

Wonderla Holidays Limited
Second Quarter and First Half FY16 Conference Call
October 27, 2015

Moderator: Ladies and gentlemen, good day and welcome to the Second Quarter and First Half of FY16 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. Should you need assistance during the conference call, please signal an operator by press '*' and '0' on your telephone phone. I now hand the conference over to Mr. Nilesh Dalvi. Thank you and over to you, sir.

Nilesh Dalvi: Thanks, Asad. Good evening everyone. On behalf of Dickenson Seagull IR let me welcome you all to the Second Quarter and First Half of FY16 Earnings Call of Wonderla Holidays Limited. With us the management led by Mr. Arun Chittilappilly – Managing Director; 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 or future events. I will now invite Mr. Arun to make his opening remarks. Thank you and over to you, sir.

Arun Chittilappilly: Hi, good afternoon ladies and gentlemen. Once again, it is a great privilege to welcome all of you to our earnings call. We are thankful to all of you for sparing your time and discuss our earnings with us. Just to give a brief history of the company Wonderla Holidays has been running Amusement Parks for the last 15 years starting with our Park in Cochin and for 10 years in Bangalore also and we are just on the verge of opening our Amusement Park in Hyderabad in FY17. We are also very proud that our Parks are the highest rank Parks in India and we are very armament and we are very serious about maintaining that and want to be the best player in the segment and that is something that really guides us as a company.

Coming to our results, our second quarter revenues have grown by roughly 26% Y-o-Y to 43.2 crores. Our Q2 FY16 EBITDA grew by 37% Y-o-Y to 14.71 crores in line with higher revenues. The advertising spent was lower Y-o-Y as our festival seasons are set to begin in Q3 this year compare to Q2 last year this is mainly is Dussehra spent and Puja spent which usually happen in the last week of September but this year it is in October.

There was an increase in other expenses primarily due to provisions of roughly 3 crores on account of Service Tax. Our second quarter FY16 PAT grew by 85% Y-o-Y to 11.9 crores. Our

Bangalore Park has witnessed roughly 12% increase average ticket price revenue and 21% increase in average non-ticket revenue. Our Cochin Park has seen 21% increase in average ticket revenues and 35% increase in non-ticket revenue. Footfalls in Bangalore grew by 4% and Cochin by 11%. Now, I would like to handover to Mr. Nandakumar to give details on the operational and financial performance for the quarter.

Nandakumar Thelakkat: Thank you. Yeah, once again welcome. Q2 was relatively a good quarter for us the overall footfall for the Q2 has grown by around 7 percentage. But we are still around 2% less than half year compare to last year's first half and the revenue also has substantially grown because there is reason we have almost followed the last year's footfall mix and the increase is compared to last year more happened in walk-in then in groups so, that is main reason there is some extra income coming by way of ticket for the general crowd then walk-in.

On expenditure side, I think we are able to control most of the expenses. In Service Tax front we have at both the Park level Cochin as well as in Bangalore we have challenged the Central Government circular of imposing Service Tax on Amusement Park and we have partly got a stay from High Court of Cochin and we are pursuing the case at Bangalore. So based on that we have discontinued charging Service Tax and we are not paying Service Tax now. It is an abundant question we have put almost 284 lakhs as a Service Tax provision and that is one of the reasons where you see a jump in operating expenses. So all other expenses according to us are well in control and we are relatively getting a positive response from the customer mostly from walk-in and groups is also responding well and these are the few points. And I would like to take questions directly from here.

Moderator: Thank you very much. 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 could you take us through for each Park the price hikes which have happened and the Service Tax when it was being charged and then you say you are not charging that. So could you take us through the time lines also and the quantum also Park wise?

Nandakumar Thelakkat: Yeah. So we think the footfalls for Bangalore. Bangalore Park for the quarter we have a 4% footfall increase what I said, it was 2.26 lakhs last years has grown up to 2.35 lakhs this year. So that is round roughly around 9,000 is increased and this 9,000 increase there is groups has grown up personally from around 5,000 and walk-in by 4,000 and for some Park the total growth is around 23,000 in number out of that the walk-in has grown by around 17,000 and groups grown by around 6,000 this is for the quarter. And with respect to Service Tax, Service Tax we have filed the case in early July in Cochin and by end of June say around 27th of June we have been awarded with partial stay on this one to the department and we discontinued collection of Service Tax from Cochin Park from 1st July onwards. So Cochin Park for the entire quarter we have not paid any Service Tax and for Bangalore Park from mid of August we have not paid around 12th of August onwards we have not paid Service Tax until that time we have

collected and paid. So for Bangalore Park probably around 50 days is pending and Cochin Park it is around 60 days pending with respect to Service Tax payments that is the provision of 2.84 crores.

Abneesh Roy: Sir, when you say it is a partial stay what do you mean by that?

Nandakumar Thelakkat: Court has state the Director Department saying that they should not enforce any legal action or notice to serve notice and emboss demand Service Tax until the case is being settle down. So they have not state the operation of that circular but a direction has been given, that party should be given the liberty for not to pay department should not initiate any quality of action and notices and demand also to the company until this petition has been disposed.

Abneesh Roy: And obviously in India it takes a lot of time line for any case so, supposing you lose it then what happens, you have not collected from consumer?

Nandakumar Thelakkat: That is why we provided that. So what is the liability we already provided and what is net only we have disclosed as profit. And obviously, this will come to an end when this Constitution Amendment has been passed by the Central Government.

Abneesh Roy: Which will come to an end?

Nandakumar Thelakkat: No, when the Constitution Amendment is proposed in last session this could not be passed by the Parliament. Now the circular operation is challenged around the ground that this is state subject where sender has no right to charge a tax for the same topics under a state has to charge they need a separate amendment in the constitution. So probably in next session or something when that amendment is required for rolling out of the GST also so, once that is through the dispute will be only for that period even though the dispute will take long to close the quantum and liability will be restricted to that. After that there will be clarity on that.

Abneesh Roy: The footfall this quarter was clearly a positive surprise so, one is have you done anything incremental in terms of efforts to get footfall I understand the rainfall issue was there in Q1 and then that specific instant in Bangalore and in Q2 if you see Service Tax was not charged for maybe full quarter in Cochin and part quarter. So has that also helped that there was no Service Tax is why...

Nandakumar Thelakkat: Partially I do not think that has generally helped because we have factor that in pricing itself and partially the tax component has now come in whole pricing. And secondly, the first quarter there was a lot of ad spending made and Bangalore of course there was a negativity because of the unusual rains which has fall in next quarter and we are seeing some good footfall in this quarter also. So people will be waiting for the next best opportunity to come. So I think that is one other reason and of course in Cochin also second quarter was really good especially