing signs of improvement whereas the external factors have very severely affected the Bangalore operations and it has very badly affected us during the month of September, where we witnessed almost 46% decline in footfall. July and August were moderate months but July and August also saw a decline, so overall second quarter was not very good. In Hyderabad over the whole quarter we have around 76,000 footfalls as against our expectation of little over 100,000 and Hyderabad still has some flood issues for 2 weeks but despite that Hyderabad is only picking up.

And with respect to the revenues, I think at EBITDA levels we are marginally doing good with respect to our Cochin and Bangalore park. Bangalore park of course has some increase in expenses because of the additional staff and Kochi started growing some positive trends with respect to profit and earnings. Hyderabad of course in Q2 because of the lower footfall could not contribute anything to the EBITDA margins, in fact Hyderabad has given a loss of around 6 crores including a depreciation of around 4.2 crores. So, we feel that the third quarter could be our best as our market research says with respect to Hyderabad. So we hope that Hyderabad will pick up in third quarter and will be able to close a number what we have always projected to the market which is 700,000. So, I think this is the broad overview with that, we will go in deep through the questions. So I would now request for line-up of questions please.

Moderator: Thank you very much. We will now begin with the question and answer session. The first question is from the line of Mr. Alok Shah from Edelweiss securities. Please go ahead.

Abneesh: Hi sir, this is Abneesh here. So, my question is, is there any risk you see for Q3 in the last few quarters, there has been some or the other reason, of course these things might be out of your control. In Q3, how are you seeing footfalls? My sense is you might have outpriced yourself because of the huge tax hike, we are seeing this in other forms of consumption also, so where do you see a sustainable growth rate in terms of footfall?

Nandakumar: Looking at Kochi, you can see that Kochi is marginally showing a positive trend where average price hike was more or less same in Kochi and Bangalore and if you look at precisely the footfall comparison in Bangalore, Bangalore of course has shown a marginal decline in July for around 12% and August around 18%. This is mainly because our traffic from Tamil Nadu has been affected because that is the burning issue for quite some time and other than that, I do not find a significant pricing pressure on that where you see that your average customer spending is increasing with respect to their discretionary spending like food and F&B as well as on souvenirs. But this year considering the last year's price hike, we have not actually increased the prices also. Marginal re-alignment of the season and off season has been done. So that has marginally given around 4% to 5% increase in the collection. That is the only thing we have put on to the ultimate customer. So I think pricing this year is not going to be very sensitive but generally I agree to the fact that in the discretionary spending market, there is some kind of resistance.

Abneesh: Tamil Nadu issue continues in Q3?

Nandakumar: Q3 partly for the first week it continued, now for the last one week or so, the traffic has become normal but still whole Dussehra and vacation season we lost and what corporate clientele we lost during vacation time, it is very difficult to recover.

Arun Chittilappilly: I just wanted to add here that I think Dussehra season for us was successful, but I think what has happened is disruption in the school calendar, lot of schools have moved their exams and all to post Dussehra and so, there will be some ripples of it in Q3. So, if the school exams get postponed, obviously, the school trips for an amusement park outing will also change. So, there is some risk but I think so far is showing better signs.

Abneesh: Sir, during these tough times for example this Tamil Nadu issue, changing of school exam times, higher rainfalls, etc., what are the proactive steps you do during these tough times specific on those days?

Nandakumar: I will add to that because you see that this year, we were aware of that during this Tamil Nadu issue is going to be prolonged for a month or more than a month because there was no discussion and based on the Supreme Court order and date and all. So, we generally changed our marketing strategy towards the local crowd and instead of putting money in Tamil Nadu market, we are pushing the local people and this Dussehra we did that because the people were not left with an opportunity for the Bangaloreans to move out. Mysore is disturbed and Tamil Nadu you cannot push on to the tourist destinations. So, we are projecting Wonderla as our local outing destination and that partly has paid off also because our Dussehra was reasonably good this year. So, that is the only thing what we can do and with respect to Hyderabad, when floods lead to people movement being restricted, we can do nothing about that.

Arun Chittilappilly: We also do some marketing changes in terms of pricing or sweetening the offer and things like that. But there is a limitation, not much we can do about that.

Abneesh: Because in Bombay, the equivalent park we see lot of discounts specific during those periods, I do not know if it works to the desired level. In your case, do you offer specific higher discounts through tie-ups with online or through the events and all……

Arun Chittilappilly: Yeah, we do a similar thing, that is not very different from what we do from them. We are little more careful with discounts because too much discounting and too much change in pricing also confuses the customer. So, we try and reduce the noise around the discounts and it is specifically restricted to large groups and schools.

Nandakumar: One thing I would like to add that in our history also says that huge discount does not pull too much crowd to the park, so we do not see a spike in customers coming into park on discounted days also because it is more or less even.

Abneesh: Sir, your parks are obviously well established and maybe that is the reason why even discounts are not able to work. So in Bangalore also, do you need to really revamp in a very big way, you are revamping but is it enough?

Nandakumar: Bangalore last year, we invested around 35 crores.

Arun Chittilappilly: In terms of offering, I do not think we need to worry about the offerings at all. People like the park and they like the attraction and we are still ranked very high, I mean all the reviews everything is like perfect, so I do not think that is an issue. If you want to get repeat, yes we will have to add new attraction but we have just added like…..

Nandakumar: So that we did because last year we had two attractions and Kochi of course part of the revamp is done, part of the revamp is going on. So by end of March, we will be doing couple of more rides also.

Arun Chittilappilly: One more thing I wanted to say is Cochin mainly rebounded not because of the new rides, it is because of our new marketing strategy, we changed our strategy for Cochin from Q2 and on the whole the way we advertise and the message we communicate, everything was completely different and that has helped us a lot to get some……

Abneesh: Could you talk about it because that is something we do not know in detail, what you have done different in the marketing communication and the reach out?

Arun Chittilappilly: Yeah, we can send you details. Basically, we change our strategy, we use more emotion led approach for our advertising and we changed our media mix completely. What we thought earlier worked that we have completely changed. So we did a bunch of things and that has resulted in a huge noise level and lot of talk about and the ad that we created went viral in Kerala. So I mean that is a very catchy kind of ad that we made, so that kind of stuff so, yeah.

Abneesh: You are repeating that in the other 2 parks?

Arun Chittilappilly: Yeah, we are doing that, yeah, starting from Q3.

Abneesh: Sir, last question is on Chennai, in terms of land there has been delay, where do you stand right now?

Arun Chittilappilly: Actually the Chennai land acquisition is stuck because in September, the High court in Chennai….

Nandakumar: High Court has come out with an order of stay on conversion of wet land.

Arun Chittilappilly: We cannot convert any wet land. So our acquisition…

Nandakumar: So, we are waiting for a clarity on that.

Arun Chittilappilly: They stopped registration of all wet lands in Chennai area because of the floods what they had last year.

Abneesh: But you are not looking at an alternate site?

Arun Chittilappilly: No, this we already have an MoU and everything, I mean this is almost…..

Nandakumar: No, this is temporary. We are also in contact with lawyers and all those because this is the one single order from a High Court where registrars are taking a back seat and not registering it. So once they give clarity on the decision probably in a couple of weeks' time, the High Court is also giving a clarity on that. Once the clarity comes, I think it can be registered, there is no particular issue with respect to our side because this is already in the development zone but since the current classification is agriculture for around 40% of the land what we are purchasing, so we are finding some difficulty in registering it. So we kept on hold and considering the location as well as the ground work we did for identifying the location, we feel that waiting for couple of months is worth.

Abneesh: But the legal issue is the only thing left right?

Nandakumar: Yeah, this registration issue is only left, every other legal issue has been cleared and parallelly, we are looking for other locations also but we have not frozen on any other locations and we will be coming forth once we close some other location.

Abneesh: No, but can you look for other locations because you just said now that MoU has been signed.

Nandakumar: No, not in Chennai. I talk about other than Chennai.

Arun Chittilappilly: In Chennai also, the MoU will expire ….

Nandakumar: In another one month or one and half months' time. But Chennai this location, we are okay but parallelly we are looking at other places also other than Chennai.

Arun Chittilappilly: But I think the problem is outskirts, most of the land will have some amount of wet land.

Nandakumar: Some agriculture bit in it.

Arun Chittilappilly: Yeah, so that has to be converted.

Abneesh: So apart from Chennai, where else? So Goa are you saying or?

Nandakumar: No, Goa is there, then Gujarat is there because we have not frozen on any location. So, once we will freeze the location, I think we will be more clear to tell you about it in detail.

Moderator: Thank you. We have our next question from the line of Amit Kumar from Investec. Please go ahead.

Amit Kumar: In the Hyderabad park, you mentioned that footfalls were lower than expectation but the expectation itself was just about a lakh visitors versus upwards of 2 lakhs in 1Q. So is it a set of normal seasonal trend to be assumed for future as well?

Nandakumar: Yeah, really because Q2 is the weakest season in our business. If you look at in our existing park also, it is more than 50% down in Q2 footfalls compared to the Q1 footfalls. So we made an apportionment based on our market intelligence and somehow it did not work according to our expectation, but I think our benchmarking is almost correct, we have to work towards that, 1.2-1.3 is possible in that market, when during that we are creating awareness and the marketing is in place.

Amit Kumar: For the remaining 2 quarters of the year, what kind of seasonality if you can call out that will be very helpful and do you expect ……

Nandakumar: We see that Q3 is somewhat better, something around 25% lower than the Q1 and the Q4 will be somewhat like Q2 only, slightly around 10%-15% better than Q2.

Amit Kumar: Then coming to the same park if you look at during in 1Q and 2Q, 1Q Andhra footfalls were around 31.5% and which has come down to only 2.5% in 2Q and how do you read this data really?

Nandakumar: Q1 is basically led by holiday crowd and working crowd where because of long holidays, you can expect people coming from far off places like Vijayawada and other places and Q2, you do not have long holidays and you can expect mostly local crowd.

Amit Kumar: My final point, the increase in advertising and marketing expenses has gone up from 3.5 crores to 6.5 crores. So you have 2-3 elements you sort of split it across the 3 parks that you have. In Bangalore, also, you had the new rides sort of coming through, that roller coaster ride is coming to Hyderabad park also. So could you just help us broadly understand, I mean the 6.6 crores, how is the marketing spend across the 3 parks?

Nandakumar: Q2, I will say it is more or less equal because we have not spent too much money in Hyderabad. Because money spent in Q2 is slightly higher in Kochi where this Onam season was passing through in Kochi and where we did an entirely new creative and new set of marketing ideas. So close to around 2.5 crores to 3 crores has been spent in Kochi and balance between Bangalore and Hyderabad because both the markets for Bangalore and Hyderabad, it was dull season where we have started only last 15 days in September towards the Dussehra preparation and close to around 1 week and September, we had something in Hyderabad also. So predominantly, I will say that around 40% of the ad has been spent in Cochin and balance 60% is equally distributed between Hyderabad and Bangalore.

Moderator: Thank you. We have our next question from the line of Mr. Rohit Bothe from Parag Parikh Mutual Funds. Please go ahead.

Rohit Bothe: First of all, I would like to express my admiration for Kochouseph sir and Chittilappilly family. I think Wonderla is a wonderful business with a lot of transparency and there is a net benefit to the society, so first I would like to express my admiration for that. My first question is on the in-house ride manufacturing capabilities that we have. So just wondering when you build a new park do you keep, I see that Hyderabad has 16 parks, so if I look at in a cost basis, do you project that okay of so much cost for rides, we will manufacture this much ourselves, that is one question on the manufacturing and the second one is do you see us developing capability to build recoil roller coaster like ride inhouse going forward in future? Do you see us increasing our capability there?

Arun Chittilappilly: I will answer that question, so I think our ride manufacturing is pretty advanced in the sense we can make a lot of rides, but the typical thing that we do is we build slightly simpler rides, evergreen kind of rides like a Ferris wheel or a carousel, those kinds of rides that is what we build inhouse and that contributes roughly about 30%. So, 30% of all the rides in all our parks are usually made in-house, can we build a recoil like ride. I do not know because I do not think it is worth it, the design cost and manufacturing cost or something like that is so huge. I think we will not have any cost advantage and I think we are already getting a good deal because we do not buy new even like a big roller coaster, we buy slightly used and I think we are already trying to take care of our price advantage there.

Rohit Bothe: So the 30% of all rides when you see you manufacture in-house, is it cost wise or is it number wise?

Arun Chittilappilly: Number wise.

Nandakumar: I will add to that because we have created a very huge engineering team whereby this engineering team does ride manufacturing as only one part of their activity, so where we used to take our engineering capability to erection of new rides and their initial maintenance and all those things where our dependants on the foreign engineers and technicians is coming down, that itself is a huge saving for us. Secondly, our park designing as well as shifting of ride from one location to another and one schedule maintenance as well as the annual maintenance of the ride, those are the areas where our number of parks are increasing, we have limited resources with respect to engineering staff, the talent pool is very costly, so we do not want to add too many people into that. So, for a productive and effective use of them, we want to use them mostly on maintenance and inhouse capabilities rather than putting their engineering skill on designing new rides, as a lot of trials are required on that.

Rohit Bothe: So next question I want to ask specifically about Cochin and Bangalore parks, so I was just noticing that so till 2016 from let us say, 2011-2012 to 2016, I was noticing that the advertising spend on an absolute number was pretty stagnant or declined a little and as a percentage of sales has obviously declined and also noticed that we took a huge price hike, I mean in addition to that, a few other issues led to a footfall decline also and I noticed also that on trip advisor, our rankings for Bangalore and Cochin have changed 8 and 15. Just wanted your opinion if the advertising spend in the campaign could be a reason for that and just wanted your thoughts on that?

Nandakumar: Because last year we did not have anything new at Cochin. So we spent on the routine advertisements where last year we have not made any new ride in Cochin park and Bangalore also had something but the first quarter only. To an extent you said it right that we have not spent too much on that because if there is nothing to make a real noise, we feel that there is no point in spending money on the existing rides, especially if it is an old park like Kochi. So now this year with the second quarter onwards, we started getting new rides, so we started spending money and creating themes around the new rides in Kochi park. So that is a factor of where the money is getting invested in the park where you can attract people to visit again. So there is nothing new, I think there is no point in spending too much money in advertisement, customers will get disappointed if they come year-on-year and there is no new ride in the park. So, that is why Kochi is almost stagnant, Bangalore we used to spend because our advertisement budget is more or less as a percentage of the turnover. So we used to spend that except for 2014-2015 and 2015-2016, where spending was slightly lower in Cochin, so that we are changing from this year onwards.

Rohit Bothe: So for each park, you spend it as percentage of the turnover of the specific park.

Nandakumar: Yeah, except for the first year, Hyderabad first 2 years, there will be some other budgeting, otherwise it generally comes as a percentage of the turnover and we used to stick to that percentage and if there is a reason to do it with respect to our revamp or any new ride, we will do, otherwise it will be limited. If the turnover is not increasing and we have nothing more to shout about it, we will continue with the same budget.

Rohit Bothe: And third question sir I wanted to ask about, I mean I noticed that there has been change in the top level corporate setup for the organization with Mr. Sachdev coming on board, other marketing staff coming on board and 2 new board members coming in with Mr. Ramachandran leaving, so just wanted to get a sense of if there is a broad strategy level changes that we see in the company, I know we keep changing our strategy, we try to keep ourselves nimble as time goes by, so was wondering if there is some major change in the direction of thinking of something happening with the company right now.

Arun Chittilappilly: There is no change. We wanted to always expand our leadership team. We were little skinnier at the top in terms of different heads for different functions and things like that. So we fill some of those gaps and there have been some changes and yeah, I think we are kind of entering a slightly different phase in our business life so early, we were a private company, now we are public, so obviously we wanted a little more and in more locations we are expanding, so obviously we wanted a little more depth to our leadership team. So that is about it and there is no other reason why it was done.

Moderator: Thank you. We have our next question from the line of Kaustubh Pawaskar from Sharekhan Limited. Please go ahead.

Kaustubh Pawaskar: First wanted to understand your planning to add new slides in Kochi and Bangalore park. So are those slides operational**?**

Nandakumar: No, Kochi now we have done something, one for the Onam season and two will be operational by end of Q3 probably that will be ready for New Year and Christmas seasons. And Bangalore what we have done, we have done in April, we are not doing anything more than that.

Kaustubh Pawaskar: Sir my second question, I think in initial comment you mentioned that you were targeting about 700,000 footfalls in Hyderabad park, but now since because of the floods in Hyderabad, you have seen lesser footfalls in Q2. So can we expect 5-5.5 like footfalls in Hyderabad from?

Nandakumar: I think it will be slightly between 6 and 6.25. 10% reduction is expected from our side.

Kaustubh Pawaskar: To you whatever earlier estimates you have given.

Nandakumar: Yeah.

Kaustubh Pawaskar: And sir for the Bangalore park, since the holiday season has started, should we expect footfalls to improve in the Q3 or should we expect that since the Kaveri issue was elongated, it will still have impact on the footfalls?

Nandakumar: Q3 for the first month as I said for the last 25-26 days, it was really good. We have to see that whether it continues with the same pace in the market and of course if there is any external factors, still we will be under threat for that.

Kaustubh Pawaskar: And sir for Hyderabad park, what was the operational loss in this quarter which affected your overall profitability if you could just give that number?

Nandakumar: Yeah, Hyderabad park, total Q2 first half cumulative loss for the Q2 was around 6 crores. Out of that, 4.5 crores is depreciation. So your cash loss is around 1.5 crores.

Kaustubh Pawaskar: And sir in this quarter of the other expenses, how much was the service tax?

Nandakumar: Negligible, I think we put around 2 crores as provision.

Kaustubh Pawaskar: And sir going ahead, what would be your major CAPEX for, I think this year you have done a substantial CAPEX because your depreciation costs have also gone up. So I believe whatever CAPEX was done, it was for FY17 and FY18 there would be a limited CAPEX of about 20-25 crores.

Nandakumar: No, FY17 itself there is some pending rides in Hyderabad, so Hyderabad will see another CAPEX of around 30 crores and Kochi and Bangalore this year I do not think anything new will come, probably next April that is for FY17-18 there will be something because two rides already coming in that is around 8 crores, that is already budgeted.

Kaustubh Pawaskar: And sir my last question is on the Kochi park, we have seen the ticketing revenues have come down on Y-o-Y basis, so are you running out any promotional offerings or have you giving any discount?

Nandakumar: Not because last year first quarter, the ticket revenue showing us inclusive of tax only. Now we started collecting and paying tax, so we are accounting as net of tax.

Kaustubh Pawaskar: So those are net of tax and Q2 last?

Nandakumar: Last year Q2 was inclusive of tax.

Kaustubh Pawaskar: And one last if I may. Sir in this quarter we have seen Kochi park, there was an improvement in the footfalls, it was about 3% growth. So should we expect this to continue in the coming quarters or?

Nandakumar: Kochi is continuing, I think.

Kaustubh Pawaskar: So I think the normal rate of 4%-5%, I think that we should expect?

Nandakumar: Kochi can provide you next quarter above 5% increase, my expectation. I am getting in Q3 because Kochi with number of footfalls, considering the number of footfalls in Q3 should be the best quarter.

Kaustubh Pawaskar: And sir when should we expect a similar kind of trend in Bangalore? Because I think the footfalls in Bangalore are even bottoming out because last 3 to 4 quarters, there are some of the other issues related to…

Nandakumar: Yeah, because we are mostly stuck with external issues because we are also not in much control.

Kaustubh Pawaskar: So, should we expect it to be kind of bottom out and things should expect….

Nandakumar: Yeah, probably it is hard to say because one week or ten days' loss is enough for us to discount all the growth we are making.

Kaustubh Pawaskar: And sir from margins point of view, this year we can expect that because of Hyderabad operations margins would be down, but going ahead should we anticipate margins moving up since considering the fact that you won't be taking any substantial price increase in ticket price in the coming years?

Nandakumar: Yeah, you can see that this year also, we have not taken any ticket price increase, but we have some good revenue coming by the way of F&B sales and retail of souvenirs and other things. So we want to take that as another area where we can expand our margins.

Moderator: Thank you. We have our next question from the line of Joshua Zhang from Hidden Champions Fund. Please go ahead.

Joshua Zhang: I saw the news that Mr. Nandakumar, your CFO has left if any reason for his resignation and what is the plan going forward?

Nandakumar: Yeah, I am Nandakumar and I am moving to my hometown because my parents are aged, for personal reasons I am moving to my hometown and I was at this company for around 5 years and this group for around 10 years.

Moderator: Thank you. We have our next question from the line of Ruchi Seth from Avendus Capital. Please go ahead.

Ruchi Seth: I just wanted to check through 50 crores in quarter 2 is net of service tax like you said?

Nandakumar: Kochi.

Ruchi Seth: No, 50 crores the overall revenue from quarter 2 is net of service tax?

Nandakumar: No, ticket revenue for Kochi is net of service tax. We are not collecting service tax in Bangalore, but since our case is running in the court, in other expenses, we have provided around 2 crores as provision for service tax for Bangalore. So in a sense you can say that the 50 crores revenue is including 2 crores service tax where we have provided for it but we have not collected in Bangalore because we are disputing that in Bangalore High Court.

Ruchi Seth: And in terms of the CAPEX plan, you said that Hyderabad you are going to be incurring another 30 crores, so this is over and above the CWIP which is already showing up in our balance sheet?

Nandakumar: Yeah, because those are the amounts which we capitalized during April which are the completed projects. We have 2 more rides completing, it is in the CWIP you can see that figure and one of that will be ready probably in this month before end of the month or early next week and one, we will take to do at the end of the financial year or early next year. If it comes in March, we will have another 30 crores capitalized in this year. If it falls to next April, probably it will be coming next year but definitely it will be happening before April.

Ruchi Seth: Can you tell me the broad spilt of Rs.365 crores fixed assets across the parks and the resorts, of course annual report has it between the resort and amusement park, can I get the broad split within the amusement park?

Nandakumar: No, here if you look at, Kochi and Bangalore assets are almost depreciated, out of the 225 crores is the capitalization we made for Hyderabad park. So that is made for this year. So all other parks, Kochi is almost completely depreciated with respect to the original assets and Bangalore is also completely depreciated. You send me a mail, I will give you the branch wise breakup also.

Ruchi Seth: And can I have the EBITDA contribution for parks for the first half, before corporate SG&A?

Nandakumar: Yeah, I can give you, EBITDA contribution of the parks I can give you. Bangalore park has around 37 crores as EBITDA and Cochin park has 28 crores as EBITDA.

Ruchi Seth: And Hyderabad is minus (-) 6.

Nandakumar: Hyderabad EBITDA level, it is minus.

Ruchi Seth: No, minus (-) 1.5.

Nandakumar: 1.5 crores is the EBITDA level.

Ruchi Seth: In terms of the hotel, what is the cross-sell that you see from people who are staying in the hotel and are also visiting the park?

Nandakumar: Out of the 60% occupancy, we will say around 40% is coming to the park but since it is a very small hotel, it is not very significant with respect to the footfall coming from the hotel, hardly 84 rooms and with 40% occupancy in the 84 rooms does not contribute significantly to the footfall of the park.

Moderator: Thank you. We have our next question from the line of Anuj Jain from ValueQuest Capital. Please go ahead.

Anuj Jain: I have couple of questions. How much price hike in tickets will it taken across the 3 parks, if you can just explain?

Nandakumar: During this financial year, we have effectively not hiked our price, we have just changed some of the peak pricing as well as the peak timings. So that will reflect around 4% to 5% increase in the revenue.

Anuj Jain: So when we say that the average ticket revenue per visitor let us say for Bangalore park has increased 20% in the quarter so that is because of the peak pricing?

Nandakumar: Yeah, because we changed the peak pricing and you see the footfall reduction is mainly from schools and colleges which is a subsidized ticket.

Anuj Jain: So basically only 4%-5% of price hike.

Nandakumar: Yeah, 4%-5% is the gross price hike.

Anuj Jain: And the second one is like, how much annual footfalls are we targeting for Hyderabad Park in next 2-3 years and for the current year, we are saying it will be?

Nandakumar: We have current year changed, our expectation was 7 and I said that we look for a 10% reduction on that.

Anuj Jain: Yeah, but I am looking for next 2-3 years?

Nandakumar: Going forward, I think the park can get a 15% average increase for the first three years.

Moderator: Thank you. We have a follow up question from the line of Rohit Bothe from Parag Parikh Mutual Funds. Please go ahead.

Rohit Bothe: So, was just wondering if our plan of getting Hyderabad to be profitable by year for is still on and there is no changes to that as per?

Nandakumar: No, because Hyderabad Q2 is negative because it has very lean footfall. Q1 was a profitable quarter for Hyderabad and we see that around 700,000 footfall, we will give you around 25%

to 26% EBITDA margin. So that still continues. We will be able to breakeven at a point of 500,000 footfall that is our estimate.

Rohit Bothe: No, I was asking at a net level, a PAT level?

Nandakumar: Net level, we will be profitable when the footfall increases to 7.5 lakh plus.

Rohit Bothe: So when do we expect?

Nandakumar: That in our general calculation, it should be on the second year.

Rohit Bothe: When do we expect Hyderabad park to stabilize at a level of Bangalore park?

Nandakumar: In fourth year to fifth year.

Rohit Bothe: So, you expect to mature and stabilize?

Nandakumar: In the year 2020-2021, it will give you a 45% to 50% EBITDA margin.

Rohit Bothe: And just a broad question on the strategy so, Wonderla strategy continues to develop itself as an integrated holiday destination, so is there a plan of adding let us say, something other than a resort in the park or do we continue exploring the strategies going forward?

Nandakumar: Currently other than that, we have not thought of it. Now our primary strategy to expand these to as many cities as possible and we are exploring some of the design changes and some attachment to the resort like convention centres in Bangalore probably, it is still on the discussion table; probably once it materializes, we will be able to announce on that.

Moderator: Thank you. We have our next question from the line of Ashish Gupta from Goldfish Capital. Please go ahead.

Ashish Gupta*:* Just wanted to have your perspective on how the GST rate would influence your tax structure across different states because we must be having different rates including entertainment tax for each and every states of Bangalore, Hyderabad and Kerala if you can give us some perspective say if the GST rate is 26% on the higher side which is the thing which is proposed in media reports, how does it pan out with your existing rates? Thank you.

Nandakumar: Yeah, our current liability is combination of service tax as well as entertainment tax where entertainment tax differs from state to state. In Bangalore, we pay around 5% and Andhra, Telangana it is around 20% and in Kerala, it is lump sum amount which on our turnover works out to 1% to 1.5%. So another common factor is service tax of 15%, so in some other states we have 15% to 16% to a higher of 35%. When it comes to the 26%, I think in the area of Hyderabad we will be a gainer and Bangalore, we will lose around 5% to 6% provided it is 26% and Kerala we will have a charge of additional 11%. We have still no clarity on how the input credit works and I feel that as envisaged input works, it will give a 4% to 5% input credit. Net effect will be around 21% if you are getting a 4% to 5% input credit, so in that case if Hyderabad also is working out to the Bangalore levels of turnover, I think we will be neutral in the impact of GST but so until that time we will have a negative impact on the company as a whole.

Ashish Gupta*:* On the input credit, you basically imply that there are certain state level taxes for which you are not able to take currently?

Nandakumar: Yeah and current input is so complicated that what is the taxable turnover and we have to net off into percentage of it. So we are hardly getting less than 1% to 1.5% input credit now.

Moderator: Thank you. As there are no further questions, I would now like to hand the conference over to Mr. Rohan Rege for closing comments.

Rohan Rege: Yeah, thank you everyone for attending today's call. Wish you all a very Happy Diwali.

Nandakumar: Thank you all. Wish you all a very Happy Diwali.

Moderator: Thank you. On behalf of Dickenson Seagull IR, that concludes today's call. Thank you for joining us and you may now disconnect your lines.

Wonderla Holidays
Q1 Full Year 2017 Earning Conference Call
August 03, 2016

Moderator: Ladies and Gentlemen, Good Day and Welcome to Q1 FY17 Wonderla Holidays Ltd Earning Conference Call. As a reminder, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. If you need assistance during the conference call, please signal an operator by pressing '*' then '0' on your touchtone phone. Please note that this conference is being recorded. I now hand the conference to Mr. Kapil Jagasia. Thank you and over to you sir.

Kapil Jagasiya: Thank you, Aman. Good Afternoon everyone. On behalf of DickensonSeagull IR let me welcome you all to the first quarter FY17 Earnings Call of Wonderla Holidays Limited. With us is the management led by Mr. Arun Chittilappilly, Managing Director and Mr. Nandakumar, Chief Financial Officer. Before we start the call, I would like to remind you all that our remarks today might include forward looking statements and actual results may differ materially from those contemplated by these forward-looking statements. Any forward looking statement you make on this call are based on assumption as of today and we undertake no obligation to update these statements as a result of new information of future events. I would now invite Mr. Arun to make his opening remarks. Thank you and over to you, sir.

ArunChittilappilly: Good Afternoon Ladies and Gentlemen. At the outset, we are happy to inform you that our third amusement park i.e Hyderabad park has been fully operational from April this year and the response has been very encouraging. We had more than 200,000 visitors visiting the Park during the quarter. The park is Spread over 49.5 acres of land with Current development on 27 acres of Land. The park initially comprises of 43 rides which includes 18 wet rides and 25 dry rides. The park boasts of India's first ever reverse looping roller coaster named RECOIL, with maximum height of 40 metres and with 6 inversions per ride, imported from the Netherlands. It is also the first park in India with Cashless RFID based transactions facility called EZ Pay across the Park.We take pride in saying that we are the only amusement park company in India which is operating at multiple locations and we are quite optimistic about growth coming out of each of these locations and our future locations as well. With Fourth Park expected in Chennai, we continue to build on our legacy of 15 years of successful operations in this industry. We shall continue to identify potential new locations across India for building new amusement parks in the future.Coming to our results in Q1 FY 17, revenue grew by about 32% to Rs 88.87 crores driven by 18% growth in average revenue per visitor and 12% increase in total footfalls. The Q1 EBITDA declined by 2.71% YOY to about Rs 39.2 crores. EBITDA margin declined by 1584bps to 44.1%. The EBITDA margin got impacted mainly because of our overall increase in operating expenses on account of the addition of Hyderabad Park. The Q1 FY 17 PAT declined by 19.9% on YOY basis to Rs 22.46 crores. The

PAT margins got impacted mainly due to higher depreciation, due to the addition of Hyderabad Park and also due to the decline in other income during this quarter as Q1 FY 16 other income largely included dividend from our IPO proceeds. Bangalore Park witnessed roughly 25% increase in average ticket Price and 18% increase in average Non-Ticketrevenue. Cochin Park saw a 21% increase in average ticket Price and 32% increase in average Non-Ticket revenue. Footfalls in Bangalore decreased by about 12% and Cochin Park declined by about 24%. We aggregate this mostly to the price hike that has been carried out and the price hikes are pretty sharp in the first quarter where anyway our price was the highest for the whole year and I think that's one of the reasons why our footfalls got impacted plus the fact that we had drought and unfavorable weather which also added to it. Now I would like to hand the call over to Nandakumar to provide details on the operations and thefinancial performance.

Nandakumar: To continue with what Arun has told I would like to take you through the detailed financial numbers. The overall footfalls of course increased by around 12% to 7.92 lakhs from 7.06 lakhs last year. This is mainly because of the increase in footfalls by 2 lakhs from Hyderabad. As our overall revenue grew by around 31% roughly around from Rs 68 crores to Rs 90 crores that is also mainly banking on Hyderabad. Hyderabad has given total revenue of close to Rs 19.5 crores. Coming back to the most important part of the footfalls break up for Bangalore and Hyderabad, of course Bangalore has shown a 12% decline and general footfalls have gone below from 4.17 to 3.67 lakhs. This is mainly owing to ofcourse the price hike because last year the first two months there was no tax impact. In April and May, prices were relativelylower. And the main impact in the footfall happened in Adult and Kids than in the General paid customers who are the most in number and now the price sensitivity is coming from them and I feel that is the major reason for decline.Out of the 12% decline around roughly 10% decline happened in the area of Adult and Child that is the full paying customers. But despite this, the revenue of Bangalore has shown an increase of 8.5%. This is mainly because of the increase in average revenue. Taking Bangalore, the average ticket price has gone up by 24% and Restaurant revenue on a gross basis has grown by around 30%. These two have contributed to total gross earnings of around 8.5% in Bangalore. Well coming back to Kochi, Kochi had a sharper decline in footfall as it showed around 24.5% or around 70,000 reduction in footfall. Out of 70,000, 50,000 footfall reductions were in the core category of the full paid customers which included 40,000 reductions in Adult category and 10,000 reductions in Child category. So this being the case, Cochin had a negative growth in revenue by close to around 8% and our operating expenses mostly in our existing Parks like Kochi and Bangalore are under control and there is no substantial deviation from last years. Actually in Bangalore, as compared to last year, we have 7% savings in operating expense whereas Cochin we are just 2% above that. So I think our overall expenses are under control but we are drivingin full forces with respect to our marketing strategy and other related SPA push to regain the footfall that we lost in first quarter. Coming back to Hyderabad, Hyderabad had a very positiveresponse of around 2 lakh footfalls after around 2.5 months of operations. I think we are enlightened with our projections and gross revenue in Hyderabad is around Rs 19.5 crores and Hyderabad is the first Park where we are operating a complete Restaurant. And of course because of the high deprecation due to Hyderabad, first quarter is showing very small PBT ofRs 40 lakh whereas the operating profit is around Rs 4.5 crores. Most significant thing is that the average ticket revenue in Hyderabad that we collectednet of taxes is around Rs 650 where we have an average per visitor sale of Food something close to Rs 110and sale of product is highest among the three Parks at Rs 163. Overall per head revenue at Hyderabad is now close to Rs 948.Coming to the Resort part, the first quarter clocked around 67% occupancy vs 48% occupancy during last year so the acceptance of Resort is improving among the local public as well as the Corporate. Resort is also showing an increase of around 12% in gross revenues. I think now we can go for Questions.

Moderator: The first Question is from the line of Abneesh Roy from Edelweiss. Please go ahead

Abneesh Roy: Sir my first question is on the mix of both the Parks. I see group bookings are down in Bangalore by 200 bps and in Kochi by 300 bps. Now there could be different reasons, I understand that but if such a sharp price hike which was because of the tax, is that main reason? Because last few quarters there has been footfall which have been challenging in quite a few quarters so weather could be part, roads could be part but is pricing the main issue? So you would need to take a call on pricing rather than just adding a few Rides here and there?

Nandakumar: It is because mainly in the first quarter as I said at Bangalore Park there was around 50,000footfall reduction out of which around 35,000 was Walk-in customers, 8,000 was Corporates and balance from Schools. With respect to Corporates that was mainly because of the shift from Corporates to next quarter. We don't feel the business is moving away from us.Bangalore last year had 11,000 students which was only 9,000 students this year, so the only difference is 2,000. So we are mainly worried on the reduction in the area of Adult and General walk-in customers which we feel we need to look at a different marketing strategy as well as because those who come in the first quarter of the last year definitely feel the price hike and we still feel that price is the major fact and we are trying to compensate that by way of additional offerings and you want to maintain the value for money concept.

Abneesh Roy: So why are you not bothered about School because your inventory is unutilized right.

Nandakumar: School footfalls declined by only 2,000 and we know the reasons why School footfalls shifted. Where we are slightly in dark is the General Public. So I said that I know APC has moved, APC and another group is giving around 2,000 footfalls in Corporate. They have moved to the July.

Abneesh Roy: Okay. And when I see your Hyderabad Park one thing which is really looking good is the Non-ticket revenue is quite high, so what is the reason for this?

ArunChittilappilly: Hyderabad we have a very strict dress code that we implemented so anybody who wants to use the Water Park has to have a Nylon wear so that is something we have implemented so that helps us to increase individual sales. This we are implementing even in Bangalore and slowly in Cochin also. It has few implications, one is it helps us sell more and other thing is it help us improving our Hygiene and quality of water so that's something we have taken a call because it is been successful in Hyderabadwe will be slowly extending into the other park and to your earlier question I want to say that in Q1 the Corporate and School numbers are very meager so it doesn't really warrant us close scrutiny and like Nandakumar said even if one group shifts from one quarter to another it will make you know in percentage terms but the numbers are very small. The big numbers drops what we had seen is only from General groups, full paying customers and that definitely has to do with price hikealso because you know the prices have increased by 25%. So I mean it's kind of makes it difficult for lot of people to come and the fact that in April and May our pricing is another 15% higher than which would be during the month like June or July. So that effect is kind of compounded in a first quarter so that is probably one of the reason and in Cochin specially we also feel we have done lot of research on this there is a slight issue of product mix also I think we need to change, we need to refresh the Park little bit and we working on that. I think that answers both the question.

Abneesh Roy: Sir 2-3 follow up here, one is the Hyderabad Park is around Rs 92 higher in term of Non-Ticket revenue so you are saying bulk of that is because of the Nylon thing which you mentioned.

ArunChittilappilly: Yeah it's a sale of merchandise.

Nandakumar: It is also because of F&B. Average food revenue inBangalore is Rs 88 and that in Hyderabad is Rs 105. Hyderabad is the first park where we operate all our major Restaurants except some Chat counter or some specialized counter which we are outsourcing, but all the major Restaurants are operated by company.

Abneesh Roy: Can you bring your Kochi and Bangalore to Hyderabad level at some stage?

Nandakumar: Over a period, you can see that in Bangalore there is average increase in the Restaurants revenue of 30% compared to 10% increase in the ticket revenue. So we are working on that area and if you take Cochin also your Food revenue increased by around 28.5% compared to a decline of 8% in ticket revenue. So Food is an area where we are doing lot of research and we are just changing the strategy in Food. Of course Food revenue will be increasing than rest and next quarter you will see the difference in Bangalore which is following the Hyderabad way and in Q3 or between the Q3 or Q4 you can see the same in Cochin.

Abneesh Roy: Sir Kochi footfall drop of 24% you mentioned one big reason is also because Rides are no more that attractive. So could you have planned more proactively and Bangalore is also now 11 years old so could such situation happen even in Bangalore.

Nandakumar: Regarding Kochi I would like to talk a little bit because it's not only because of Rides, the other major problemwe envisage is compute. Our serviceable area is reducing because of the hourly compute time increasing in Kerala. So as per our Market Surveywe will have to concentrate on an area of 100 km to 125 km rather than 250 km to 300 km were we able to do in Bangalore and probably in Hyderabad. So then to maintain the footfall we need more repeat footfalls. So we have to refurbish and give a different look in a shorter period of time. So that is what we are now trying to do with that we will be doing one separate section with a sizeable investment and see that the local crowd repeat increases to our Park.

ArunChittilappilly: To add to that, I think Kochi Park has, so this year we had 2-3 issues one is price hikes and the other issue that came up was that our Park is lightly seen as an old Park. It's already 16years old. So it need a bit of refresh. I don't think we become late in doing that infact in any kind of investment for e.g. in Cochin we have to do a Roller Coaster it's a 25 to 30 crore investment so unless it really needed we don't want to do it. So whereas in Bangalore we feel we wanted it to do it because there was a huge demand for it and also in terms of footfall then everything Bangalore was the biggest so. We have done it proactively whereas in Cochin we were little more cautious and also the problem in Cochin is we don't have sufficient land on one side where the Park is situated. If you visit our Park you understand that. We actually are in process of converting; we already bought some property extra which is done last year but that conversion and this integrating into our Park area is happening now. So now is the good time to add Rides to Kochiwhich for example there was no space for us to add a Roller Coaster until 6 months back, we never had the space for it. So those constraints are also there in place like Kochi. And then on to top of that we have issues you know like compute and things like that. Another I don't know there is a small factor but Kochi also had severe drought situation this last summer. Our entire Summer Campaign Advertising and Marketing campaign was based on Water Park and we have to withdraw that campaign because we fell that it might raise too many eyebrows especially during a drought situation. So we actually withdrew our marketing campaign mid-way. So that also could have affected our footfall in Bangalore and Kochi.

Abneesh Roy: In the Resort, numbers are pretty good in terms of the occupancy up almost 1900 bps. You have taken a rate cut and will so this kind of number will continue that the overall revenues will be decent but rental will be sharply down so is it a proactive step you have taken?

ArunChittilappilly: No, it's actually because we got a lot of Corporateclient this quarter and obviously take it in a smaller price aretail guest. So it's not arate cut, we have not changed our prices. It's just the mix that has changed a little bit. We are getting more MICE clients and obviously they will get it at lower price.

Abneesh Roy: But sir that doesn't reflect in your mix. Mix is down 200 bps in terms of groups so this Corporate don't come in groups?

Nandakumar: Yes this 2800 is slightly to do with the Park entry compared to the number of people visiting in the Park, there the people will going to the Resort is really small.

Moderator: Thank you. Our next question from the line of KaustubhPawaskar from Sharekhan Limited. Please go ahead.

Kaustubh Pawaskar: Just to take forward the footfall question, you mentioned that price increase was one of the factors which affected the footfalls in this quarter. But I think price increase will get absorbed in the market in the coming quarters but certain issues that you mentioned that you need to add more Rides in Kochi or there is commuting issue in Kochi. How these factors will get resolved in the comingquarters?

ArunChittilappilly: The Roller Coaster that we are thinking of buying it will take us at least another 6 monthsand we will be able to open it only by the endof thisfinancial year. So this year, in addition to that we are adding two more attractions we should be ready by October. So I think that will help us creating a new Marketing Campaign and reinvigorate the market a little bit. I think so youcan see some change happening hopefully by Q3 basically.

Kaustubh Pawaskar: And should expect these prices to get absorbed by Q3?

Nandakumar: Yes because last year if you take the price difference was only in Q1, from Q2 onwards the prices were inclusive of this increase. So the changes in the price and ticket price is mainly apparently in the month of April and May only. Last year June onwards our price has taken a higher revision.

Kaustubh Pawaskar: Sir, my second question is on your operating cost. This quarter we have seen substantial increase in the operating cost but obvious the reason is the Hyderabad Park getting operational but what is the quantum of the cost which is kind of one time and which is not going to be recurring in nature. Any of these costsfore.g.:Advertisement and promotional expenditures or other expenses any of this cost parameters which are not going to continue in the coming quarters?

Nandakumar: Hyderabad Ad campaign is going to continue at least for the couple of years.

Kaustubh Pawaskar: No why I'm asking this because Rs 8.3 crore for this quarter vis a vis if we consider it for last quarter it was Rs 4.8 crore

Nandakumar: Yes that Rs4 crore was the Hyderabad opening probably we will spend another Rs 4 crore in next two quarters together.

Kaustubh Pawaskar: And In terms of other Expenditure?

Nandakumar: Other expenditurehas basically increased by way of the provision and services taxes.

Kaustubh Pawaskar: So what is the provision for thisquarter you have made?

Nandakumar: Around Rs 5 crore.

Kaustubh Pawaskar: Around Rs 5 crore. Okay. But the direct operating expense and everything will continue at aboutRs 15 odd crore. So levers for growth in the coming quarters would majorly be the footfalls in the Hyderabad Park?

Nandakumar: There will be marginal savings in the other operating expenses mainlyAdvertisement and other provisions.

Kaustubh Pawaskar: No in terms of revenue it would be majorly Hyderabad facility, footfalls in Hyderabad?

Nandakumar: It will come from all the parks equally because I don't see further sharp reduction possibility in existing Parks.

Moderator: Thank you. Our next question is from the line of Amit Kumar from Investec. Please go ahead

Amit Kumar: I just want to clarify one point so the Hyderabad Park you are saying contributed about Rs 4.5 crore to EBITDA in this particular quarter

Nandakumar: Yes

Amit Kumar: Sir we look at the EBITDAnumber, If I take Rs 4.5 crores of Hyderabad that means on a like-to-like basis Bangalore and Kochi EBITDA declined by Rs 5.5 croresYOY. Could you help us understand what are the key drivers?

Nandakumar: If you look at the BangalorePark, major increase happened in other expenses which has gone up by around Rs 4 croreand there is corporate expense allocationwhich has gone by around Rs 1 crore because we have a top level recruitment which adds to the HR group to corporate cost. Thirdly because the major costing increase is the marginal increase in the operating expenses roughly around 20% increase in the operating that will contribute around Rs 1crore plus aroundRs 5 crores precisely by provision then around 1 crore increase in corporate allocation. These three are the major cases for EBITDA pull down in Bangalore Park.

Amit Kumar: Sir Can you just repeat what is the Rs 5 crore increase on account of?

Nandakumar: Rs5 crore increase is atax provision which we created that is included in the other expenses.

Amit Kumar: But the tax element has been passed on to the consumer interms of pricing right?

Nandakumar: No, it is line item in P&L.

Moderator: Thank you.We have the next question from the line of Prasad from Investec. Please go ahead

Prasad: Sir on QOQ basis what is the increase on the effective ticket price?

Nanada Kumar: Effective ticket price you could say that, branch wise if you take your Bangalore Parkhas shown around 24% increase. The average ticket rate was Rs 810 last year and has gone up to Rs 1010 this year.

Prasad: Compared to last quarter I mean if you exclude the Service tax. What is the ticket price?

Nandakumar: It may be around 8-9% only.

Moderator: Thank you.We have the next question from the line of Nikhil Upadyay from Security Investors Management. Please go ahead.

Nikhil Updaya: Just two questions. One was as you mentioned that we had some corporate hirings and also the current run rate of employee cost of around approximately Rs 10 crores should be the number for the going ahead quarter. So do we needto hire more people for the Hyderabad or any other?

Nandakumar: No, I think that the corporate hiring and employment hiring is almost done. You don't see a substantial increase in that. Hyderabad is almost done we actually reducing some other people there.

Nikhil Updaya: Secondly the 8-9% increase which you mentioned is if we consider the post the 25% increase, so in June we took another 8% price increase. Is it?

Nandakumar: No, I told to compare to the Q4 of last year, the average realization per guest had approximately increased 9% in Q1.

Nikhil Upadaya: But on the ticket prices, have we increased the pricing.

Nandakumar: If you see we increasemarginally around 3 to 4% in some other categories and in some of the areas we have changed the peak rate and peak days. So that effectively with a 4% increase in absolute ticket rate plus the differences in peak days will give a revenue of 9 to 10%

Nikhil Upaday: Okay. Secondly sir If we look at Hyderabad the realization on the Food and beverages was much higher but that would also be the case, because it was the opening quarter and there was a higher percentage of crowd pul. So do you think this would be the sustained rate

Nandakumar: I think the average rate per guest can be sustained because you see that there is only 2 lakh footfall in Hyderabad compared to something close to 3.6 lakh in Bangalore.

Nikhil Updaya: Regarding theChennaiParkif you can just give us an updateso where are we in terms of land.

Nandakumar: We still not closed the land deal but we are hopefully announcing that shortly, we still keep the line-up of FY19 for the opening of ChennaiPark. We think we will be able to do that.

Moderator: Thank you. We have the next question from the line of Avinash MV, an Individual Investor. Please go ahead.

Avinash MV: Yes I just wanted to understand the direct operating expenses between the Q1 FY 16 and Q1 FY 17. It almost 50% increase. So could you explain what are the various things that have contributed to the directincrease in expenses? Some more details apart from what we have already been discussed would be helpful.

Nandakumar: If you take the actual increase of Rs 7 crore, out of that Rs 5.8 crore is related to the operating of HyderabadPark.

Avinash MV: So what does this operating cost include?

Nandakumar: That includes all our power costs, people related to the Ride operation and Housekeeping, Security etc.

Avinash MV: No, but how does it cross 50% right. I mean so is it like next quarter is going to be the same number or it's going to decline?

Nandakumar: Mostly it is going to be relatively same number but because of the lean season there will be some of the employeereduction as well as there will be savings in our operating cost like when footfall reduces, the power consumption reduces, the maintenance cost comes down. But I feel that going forward we will be in average of around 14crores.

Moderator: Thank you. We have the next question from the line of KaustubhPawaskar from Sharekhan Limited. Please go ahead.

Kaustubh Pawaskar: Just wanted to have a word on HyderabadPark. This quarter we have seen footfall of about 2 lakhs, the similar kind of range will sustain in the coming quarter or it will improve.

Nandakumar: No, because the first quarter is the best quarter and second best is the third quarter and Q2 is lean you can see around first quarter generally is around 35% footfall where Q2 gives around 18% footfall.

Kaustubh Pawaskar: No I'm taking about the strong periods like Q3 is your strongest quarter. So in Q3 should we expect similar kind of footfall or should be better than that?

Nandakumar: it's hard to say at this point. But let's hope so.

Moderator: Thank you.We have the next question from the line of Tejas Shah from Spark Capital. Please go ahead.

Tejas Shah: Sir just wanted to check, I logged in a bit late but have we taken price hike versus fourth quarter againand ticket revenue?

Nandakumar: Something close to 3 to 4% in some otherclass of Ticket.

Teajs Shah: Across Parks?

Nandakumar: yes but not in all class of ticket where we have left your School price attached but in general category and some other category we have taken a price hike, average will be around 3 to 4%.

Moderator: Thank you.We have the next question from the line of Rajesh Rao from Perfect Research. Please go ahead.

Rajesg Rao: Last time when I asked the question regarding the repeat customer. So what is the number in this quarter?

Nandakumar: Sir, we have no track of absolute repeat customers. We are tracking them through the loyalty program that we run and we have around 1.3 lakh cards in circulation and that card when used that is the area where we get exact number of repeat, but as per the counter question what we have we feel Bangalore we have around 40 to50% repeat customer. Repeat I mean not in the same year but those repeat after 3-4 years.

Rajesh Rao: Okay. You have said that you were making some plans to identity the repeat customer so that we can give more offers to them. So what are yourplans sir?

Nandakumar: That is where we can offer to the plan where we have online available now we are promoting the online booking and digital marketing are on the high priority for us. These two will enabled us to get more Mail ids and communication possibility to those customers. Currently we have very limited in that probably we will have mail box of closeto around 2 lakhscustomers only.

Rajesh Rao: Sir why don't we design Software so that just like the Six Flags in USA there is ParkRideusing biometric identification, so do we have any plan like that using biometric identification?

Nandakumar: I think in immediate future we don't want invest in those kinds of things but currently now we are first trying to make maximum bookings through online. Because you look at Parks outside there are maximum bookings is online Ticket. So we have not reached that level that is our identification on that.

Moderator: Thank you.We have the next question from the line of ChitrangadaKapoor from Samiksha capital. Please go ahead.

Chitrangada Kapoor: I have just one question it regards to your CAPEX. Going forward how much is the CAPEXhave we entailed.

Nandakumar: Coming here if Chennai property closes we will have an average CAPEX of around 170 crores in the coming year FY 17. That depends on when we are closing the Chennai property and existing Park Hyderabad probably we will spend around Rs 30 to 40 crores and around Rs 30 to 35 crores we expect to spend in Kochi.

Chitrangada Kapoor: Okay so on an average of about 150 to about Rs 170 crores.

Nandakumar: 150 to 170 cr. will be the average spend of this year FY 17.

Chitrangada Kapoor: Only FY 17 going forward FY 18?

Nandakumar: FY 18 will be something close to similar number like Hyderabad park when Chennai Park progresses.

Chitrangadakapoor: Okay and out of the CAPEXof about Rs 170 crores how much is the revenuethat we are expecting from there?

Nandakumar: This year Rs70 crore is a long term investment, Hyderabad is a continuing investment where we are investingRs 250 crores and we spent only Rs 225 crore so far. So those two will continue and Kochi we are investing around Rs 30 crores that we expect to regain the footfall of around 1.5 lakh which will give an additional revenue of Rs 15 to 18 crore to us.

Moderator: Thank you.We have the next question from the line of SahilSonthaliya from M3 investments. Please go ahead.

SahilSonthaliya: Sir, my question is regarding to the volume and value growth that we foresee from Wonderla. I'm not saying in ayear or twobut over the next 5 or 10 years if you have to take a long term view what would be the number that we can expect?

Nandakumar: The existing Park ofcourse I expect 3 to 4% considering the present situation in the next five years. You take a five year CAGR growth, I think the footfall can grow by 3 to 4% only. The new Parkin Hyderabad can contribute around average of 10 to 12% for the next five yearsand by the time I expect Chennaialso to functional from FY19 with a footfall something better than Hyderabad.

SahilSonthaliya: What is the change in themix we expect going forward from ticket food in merchandise going forward? Do we see that improving going forward?

Nandakumar: Hyderabad is a direction where we are more happy to go about and it proved to be successful where we have around 81% in the collection from ticket and 29% from Non-Ticket. So we feel that in 2 years time when we takeover all the Restaurantsin Kochi and Bangalore and we willbe looking for a mix of something close to 30% to 32% from Non-Ticket revenue.

Moderator: Ladies and Gentlemen. As there are no further questions, I now hand the conference over to Mr. Kapil Jagasiya closing comments.Thank you and over to you sir.

Kapil Jagasiya: Thank you everyone for attending today's call. In case of any further question you can reach me at kapil.jagasia@dickensonir.comThanks a lot and have agood day.

Moderator: Thank you very much.

Wonderla Holidays Limited
Q4 FY'16Earnings Conference Call
May 25, 2016

Moderator: Ladies and Gentlemen, Good Day and Welcome to the Q4FY'16 WonderlaHolidays Limited Earnings Conference Call. As a reminder all participants' lines will be in the listen only mode and there will bean opportunity for you to ask questions after the presentation concludes. Should you needassistance during the conference call please signal an operator by pressing '*' then '0' on yourtouchtonephone. I would now like to hand the conference over to Mr.Kapil Jagasia. Thank you and over to you, sir.

Kapil Jagasia: Thank you, Karuna.Good Afternoon, Everyone. On behalf of Dickenson Seagull IR let me welcome you all to the Fourth Quarter and Full Year FY'16 Earnings Call of Wonderla Holidays Limited**.** With us is the management led by Mr. Arun Chittilappilly -- Managing Director; and Mr. Nandakumar-- CFO.

Before we start the call I would like to remind you all that our remarks today might include forward-looking statements and actual results may differ materially from those contemplated by these forward-looking statements. Any forward-looking statements that we make on this call are based on assumptions as of today and we undertake no obligation to update these statements as a result of new information or future events. I will now invite Mr. Arun to make his opening remarks. Thank you and over to you, sir.

Arun Chittilappilly: Good Afternoon, Ladies and Gentlemen, this is Arun -- MD Wonderla Holidays. I would like to welcome all of you to this call on behalf of the board and Board of Directors and senior management. We are thankful to all of you for having spare time and joining us to discuss our earnings.

At the outset we are very happy to inform that our Third Amusement Park in Hyderabadis now operational from April 2nd onwards. We have been able to complete the project on time. We are very grateful to our entire project team for delivering the project on time. It was inaugurated formally on the 20th of April and the park is spread over an area of about 50 acres and currently about 28 acres' land has been utilized.

We have opened most of the rides barring mainly about three rides, I think everything else is operational including our Roller Coaster calledRecoil, it is very exciting ride which we have imported from Netherlands and the same ride we have also opened in Bangalore with effect from April and the park atHyderabadis also unique in the sense that it is the first park in India where you can do completely RFIDbase transactions and there is no need to pay cash in the park. The system is right now under trial, it is not yet fully operational but once operational we hope to have more control on F&B and merchandize sales.

So, we also take a lot of pride in saying that we are the only operator in India to have three parks in multiple locations now and we are also planning our fourth park in Chennai and we will continue to build our legacy as years go by.

Coming to our results, the Q4 revenues grew by about 22% to Rs. 44.5 crores. The EBITDA grew by 8% to about Rs. 11 crores. EBITDA margins declined by 330 basis points to 24.7%. EBITDA margins got impacted firstly because of higher employee expenses due to top level hires and new employees for HyderabadPark. Secondly, other expenses increased as we made a Rs. 4.7 crores provision on account of service tax and our other spends were kept under control during the quarter.

Bangalore Park business saw an increase of 23% in average ticket revenue and 27% increase in average non-ticket revenue. The Kochi Park has seen 17% increase in average ticket revenue and 37% increase in non-ticket revenue. Footfalls in Bangalore have grown by about 7% and the footfalls inKochi Parkhave declined by about 8% and the decline is only from school and college category and not from full paying customers.

Now, I will handover to Nandakumar our VP, Finance and providedetails on the operational and financial performance for the quarter. Over to you, Nandakumar.

Nandakumar Thelakkat: Yeah, thank you. Thank you, welcome all. And Arun has just mentioned Q3 footfalls were relatively flat on a combined basis whereas Bangalore showed a positive trend and Kochi wasmarginally negative. But one of the analyst as he rightly said, we have been finding it difficult only with respect to school and college crowds where last year's price hike was slightly steep because of the regulator and the other issues.

So, on a combined basis we grew by around 4% in the quarter whereas in Bangalore it is 8% footfall growth and Kochi has a 7% negative growth. And for the whole year basis we have a footfall of something close to 22.37 lacs compared to 23.4 lacs. There is around 4.47 decline and whereas the decline in hotel category (that is the full paid customer) is only 1.1 percentage and the full paid kids is also flat without any change and we have seen a 10% decline in school crowd that is around 46,000 and around 9.7% decline in colleges that is around 34,000. Out of the 1 crore around 81,000 declined by way of school and college crowds and the reduction is more visible with respect to KochiParkwhereas the footfall in college is around 18% as well as school is around 12 percent and with respect to revenue we will still continue to have around 80% dependency on ticket revenue and compared to last year 82%, so 2% is the increment we made from non-ticket revenue compared to the grossrevenues.

And our F&B sales have grown relatively well, on a yearly basis our F&B has grown by around 38 percent, the contribution last year was around Rs. 5.72 crores and has gone up to nearly Rs. 7.9 crores. The one reason is that we have started operating one restaurant each in both the parks and the sales from them come into our books which eventually increase our margin also. And ticket sales have reduced by 12 percentage and sale of products increased marginally by around 3.5 percentage and that is the brief about the incomes.

Expenditure apart from your employee cost as well as the other operating expenses, every other cost is under control with an average increase of 8 percent to 9 percent which is an inflation adjustment only. Our employee cost is mainly because as Arun has mentioned there is some top-level recruitment and more over for the last 2.5 months to 3 months we were recruiting people for Hyderabad and they were under training in both our existing parks. Other than employee and other expenses of course we have some provisions which regulation requires other than that all expenses are within control and we feel that we will be able to control our cost going forward also by maintaining the margins.

And I think now we can take up specific calls, questions.

Moderator: Thank you very much, sir. Ladies and Gentlemen, we will now begin the Question-and-Answer Session. The first question is from the line of Abneesh Roy from Edelweiss.

Abneesh Roy: Sir, my first question is on the RFID no cash requirement which you are building up in terms of test phase currently. You said this will lead to control in F&B and merchandize so, does it mean there was some leakage happening which will be clubbed or do you see from a revenue perspective also because many people may not be carrying cash et cetera so there could be more discretionary purchase because of this?

Arun Chittilappilly: No, I would like to take it in positive sense because now what happened is most of the people are forced to cash when they are moving into Water Park also. So, in this scenario where there is no cost attached to the system they can preload cash at the time of entry and then return the balance also while they exit from the Park. People will usecash rather the E-wallet so that will also increase the spent. Second is that with respect to control there is a cash tallying and cash handling at 40 locations - 50 locations there a huge cash is being handled so, it is actually a time consumption and supervisory requirement is more so your cash carrying is now become limited with respect to this RFID vouchers. So, what we meant by that there can be a more relaxed situation in cash where we are only handling minimum cash at other than the ticket counter scenario.

Abneesh Roy: So cash will not be allowed at all?

Arun Chittilappilly: No, cash will be allowed but people will be given an option to spend without cash also. So for some people going to water, it is difficult for people to carry cash.

Abneesh Roy: So why do not shift at some stage completely to cash level because anyway…

Arun Chittilappilly: That is because the main challenge is with respect to the kids who are coming in with around say around 30% of the visitors are kidswhoseaverage wallet is Rs. 100 or Rs. 150. So they will not find it viable to load and voucher cost so, it is difficult to give it out to children at free of cost because the material has a cost weight.

Abneesh Roy: Sir, it is meant basically for general customer…

Arun Chittilappilly: Let me just add so eventually our plan to completely make it cash less I think that is the best way forward but like…

Abneesh Roy: But that is a long way I think because….

Arun Chittilappilly: There are short-term challenges so I do not think we fully will switch over to cashless but we expect majority at least….

Nandakumar Thelakkat: Yeah, now also at least we feel around more than 50% people in our existing park also move to this scenario so, going forward this will be more popular and people will be finding it more convenient to use so, I think atomically they will move to use this and we are gradually moving our locker system also into the same RFID. So anybody taking locker will by default get an RFID watch. Wherein the same watch can be used as a wallet also.

Abneesh Roy: You have five restaurants each in BangaloreKochi out of these two are owned. In longer-term do you plan to own the balance three also?

Nandakumar Thelakkat: Currently we have to decide to closebecause we are experimenting that in Hyderabad by operating a central kitchen and only giving some of the specialized counter in Food Court to outside parties. So that proves to be successful and giving us a better margin we will eventually think of doing same in Bangalore and Kochi also.

Abneesh Roy: Occupancy in the resort of Bangalore has jumped up dramatically from 35% to 45% of course your footfalls also in Bangalore Park has been up 6%-7% but the jump in occupancy in resort seems to be much higher than the Park footfall growth. What have we changed there it seems you have made it more valuable to the consumer. So what has happened here?

Nandakumar Thelakkat: No, eventually that is a result of Q4 and Q4 and because New year has worked very well for us and there was some offers made in Q3 and Q4 where we made our combined offers more attractive and we are running that now for the full year and previously we were running that for a part of the year or on seasonal basis. So we find more general booking by way of where the combo offer and people are now becoming more popular and we can do even January was good for us because that is a basic reason for increase in the revenue and occupation and Q4 and even Q1 seems to be better than that even.

Abneesh Roy: The next question is ticket and non-ticket mix again very different numbers for both the parks Bangalore Park 23% growth in ticket, 21% non-ticket so, fairly similar. But Kochi it is very different 17% ticket 37% non-ticket what is the reason?

Nandakumar Thelakkat: Yeah, Kochi actually last year we took our one restaurant so that was the comparative increase.

Abneesh Roy: And your ticketing.

Nandakumar Thelakkat: Yeah, that is around 2 crores revenue for therestaurant.

Moderator: Thank you. We take next question from the line of Bharat Bhagnani from Tasha Holidays. Please go ahead.

Bharat Bhagnani: Yeah, I just wanted to know what kind of margins are you making on the F&B in all the parks combined?

Nandakumar Thelakkat: Combined will be 45 or 48 percentage of gross margin.

Bharat Bhagnani: This is gross margin in the F&B?

Nandakumar Thelakkat: F&B.

Bharat Bhagnani: Okay. And just one more question you have installed new rides in the Bangalore Park as well as the Hyderabad Park all of them are new rides. In Bangalore Park would you want to increase your ticket rate in the coming year because of this new rides which are installed?

Nandakumar Thelakkat: In the current year we may make a moderate price hike of 3 percentage to 4 percentage because last year price hike was so steep even though it was not….

Bharat Bhagnani: I think because of Service Tax.

Nandakumar Thelakkat: Yeah, because combined increase to the net gross increase to the customer was close to 23 percent. So we took a moderate price hike. Going forward we will take a strategic call by looking at the footfall and the trend of the remaining months. So we have already done a 3% to 4% increase in April so, we will relook that by end of the year only.

Bharat Bhagnani: Okay. So this year we are not expecting in the calendar year at least….

Nandakumar Thelakkat: Already happened on April 1st. We keep a trend that we will change the price by our self only by beginning of the financial year.

Bharat Bhagnani: Okay. So one last question, what is your outlook for the footfalls this year?

Nandakumar Thelakkat: I think we will be improving because the whole last year the whole decline was with respect to the school college where we are changing our marketing strategy to school and college and we have not increased the price sizably this year for school and college so, we hope to get them back during the year so we will be doing a positive footfall that is our expectation.

Bharat Bhagnani: Any kind of growth number that you are factoring in?

Nandakumar Thelakkat: We look for around 4% to 5% overall growth next year in existing park plus Hyderabad.

Bharat Bhagnani: And specifically with the Hyderabad Park what kind of a number are you factoring for the whole financial year?

Nandakumar Thelakkat: It was something close to 7 lakhs people in the whole year.

Bharat Bhagnani: 7 lakhs people?

Nandakumar Thelakkat: Yeah.

Moderator: Thank you. Our next question is from the line of Sonal Gandhi from Anand Rathi. Please go ahead.

Sonal Gandhi: I had two book keeping questions, one on the full year number so, the revenues that you have reported is close to Rs. 205 crores and the break-up that is given for Bangalore and Kochi Park as well as Bangalore Resort. So, if I add them up it comes to about Rs. 211 crores. So, why is this difference there of about Rs. 6 crores.

Nandakumar Thelakkat: That is other income because there is a split between other income Rs. 18 crores has come in and you look at the clause 41 dollar income has reported as less.

Sonal Gandhi: Okay. And sir, in case of direct expenses for the quarter so, this quarter you have given direct expense of about Rs. 11 crores and last quarter it was Rs. 7.7 crores so what has led to this jump?

Nandakumar Thelakkat: Can you come back to the question?

Sonal Gandhi: The direct expenses that you have reported for this quarter is close to about Rs. 11 crores and last quarter it was Rs. 7.7 crores in Q3. So what is the reason for this sequential jump?

Nandakumar Thelakkat: Direct expenses or the other expenses you are talking about?

Sonal Gandhi: I am talking about direct expenses sir.

Arun Chittilappilly: Yeah, that is because higher employee cost because we have recruited employees for Hyderabad and they were under training in Bangalore for the last 2 months to 2.5 months.

Sonal Gandhi: Second, sir that should be part of employee cost….

Arun Chittilappilly: No, there is operating staff we are giving in operational expenses that is a contract kind of thing with a permanent general clause it is coming under employee cost.

Sonal Gandhi: Okay, sir, one more thing on the ticket prices. So earlier I guess you were charging somewhere close to about Rs. 870 in Bangalore Park which you did not include Service Tax. So, you know like 15% is Service Tax so probably this number is sometime close to December. So if I add up Service Tax it should come somewhere close to about Rs. 1,000….

Arun Chittilappilly: Now, also we are not collecting Service Tax, we have challenged that issue in Bangalore.So, our tickets in Bangalore is notplus Service Tax. We are collecting gross amount that currently does not charge any Service Tax at Bangalore.

Sonal Gandhi: So, sir, if I look at the ticket prices in your website for the Bangalore Park it is coming to about Rs. 1,150….

Arun Chittilappilly: Yeah, Rs. 1,150 is a seasonal rate, April May is the season for us, that is the peak season rate is Rs. 1,150.

Sonal Gandhi: Okay. So what you want to say like for the full year probably you have taken this to about 5% to 6% kind for price hike for Bangalore as well as Kochi.

Moderator: Thank you. Our next question is from the line of Kaustubh Pawaskar from Sharekhan. Please go ahead.

Kaustubh Pawaskar: Sir, my question is on the employee cost, this quarter we have seen 30% increase in the employee cost. So, as you mention that this is mainly because of the Hyderabad facility you have added few of the top level management and employees. So if you exclude that what would be the employee cost or what would be the….

Nandakumar Thelakkat: Normal employee cost increase compared to last year will be around 10 percentage and employee cost take up the top level recruits when the employee at the ground level which is the operating staff and the other one which we recruit for Hyderabad is coming under the operating cost because they are generally attached to rights and all and most of them are off roles. And those guys come under operating cost.

Kaustubh Pawaskar: Right, sir, got your point. And sir, this 4% price hike you have taken for both the parks for Bangalore and…

Nandakumar Thelakkat: Yeah, both the parks, but it is not across the board we have different changes because probably school and colleges we have left and in other area, we met around 5% then weekday, weekend prices also change because all together the impact will be something close to 4% on the revenue by way of ticket prices.

Kaustubh Pawaskar: And since the best quarter is quarter 1 for you and April has already gone and we are sitting at the end of May. So how are the things for you in both the parks basically?

Nandakumar Thelakkat: It is good, I think the past quarter footfall is not so positive but it is a flat growth in both the places and that is why I said, that next year we will be doing around 4%-5% growth because we will be expecting to regain the loss and control these group like school and colleges, all other we are maintaining in a moderate 1% to 2% growth.

Kaustubh Pawaskar: Okay. And how was the response to the Hyderabad Park?

Nandakumar Thelakkat: Hyderabad is relatively good, we have a very good initial response when we made the offer then we make a ticket price at par at Bangalore now, also it is looking that we will be able to meet our guidance given for the whole year.

Kaustubh Pawaskar: Okay. And sir, one last, on your non-ticket revenues this year third quarter we have seen that it has the non-ticket revenues have grown by about 20%. So do you expect the run rate to remain in the similar range of 20% to 25% in the....

Nandakumar Thelakkat: For the year.

Kaustubh Pawaskar: For the year?

Nandakumar Thelakkat: Yeah.

Moderator: Thank you. We have next question from the line of Rajesh Velaga from Perfect Research. Please go ahead.

Rajesh Velaga: So, my question is sir, can you please tell me the percentage of repeated customers?

Nandakumar Thelakkat: Yeah, we do not have exact track of repeat customers, we have only one track where we make that is a question they asked by the ticket entry and is punched into the system. According to that we feel that around 50% of the customers have visited Wonderla in both Bangalore and Kochi.

Rajesh Velaga: Okay, sir. And in corporate tie-ups presently what are yourcorporate tie-up footfalls....

Nandakumar Thelakkat: No, corporate is mainly a factor in Bangalore and I think they will contribute roughly around say 5% only, but that is excluding an educational institution including an education institution it is around 30 percent.

Rajesh Velaga: Okay, sir. And can you give any number in Hyderabad sir?

Nandakumar Thelakkat: We are expecting close to something close to 7 lakhs.

Rajesh Velaga: This year.

Nandakumar Thelakkat: For the whole year.

Rajesh Velaga: Okay. And any future opening part sir, after Chennai.

Nandakumar Thelakkat: No, not around so far we are working out for that.

Moderator: Thank you. Our next question is from the line of Dinesh N. from Catamaran. Please go ahead.

Dinesh N.: I have just one question what would be the school and non-school footfall growth in Kochi and Bangalore for this quarter and also for FY'16 fully?

Nandakumar Thelakkat: FY'16 fully the school crowd, Kochi park FY'16 I have around 2.9 lakhs for the schools and college is 1.81 and for Bangalore Park I have school crowd of something close to 1.5 crores and...

Dinesh N.: It is for school and college, just the institution group and the general public so, what was the growth of the general public in Kochi Park and Bangalore Park and the growth of the non-general or the other institutions probably just the schools put together what would be the growth of that group in both Kochi and Bangalore.

Nandakumar Thelakkat: That is what I said your school and college group in Bangalore has gone down by 11 percent on a combined basis and your adult and child and corporate which is non-school and college crowd is flat.

Dinesh N.: Okay, so this is for Bangalore.

Nandakumar Thelakkat: Bangalore. And for Kochi, the scenario is around 9.5% decline in schools and colleagues where the school, adult and corporate has reduced by Rs. 2,000which is negligible less than 1 percentage.

Moderator: Thank you. Next question is from the line of Manish Poddar from Religare Capital Markets. Please go ahead.

Manish Poddar: I just wanted to understand what is the metric you look internally; do you look at EBITDA or you look at EBIT?

Nandakumar Thelakkat: That is EBITDA.

Manish Poddar: Not at EBIT level?

Nandakumar Thelakkat: No.

Manish Poddar: Okay. And could you actually give me details actually you have seen in this quarter a decrease in the channel revenues and the ARPU on combined basis also increased but our gross margin has been soft. So has there been any front loading cost for the Hyderabad venue or which has been included in the raw materials front?

Nandakumar Thelakkat: No, it not because of that. Front loading is only on account of employees who are working in the existing park, that is the only cost which is coming into picture all other cost is CWIP only.

Manish Poddar: Sowhy would the gross margins go down then?

Nandakumar Thelakkat: Went down basically due to two reasons one is that 3% impact of the additional provision, we have made around Rs. 14 crores additional provision as per statuary requirement,where our top and bottomline has increased 15%, in line with increase in provisions. Only increase is made in the employee cost so which will impact the margin by 1.5 percentage.

Manish Poddar: Got you. And is this the RFID thing launched by us similar to my magic plus which the Disney has?

Nandakumar Thelakkat: Yeah.

Manish Poddar: So, how much total cost have you incurred for the entire technology?

Nandakumar Thelakkat: Software is developed by us so, there is no cost involved in that and material cost is negligible for per watch we are paying around Rs. 100 or so and that is reusable also.

Manish Poddar: So as much as I understand, a customer can pre-book his entire trip on the wallet and when he comes for the trip, for the visit he can book the rides in advance that is how the things are working across.

Nandakumar Thelakkat: Not book ride, we do not have any pre-booking for rides, we are doing a pre-booking of entry only and even the wallet watches you have to buy from the counter we are not doing pre-booking at this stage.

Manish Poddar: Okay, got it. Is it possible just the final bid, could you give me the customer growth by age bracket how do you all actually segregate the customers actually?

Nandakumar Thelakkat: No, we don't have exact track of it because only thing is around 30% coming by school and colleges beyond that it is a general out of that around roughly if you look at that is consolidated around 5% to 8% to 10% sorry, rarely 10% is school children. So all together you can take around 38% is children because the school, college as well as the kids coming directly into the ticket counter is around 37 percent -38 percent.

Manish Poddar: Okay. And sorry, I missed on the school and the college breakup for the Bangalore Park, can you help me with that?

Nandakumar Thelakkat: So you mail me I will give you that.

Moderator: Thank you. Next question is from the line of Pratap from Investec. Please go ahead.

Participant: Sir, the direct expenses have roughly increased 48% Q-o-Q. so can you tell us how much of it is attributable to the Hyderabad Park?

Nandakumar Thelakkat: No, I do not want to take that as an attribution to Hyderabad Park because it is training cost for the company and around close to 80 people to 90 people were working. So their cost is something close to Rs. 1 crore.

Participant: Around Rs. 1 crore, okay.

Moderator: Thank you. Next question is from the line of Chetan Thakkar from ASK Investments. Please go ahead.

Chetan Thakkar: Sir, just wanted one clarification. So, the ticket price increase in Bangalore and Kochi already factor in the Service Tax that has come through or they do not so far?

Nandakumar Thelakkat: No, we have actually provided from the revenue towards that. So, Service Tax you have to take a call when this writ petition how it is being disposed, if it is being disposed against us we have to take a call whether we have to do an increase over and above or we have to adjust on the current that call we can only take at that point in time depending upon the market.

Chetan Thakkar: So right now we have just taken the price increase on the ticket and then we are providing...

Nandakumar Thelakkat: Yeah, that is the normal price rise we take in both the years.

Chetan Thakkar: Okay. And the 4%-5% increase that you were talking about that is....

Nandakumar Thelakkat: That other thing happened last year because last year price increase was average 21 percent and this year we had taken roughly around 4% price hike not in all categories but in some of the categories where we find it will not affect the balance.

Chetan Thakkar: And sir, for Hyderabad just wanted to understand what can be the peak footfall at that park can achieve over a period of time once it is matured?

Nandakumar Thelakkat: We have sold the ticket over and above 8,000 - Rs. 8,200or something we already sold.

Chetan Thakkar: No, I am saying sir, over a period of time say in the next four years - five years what can be the matured footfall in the Hyderabad Park?

Nandakumar Thelakkat: We expect Hyderabad Park touch around 1 million footfall in three years' time.

Chetan Thakkar: Okay, sure, sir. And the Chennai Park we have just bought the land so far right?

Nandakumar Thelakkat: We have not bought the land probably I think we will be able to announce that soon.

Moderator: Thank you. Our next question is from the line of Niket Shah from Motilal Oswal. Please go ahead.

Niket Shah: So, just one question from my end want to know have there any price increases taken in Bangalore and Kochi for you know starting April?

Nandakumar Thelakkat: Yeah, we made around roughly 4% increase.

Niket Shah: Okay. And for Hyderabad from the initial price how much would have been an increase now?

Nandakumar Thelakkat: Initial price for a normal weekday was Rs. 650 now we made it Rs. 990.

Niket Shah: And Rs. 990 is safe to assume that….

Nandakumar Thelakkat: Weekday.

Niket Shah: For the weekday.

Nandakumar Thelakkat: And peak season is Rs. 1,290.

Niket Shah: Right. So safe to assume that the realization for the full year will be in access of Rs. 990 now?

Nandakumar Thelakkat: Yeah, it will be close to Rs. 990, I do not say it will be an access of it because this Rs. 990 includes Entertainment Tax everything, so net relaxation will be lesser than that and this does not include F&B.

Niket Shah: So what is the net realization roughly around Rs. 700?

Nandakumar Thelakkat: Yeah, it can be around Rs. 700.

Niket Shah: Rs. 700. And we would report our sales in net of all the taxes.

Nandakumar Thelakkat: Net of taxes only.

Moderator: Thank you. Next question is from the line of Viraj Mehtafrom ValueQuest Managers. Please go ahead. Viraj Mehta, your line is unmuted. Please go ahead.

Viraj Mehta: Sir, I just had one question, for both the parks what is the percentage terms of express tickets that we have, and how much do we charge extra for that?

Nandakumar Thelakkat: Express ticket in both the park we are capping per day something close to 400 tickets and what we are charging is exactly double of the normal ticket.

Viraj Mehta: Double?

Nandakumar Thelakkat: Double, yeah.

Viraj Mehta: And the 400 will be close to the 10% of the total footfalls for the....

Nandakumar Thelakkat: Not necessarily. The days where we are completely full we have average footfall is 8,000 plus.

Moderator: Thank you. Next question is from the line of Poonam Darade from Axis Securities. Please go ahead.

Poonam Darade: My first question is regarding the Hyderabad Park, so the Hyderabad Park you said that the average ticket is around Rs. 900 so you are aiming for a 7 lakh of footfalls. So should I assume that the park would contribute to around Rs. 65 crores of the revenue alone Hyderabad Park?

Nandakumar Thelakkat: Rs. 990 is inclusive of Entertainment Tax and Service Tax everything if Service Tax is applicable so we have to reload it again. So anyway currently that Telangana has 20% Entertainment Tax. So, net realization will be less than that only. It is safe to assume that the net realization will be close to 720 and it is good that you multiply that by 7 is the realization.

Poonam Darade: Okay. And regarding the Chennai Park, when are you planning to commission it like any progress on that case?

Nandakumar Thelakkat: No, we have already in the final lap of land closing and once the approval is in place our previous experience says that we will be able to commission that in 18 months to 20 months' time. If with that everything works well, we look for FY'19 somewhere we will be commissioning Chennai.

Poonam Darade: FY'19.

Nandakumar Thelakkat: Yeah.

Poonam Darade: Okay, sir. So sir, after commissioning of all the four parks what would be the what are you targeting like incremental profitability if it comes to around Rs. 150 crores will you be in a position to set up one park every two years post that?

Nandakumar Thelakkat: We always say that we are looking at for one park in every three years. So I do not think that will be to shortening that with immediate effect. If your bandwidth permits probably we will try to do that because it has a lot of uncertaintieslike land acquisition approvals everything so will be parallel moving more than one if everything works well we will do it. Otherwise, we feel that it is safe to assume that we will do one in every three years.

Moderator: Thank you. Next question is from the line of Sonal Gandhi from Anand Rathi. Please go ahead.

Sonal Gandhi: Just wanted to know what is the CAPEX guidance for the entire year? Are we planning to adding new rides and what is the CAPEX requirement?

Nandakumar Thelakkat: Yeah, we are planning to add a couple of new rides in Kochi that probably will cost you around Rs. 12 crores - Rs. 13 crores plus we are envisaging some expansions with respect to Chennai also that will probably be around Rs. 78 crores to Rs. 100 crores. So it is safe to assume that this year we will have a CAPEX close to Rs. 125 crores.

Sonal Gandhi: Okay. And sir, in terms of Hyderabad Park, so I can see capital work in progress that is reported this year somewhere close to about Rs. 150 crores - Rs. 160 crores. So we were earlier estimating about Rs. 250 crores kind of an expenses so….

Nandakumar Thelakkat: Rs. 160 is a CWIP we already capitalize around Rs. 30 crores of land so Rs. 190 cr. is already done and we expect balance Rs. 30 - Rs. 40 crores. Around Rs. 25 crores has been invested in April and balance another Rs. 20 crores. So, we will close with something close to Rs. 240 crores that is my estimate.

Moderator: Thank you. Next question is from the line of Kaustubh Pawaskar from Sharekhan. Please go ahead.

Kaustubh Pawaskar: Sir, this two new rides which you are planning in Kochi facility, when you are planning to add at the end of the year or….

Nandakumar Thelakkat: That will be somewhere in the second quarter that is September or October, I expect that to happen.

Kaustubh Pawaskar: Okay. So before quarter three which is another….

Nandakumar Thelakkat: Yeah, in quarter three say.

Kaustubh Pawaskar: Okay. And sir, now since Hyderabad facility operation so for this year for FY2017 we should expect margins to be a little bit on the lower side then what you have achieved for 2016 since….

Nandakumar Thelakkat: Definitely.

Kaustubh Pawaskar: First years of operation and may be from FY'2018 it should start seeing some kind of improvement.

Nandakumar Thelakkat: Yes, this year I expect the operating margin for Hyderabad to be somewhere around 27 percent and that of course will have a marginal bearing on total operating margins.

Kaustubh Pawaskar: Okay. Bu sir, again in terms of footfalls what sense do you get or what is your indication that in the second-half we might see the improvement in the college and school crowd which is….

Nandakumar Thelakkat: The college and school as far as it is 10% decline and we are putting a marketing effort to regain that.

Kaustubh Pawaskar: Okay. So we should expect that in quarter three? Quarter three - quarter four because quarter….

Nandakumar Thelakkat: It will start reflecting from quarter three onwards only.

Moderator: Thank you. Next question is from the line of Joshua Cheng from Hidden Champions Fund. Please go ahead.

Joshua Cheng: As you know in the mid of development this business is a highly CAPEX intensive business so, I want to ask any guidelines as we go along forward in the development if there are declines in the capital expenditure like for example against depreciation or any other thing you look at….

Nandakumar Thelakkat: Yeah, for the current year we are looking for an additional CAPEX of Rs. 125 crores, out of that around Rs. 90 crores may be for our new facility and Rs. 30 crores - Rs. 35 crores may be in our existing facilities including Kochi and something in Hyderabad also. So, that is our estimate on CAPEX and our average depreciation on machinery is roughly working at 10 percentage so there can be a of course Chennai it will be land and CWIP so there cannot be any depreciation immediate on that. But yeah, Rs. 35 crores CAPEX will have a 10% depreciation impact.

Joshua Cheng: I see, thank you for that. The second question is that Theme Park space is currently attracting lot of attention and getting quite competitive, I thought it was very good business model to have wet and dry in one ticket under 1 ticket but how doesWonderla intend to set itself apart from the other parks as oppose to EsselWorld or Adlabs?

Nandakumar Thelakkat: No, we are currently consigning to the one ticket scenario where we want the customer to close is wallet while he inside the park so we want to restrict him with one ticket and rest of things we actually use our FID that we want the customer to be free inside the park which will increase his experience inside the park. So I think current scenario we have never thought of sub-ticketing inside the park.

Joshua Cheng: Is there any strategy which Wonderla competes against EsselWorld or other Theme Parks?

Nandakumar Thelakkat: Nothing.

Moderator: Thank you. Next question is from the line of Manish Poddarfrom Religare Capital Markets. Please go ahead.

Manish Poddar: Actually I have a question for Arun. Arun, can you help us which way is the Wonderla model going ahead is it going the Six Flagsway or the Walt Disney way?

Arun Chittilappilly: We are probably going in kind of in between. Six Flags is a very thrilled based kind of rides that is what they focus on. We focus on family experience so, in that way we are probably on The Walt Disney but then Walt Disney is a very different model, I do not think any other Theme Park operator in the world has Walt Disney's model so their model also is very different so, I think it is kind of one, I would call it Wonderla model our model is different from both. I think we have taken bits from both and like you know the earlier question whoever asked that we have a USP of adding both the parks in one ticket which is a water park and so, I think our model is kind of different from the others but I think we focus a lot on experience because Theme Parks are new business for India and we feel you know our primary responsibility and goal is to make sure that people who come to have a good time so that is our primary objective and whatever that entails I mean we will try to do that so, this RFID and all these things are part of our efforts to make sure that people who come to us have a good time and they are not so worried about the cost or the wallet getting lots losing money and these are some of the concern that people have when they go to public place in India, will I lose my money somebody take my money or will I really have a good time. On top of that we focus a lot on hygiene and safety and again we have the best record, I mean all Theme Park operators in India and we want to keep that so, our focus always on experience and whatever that means you know whatever direction we need to invest in to make sure that we remain on top of in the experience parameter we will do it.

Manish Poddar: Okay. And one thing for Nandakumar, can you actually tell us you know when you let us for Hyderabad Park when you have initially started for the annual ticket do you all have that thing that you on a purchase of four tickets you give it free or you have a standard across Bangalore and Kochi that you know you have a yellow and a blue pass?

Nandakumar Thelakkat: Okay, the annual pass system is very new we have just launched it a month ago, when we are launching about Hyderabad we have never thought of a annual pass. Annual pass we thought about only three months back and we implemented and one thing we always thought about yes, Hyderabad Park will have a pricing at par with Bangalore where our facility is comparable or even some of the rides are one generation newer inHyderabad Park so, that is the reason why we priced it at par or slightly above Bangalore. I think generally it is accepted by the public.

Manish Poddar: Okay. And just a final bit, if I may know how are the restaurant margins run different when you run it by yourself and when you are having the existing model?

Nandakumar Thelakkat: In the existing model we have an operating margin, gross margin coming from restaurants close to 45 percent to 50 percent and whereas in outsource model we have now crossed attach to it other than the fixed cost of building and other infrastructure and we are getting around 25% to 28% revenue cut. So on a gross basis I think some operation pays better.

Moderator: Thank you. Next question is from the line of Dinesh N. from Catamaran. Please go ahead.

Dinesh N.: Yeah, so I have two questions, so you mentioned there Rs. 78 crores to Rs. 100 crores capex to be incurred for which purpose, that is my first question and the second question is what would be the threshold in Hyderabad for the last one month since inception what would have been the footfall in Hyderabad Park these are my two questions, sir.

Nandakumar Thelakkat: The first question is Chennai we are expecting to buy land in couple of months' time that will put us around Rs. 60 crores - Rs. 65 crores into that, then if the approvals are ready we will be starting the construction by September where we will be doing the civil construction first. So the remaining Rs. 25 crores is requirement of the civil construction for the current year.

Dinesh N.: Since, last quarter has there been any update on the Chennai plant thing?

Nandakumar Thelakkat: No, update we have given public notices and we are waiting for the response and probably in another 15 days we will come to know that what is the response to it. If it is positive, we will probably close at in another couple of one month to one and half month time. With respect to Hyderabad we have an average footfall of around 3,000 per day for the last 30 days - 32 days or 35 days.

Moderator: Thank you. Next question is from the line of Poonam Darade from Axis Securities. Please go ahead.

Poonam Darade: Sir, I had a small question. Sir, can you give the ticket cost for all three parks, Kochi, Bangalore and Hyderabad? And also the realization if we consider the….

Nandakumar Thelakkat: Can you e-mail me that, I will give you by e-mail.

Moderator: Ladies and Gentlemen, that was the last question. I would now like to hand over the floor to Mr. Kapil Jagasia for his closing comments. Over to you, sir.

Kapil Jagasia: Thank you everyone for attending today's call. In case of any further questions, you can reach me at kapil.jagasia@dickensonir.com. Thanks a lot, have a good day.

Moderator: Thank you very much sir. With that we conclude this conference call. Thank you for joining us and you may now disconnect your lines.

Wonderla Holidays Limited
Q3 FY16 Earnings Conference Call
February 11, 2016

Moderator: Ladies and gentlemen good day and welcome to the Q3 FY16 Conference Call for Wonderla Holidays. As a reminder all participants' lines will be in the listen only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call please signal an operator by pressing '*' then '0' on your touchtonephone. Please note this conference is recorded. I now hand the floor over to Mr. Nilesh Dalvi. Thank you and over to you, sir.

Nilesh Dalvi: Good afternoon everyone. On behalf of Dickenson Seagull IR let me welcome you all to the 3rd Quarter and first nine months FY16 Earnings Call of Wonderla Holidays Limited.With us management led by Mr. ArunChittilappilly –Managing Director; Mr. Nandakumar – Vice President, Finance. Before we start the call, I would like to remind you all that our remarks today might include forward-looking statements and actual results may differ materially from those contemplated by these forward-looking statements. Any forward-looking statements that we make on this call are based on assumptions as of today and we undertake no obligation to update these statements as a result of new information of future events. I will now invite Mr. Arun to make his opening remarks. Thank you and over to you Sir.

ArunChittilappilly: Good afternoon everyone and welcome all of you to this 3rd Quarter result update,it's a great privilege to greet and welcome all of you. At the outset we are happy to inform you that we are on track to operationalize our third park in Hyderabad in the first quarter of FY 17, there is no change there. The construction work is on schedule and we have been recently hiring and training the manpower required for the new park as well. We are confident that our Hyderabad Park will of a world-class entertainment and exciting experience, the higher level given more than our existing parks in Bangalore and Cochin. Our parks in Bangalore and Kochi have already been ranked as No.1 and 2 in India and No.7 and No. 9 in Asia respectively byTripAdvisorfor 2015, we hope to retain those rankings. With our third park in Hyderabad nearing completion and fourth park expected in Chennai, we will continue to build our legacy of 15 years of successful operation in this industry. We shall continue to identify potential new locations across India for building new amusement park in the future.

Coming to the results; Q3 FY16 revenue grew by 7% to 50 crores. Q3 FY16 EBITDA declined by 13% to 18.2 crores. The EBITDA got impacted firstly because of higher employee expenses due to top level hires and new employees for Hyderabad park, secondly the other expense increase that we made a provision of 4.8 crores on account of service tax. The advertising spend was kept within control during the quarter. Q3 FY 16 PAT declined by 4% to 12.26 crores. Bangalore witnessed 24% increase in average ticket revenue and 31% increase in average non-ticket revenue. CochinPark has witnessed 13% increase in average ticket revenue and 47% increase in average non-ticket revenue. Footfalls in Bangalore Park declined by 15% and Cochin by 9%, so we are pretty happy that we have been able to maintain our top line in spite of this.

Now I would like to hand over the call to Mr. NandakumarVice President, Finance for providing details on operational and financial performance for the quarter.

Nandakumar: Good afternoon to all of you thank you for being in our call. Now we can have a detailed discussion about the Q3 performance. As Mr. Arun has mentioned, we are witnessing some kind of decline in Q3 in the footfall very particularly so this is almost 12% decline that is in number around 45,000 decline in Bangalore and around 30,000 decline in Cochin. This quarter it is primarily because we have seen that almost more than 50% of our decline is in the category of schools and colleges where we feel that our price hike was impacted in of some extent. Secondly there was around 30-35 days was an impact of Chennai excess rain, the climate changes affected also Bangalore. So we would like to conclude that those two are the primary reasons whereas we are still able to go average realization increase something above 20% which somehow manages with same marginal growth in the top line and almost maintaining the EBITDA margins and PAT margins. Looking at the nine months period also, we have close to around 1 lakh is the combined footfall reduction. Out of that almost 65,000 belongs to groups from school and colleges.

Going back to the expenses front; almost all the expenses were in control except for the employee benefit expenses which is already partly mentioned by our Managing Director.We have some higher level recruitments where we are planning to set up a full-fledge corporate setup while we are going to further expansion of the third and fourth parks. Another thing of course we have around close to 50 lakhs we have provided towards the bonus liability by change in the act. And of course around 4.5-4.8 crores is the provision we made towards our liability if it materializes with respect to service tax. So those are the major expenses, all the expenses are very well in control. I think this is a broad about detail financials and we can now take specific questions.

Moderator: Thank you very much. We will now begin the question and answer session. Our first question is from the line of Abneesh Roy from Edelweiss. Please go ahead.

Abneesh Roy: My first question is on the non-ticket revenue, could you take us through the strategy of increasing this, if you see multiplexes are doing it very successfully with their foods and ad revenue. So how much is the scope in your business to scale this up from for 2 to 3 years perspective?

Nandakumar: Our average ticket revenue as a percentage is substantially increasing, something close to above 30% levels and as we are doing in two ways. One is that we are increasing the offerings and other things we are increasing something beyond the market increase the pricing also. It's a combination of both we are doing. So I think now around 22% comes from non-ticket revenue. We feel that in 2-3 years time we will be touching something about 30% contribution from non-ticket revenue.

Abneesh Roy: That will be driven by foods largely?

Nandakumar: Food and merchandise both together because offerings, food is one of the major area where we started with the traditional restaurant, now we have an area of complete food like even variety like pizza, Papa John's are operating with us. So I think equally we are concentrating both because souvenirs is still contributing the lower percentage of the non-ticket revenue but food is the major component in that.

Abneesh Roy: My next question is on the resort business, if I see any data point Q3 or nine months obviously occupancy is going down YOY in both nine months and Q3, so what's the way forward for this?

Nandakumar: Occupancy is mainly this quarter impacted both because both the festive season has partly washed off because first quarter also we have an impact in footfalls because of the negative climate conditions and Q3 also, Diwali time it was flood and eventually the temperature of Bangalore has dropped and nearby cities like Chennai not in the good mood to travel. So those two peak areas like May and November we have not shown a real growth this year. Hopefully we will be reaching at 50% to 55% occupancy at least next year, this year our target was around 50% so probably will touch close to 50, probably next year we will see something close to 55 or more. But that still not very substantial amount of our revenue because we have only 84 key available. And look at our average realization is has moved from 4300 to close to 4700 this time so we are more dependent now on the walk-in customer who is our prime retail customer to the park. So I think still our internal food sales and merchandise has to contribute, whereas we expect the 10% to 15% overall occupancy increases in the coming two years.

Abneesh Roy: That was my question on the footfall so you have been exposed to all these climatic conditions and school and all that. But if I see obviously one more big issue is the ARPU increasing by 22% now that's a very high number, obviously tax is the main reason for that. Now Bangalore when I see your ARPU has broken the very psychological level of Rs.1000. So is that what is really impacting in the minds of consumer that now it is Rs.1000 so you have to do something in terms of that pricing which has broken that level so unless you do that Bangalore footfalls specially will remain quite a big challenge.

ArunChittilappilly: I think that's not a big problem, you asked me our pricing was pretty reasonable all this while and in any business if you increase your price by 25% you should expect some drop and we were also expecting. But having said that we did better than what we thought so we had only two options either to pass on the service tax fully or to absorb it. Even if we had absorbed it we have had the similar results. We might have had a higher footfall but then finally our revenue would have been similar so that's the way we look at it. For us this is also years away, we can test this because I think in spite of increasing it by 25% if we are able to maintain less than 10% fall in footfall I think we are okay. And also the fall in footfall has happened mostly from groups and institutions which I think it's anyway ARPU wise it's not a big problem; even a 10% decrease there will reduce our ARPU only by 5%. So that's not a big problem. There is no psychological barrier because we have been selling tickets for more than Rs.1000 for the last two years. Although these are seasonal tickets, every day pricing has not broken Rs. 1000 even today so it depends on the season that you come to the park and that's when the pricing change. So I don't think there is a barrier like that and especially if you look at, we are still maintaining that our pricing is roughly 2.5X to 3X of a multiplex ticket. So if we go by that logic our pricing is pretty much at par.

Moderator: Next question is from the line of Avi Mehta from IIFL. Please go ahead.

Avi Mehta: Just wanted to understand on the going forward basis, in this quarter specifically footfalls have come off. Now obviously you have passed on the service tax, what I understand from last quarter you have taken the impact on you. You have not passed it to the consumer, is that change, situation change?

Nandakumar: Not situation change but we have taken a price hike partly and since we are challenged the case we are providing for it. That is why it has not reflected in the bottom line even though there is an average 20% to 21% increase in the ticket rate. It is not affecting the bottom line because we have put that into other expenses, looking at the net level it as if we have paid tax.

Avi Mehta: You have passed it on to the consumer still?

ArunChittilappilly: Yeah, we have completely passed on all tax everything to consumer. We are not absorbing anything.

Avi Mehta: On the employee cost bit, can you quantify the one off impact because bonus side I missed that?

Nandakumar: Bonus is around 48 lakhs precisely, we have provided for the difference in the bonus.

Avi Mehta: How much of it will continue and how much will not?

Nandakumar: More or less equal because one year is the retrospective effect so almost 50%, 25 lakhs is going to continue.

Avi Mehta: Any sense on how footfalls are trending going forward, is should I assume the current rate is sustaining Bangalore?

Nandakumar: Generally in this quarter it will be--compared to YOY will be--at par of going marginal increase. As you see that first quarter was bad, we had a very good second quarter. So those who have missed their vacation probably will try to come to the next immediate possible vacation so that is the mindset we find with most of general crowd. But institutions once lost may not come back in the same year.

Avi Mehta: So if I look at on a QOQ basis would that be right or that will not be correct?

ArunChittilappilly: That won't be correct. You have to compare with the same quarter for the previous year.

Avi Mehta: Lastly on the CAPEX side, how much is done and how much is expected going forward?

Nandakumar: Hyderabad we almost done with other than land around 85 to 90 crores and we will be spending another 40-50 crores so altogether and Hyderabad before opening we will be spending something close to 180 to 200 crores, balance we will spend in the year to come.

Avi Mehta: So about 30 crores…

Nandakumar: Yes around 25-30 crores we will keep for after opening because May we will be following sort of one ride so that has a cost of around is 25 crores to us.

Avi Mehta: So this year we should be about 140 crores or so in the 1Q CAPEX?

Nandakumar: Right.

Moderator: Our next question is from the line of Sonal Gandhi from AnandRathi. Please go ahead.

Sonal Gandhi: As I look at ticket revenue growth for Kochi Park on a YOY basis so it's about 13%. So I just wanted to understand because we have already taking 14.5% is kind of a service tax hike so this price if I include the service tax components of basically is that our ticket prices have gone down for Kochi park, how do I read this number?

ArunChittilappilly: No that average ticket price in Kochi has come down because of mix change and the footfall.

Sonal Gandhi: But as if I look at walk-ins versus last year same quarter our walk-ins have actually grown from 36% to about 40%.

ArunChittilappilly: Walk-ins actually gone down, more or less same.

Sonal Gandhi: Have we taken some price cut over there?

Nandakumar: We have apparently not taken any cut on the tag price of it. But some of the groups and some of the even the general other eligible for some group concession if they buy ticket more than 30 or 100 from the counter so they will not be recorded as a concession. You see the corporate number is as low as 9000 there so others might have come across the counter where we have no clue that whether they come as a corporate or not which has a bearing of 15% to 20% discount apparently.

Sonal Gandhi: So it is because of higher discounting?

Nandakumar: Our discount structure is something like that who come across the counter and ask for ticket also, we pass on discount so that is some of the impact.

Sonal Gandhi: For fourth quarter should we see about 20% rise in ticket prices or how do you expect?

Nandakumar: Effectively on card rate we have 20% increase in ticket rates averaged where our mix is continuing as such that will reflect in the average ticket revenue. When the mix changes like Kochi happened because very small number nearly 1 lakh is the general footfall in Cochin so it changes but altogether we have taken a price hike of close to 20% to 22% in both the parks.

Sonal Gandhi: I was not a bit clear on how should I look at footfalls in Q4, so on year-on-year basis do we expect it to grow or remain constant?

Nandakumar: I hope that it will marginally grow but I don't expect it to grow in a very unusual manner.

ArunChittilappilly: We are expecting a flat footfall growth.

Sonal Gandhi: I was looking at the presentation so basically last quarter I saw that there were seven restaurants in both the parks and this presentation the number is five?

Nandakumar: You can see that earlier we had taken the small outlets like Papa John's alsoas restaurants. This quarter we decided to remove that, now all the whole restaurants with more than 100 seating are only classified as restaurant, others we have not taken into account.

Sonal Gandhi: Basically they come into cook for kind of a segment?

Nandakumar: Yes both will because some like fried chicken item which has 20-25 seats and Papa John's with 30-40 seats. Now we have five restaurants in both the parks with average seating capacity above 100.

Sonal Gandhi: One more thing, there are talks going around that service tax might go up from 14.5% to 16.5% or 18%, so do we still maintain our guidance that we will be able to increase the net realization or net ticket price excluding the service tax by 10%.

Nandakumar: This year or next year?

Sonal Gandhi: I'm talking about FY17.

Nandakumar: FY17 we have to see that and probably our policy is to pass it on.

Sonal Gandhi: But we maintain that we would have about 10% kind of a pricing power.

Nandakumar: Yes.

Moderator: Next question is from the line of Lakshmi Narayanan from Catamaran. Please go ahead.

Lakshmi Narayanan: I see that you have signed an MoU with the Karnataka Government for 150 crores additional investment, can you just elaborate this is in addition to whatever you have told so far or what is that? If I look at the overall realization in the footfall, can you just help me understand the prior ticket price increases being taken, is it uniformly across both controlled crowd as well as walk-ins or is it in only in one?

ArunChittilappilly: The MoU was signed, it includes some of the investments we have already done like for example 30 crores investment on our Roller-coaster. This is a long-term plan to add 2 or 3 big rides to Bangalore andCochin and also we are planning to expand the resort a little bit and thus the offering also because another feedback is we get from the resort, there is nothing special about the resort as such in addition to having this amusement park. So we are trying to do something like that. But the main reason why we went through for the MoU is that we are a public place and we do come under the purview of the tourism department so even this is in a way for us more of an obligatory thing also. We have to show some investment and things like that and just to be in a good relationship with the tourism department.

Nandakumar: You can look this investment as it will happen in a four year horizon.

ArunChittilappilly: We are also trying to get some added concessions from the government based on this MoU so you could look at it like that as well. Regarding the price hike, the price hike has gone up across segments whether it is counter ticket or a full price ticket, the price has gone up by 20% to 25%.

Lakshmi Narayanan: This isn't uniform because the reason I'm saying is in Bangalore if you see the nine-month footfall in the individuals has actually dropped significantly whereas the group is actually somehow maintained. So is it right to say that the price hike is actually affected more on the individual rather than the group.

Nandakumar: Bangalore, I will say that don't look at the walk-ins, they have come down not because of the price increase alone because we had very bad weather in May as well as in November. These two are the principal reasons for this footfall reduction in walk-in in Bangalore and group of course, they can shift according to dates and it's a corporate decision whether it is partly bad climate also, they will move in but in families it is very sensitive. I would like to assign that as a reason for a footfall reduction in walk-in Bangalore, price of course is a matter. But I find the prices more for the schools rather than corporate and individuals.

Lakshmi Narayanan: If you look at the entire 90 days in the quarter how many days will be having peak period?

Nandakumar: Which 90 days, first quarter or third quarter?

Lakshmi Narayanan: Third quarter.

Nandakumar: Third quarter will have around 20 days of peak period, around 12 days for Dussehra and around 10 days for Diwali.

ArunChittilappilly: Not Diwali, the Dussehra and Christmas, so totally only 20 to 22 days are peak pricing, the rest is all normal pricing.

Lakshmi Narayanan: What about Q4?

Nandakumar: In Q4 we don't have peak pricing at all.

Lakshmi Narayanan: The other expenses and other income both have gone up and other expenses you said because of the high provision for service tax?

ArunChittilappilly: Yes.

Nandakumar: 485 lakhs is a provision we made for this quarter.

Lakshmi Narayanan: If you actually exclude that other expenses on a nine months basis, if I look at the other expenses on a nine-month basis.

Nandakumar: Nine months basis the provision is 7.5 crores.

Lakshmi Narayanan: If I adjust that then there is no major increase.

Nandakumar: Not much change.

Lakshmi Narayanan: Other income has also gone up, is it only the amounts we are getting from the cash einvestments.

Nandakumar: Yes that is only other income.

Lakshmi Narayanan: Because I see your nine months basis it is almost double.

Nandakumar: That is double because we have last year long investments which were maturing in first quarter of this year otherwise other income would have been stable.

Lakshmi Narayanan: Is it due to some one-off FMP investments?

ArunChittilappilly: Yes that is around 6 crores.

Lakshmi Narayanan: Broadly how much is in the FMP out of 156 crores.

Nandakumar: No, now we have done away with that, now we have only liquids and short term fixed deposits. FMP havebeen already booked in April this year so it's reflected in first quarter.

Moderator: Next question is from the line of Amit Kumar from Investec Capital. Please go ahead.

Amit Kumar: Regarding the roller-coaster in Bangalore, did this become operational in 3Q or will come into 4Q?

Nandakumar: It will only come in end of Q4; we are actually targeting the season.

ArunChittilappilly: Next year first quarter I think officially it will be open.

Amit Kumar: We know what happened to Chennai but could you just detail exactly what was the weather issue as far as Bangalore is concerned?

Nandakumar: First quarter there were intermittent rains during April-May.

ArunChittilappilly: I think basically what we can tell you is in Bangalore, people are more sensitive to outdoor travel in Bangalore because rains tend to drop temperatures must faster than in other cities, for example Cochin and Chennai and Hyderabad it doesn't whereas in Bangalore the weather does change quite a bit according to rain. So whenever we have a high rain periods in Bangalore we do see a drop in footfalls, this is nothing new, it has always been happening over last 10 years. This year what has happened is we had rains during April which is actually our peak month, 25 days of rain in April and then in November we had heavy rains for almost 20 days,so footfalls dropped to 3 digits which has never happened, I don't know maybe in eight years except maybe the first year I think we had those kind of numbers. Three digit footfalls been never touched in November, we had continuously many days in which we had less than 1000 people in the park so that is definitely an aberration for us. Those are large footfalls, especially the school groupswhich if are not able to come in that window they will not repeat that trip.

Amit Kumar: Just a follow up on the earlier question on Kochi pricing, you mentioned that price hike taken was 20%-25% but the impact on the effective rate hike that we are seeing in Kochi is only 13%. I just wanted to understand what kind of schemes, what kind of discounting basically goes on at the ticket window?

Nandakumar: Corporate, they are eligible upto a maximum of 25% depending upon the group size.

Amit Kumar: I think it was mentioned that that in the numbers that you have reported, the percentage of walk-ins and corporates hasn't really changed?

Nandakumar: It has not changed, but there is a grouping change.

ArunChittilappilly: If it is not a grouping through a corporate booking it will not reflect in my book as a corporate but the number is more across the counter, they are eligible for discount.

Amit Kumar: On the counter who essentially decides?

Nandakumar: We have an operating manager there and they can instantly fill up a form and fix the discounting, otherwise corporate is coming to the sales channel or sales agent or we have an SPA appointed, through them they can come.

Amit Kumar: But if they are essentially filling a form then you would automatically know that those tickets belong to a group.

Nandakumar: But in our system we are capturing only those who have a pre-booking from SPA and where we are getting money in advance, in the corporate booking otherwise we are classifying it as across the counter sale.

Moderator: Next question is from the line of Chetan Thakkar from ASK Investment Managers. Please go ahead.

Chetan Thakkar: Just wanted to understand the difference in price elasticity in the two parks.

Nandakumar: Both the parks have similar pricing potential,with 1% or 2% differences, that is in probably Kochi is having around 21%, Bangalore may be having 22% or 23% of an average price hike.

Chetan Thakkar: Also if you can just share on the gross margin from the non-ticket revenues, what would be the percentage across the products that are there, so food and products in particular?

Nandakumar: You want to have the non-ticket revenue breakup?

Chetan Thakkar: No, the gross margin in those.

Nandakumar: Gross margin is something between 45% to 55%.

Chetan Thakkar: Even in products?

Nandakumar: Yes.

Moderator: Our next question is from the line of Vishal Purohit from Elara Capital. Please go ahead.

Sumant: Just would like to know that with price hike our footfalls have gone down, so for FY17 what are the key steps we are taking to improve our footfalls?

Nandakumar: Our market reveals that it is not price hike the key reason for decline in footfalls so we will be testing that and taking the call what is the price hike to be made into general crowd. But of course we are seriously looking at the footfall reduction in corporates and schools with respect to our sales agent and which are the areas which are mostly affected. We will be coming out with some solution for them and we want to retain them all for coming years also. So we have not zeroed down on any of the program. Probably by March end when we are doing the price revision we will come out with a separate scheme or something to retain those B-class and C-class cities in our folder.

Sumant: What is the mix of urban and rural, you are talking about the price range.

Nandakumar: That we have to really work out, we are just doing the homework for that. Probably by next earning call or end of the financial year we will be able to give you a very clear picture on that, what is the mix and what is the plan we have.

Moderator: Our next question is from the line of AbhijaySethia from Sethia Jain. Please go ahead.

AbhijaySethia: In the context of price hikes you have taken in Kochi and Bangalore for this year, what are you targeting as far as the initial pricing is concerned for the Hyderabad Park?

Nandakumar: It will be moreover in line with Bangalore Park.

AbhijaySethia: What will be the impact of GST on your business, considering that it settles at 17-18%?

Nandakumar: If it is something close to 18% I think we will be in an advantageous position. Currently in Bangalore we pay entertainment tax of 5% and service tax of 14.5%, in Kochi we pay 1% entertainment tax and service tax of 14.5% and in Hyderabad we will be paying 20% entertainment tax plus 14.5% service tax. So if GST rate is at 18-19%, we pay 3-4% more tax in Kochi, we are at par in Bangalore, but we will have 11-12% savings in Hyderabad.

AbhijaySethia: But Hyderabad the entertainment tax may not be 20%.

Nandakumar: We are just requesting the government; I'm talking about the current scenario.

Moderator: Our next question is from the line of Nikhil Upadhyay from Security Investment Management. Please go ahead.

Nikhil Upadhyay: If we look at some of the other parts which are listed or unlisted in Tier II or Tier III markets or even in Tier I markets, so vis-à-vis your CAPEX of doing a new park, would you be looking at acquiring some of those parks if you get the valuations right? How do you see at it and how do you see the valuations of those parks?

ArunChittilappilly: We have not really explored that because we feel our offering is different from other parks so we don't want to acquire somebody and reengineer the park to suit our need so it's not that easy to do for a large project like an amusement park. We have not really seen anything in Tier I, II or III cities which we feel that we want to acquire so we have not really looked at valuations.

Nikhil Upadhyay: Post the Chennai Park, our whole idea was like we would be looking at putting one park in every three years period. So how do you see the distribution moving ahead like would be focus on southern part of India including the Western part in order to first create the parks? How do you select the cities, would it be like putting it in state capitals?

ArunChittilappilly: You look at larger cities so I think after the four large southern cities are exhausted we will slowly look at the West and the Ahmadabad is a great place.

Nandakumar: Honestly because I will tell you after Chennai only we will be looking at another city. Now we are short listing 3-4 cities and our internal assessment and feedbacks collection is going on. So probably after Chennai when we close land and we are in a steady-state to construct and we will be probably able to give you more clarity on which is a location we are going. But of course we are not first with South; we are very comfortable moving beyond South also.

Moderator: Thank you. That was the last question. I would now like to hand the floor over to Mr. Nilesh Dalvi for closing comments. Over to you sir.

Nilesh Dalvi: Thank everyone for attending today's call. In case of any further questions, you can get back to us at nilesh.dalvi@dickensonir.com. Thanks a lot have a good day.

ArunChittilappilly: Thank you.

Moderator: Thank you very much members of the management. On behalf of Wonderla Holidays Limited, that concludes this conference call. Thank you for joining us and you may now disconnect your lines.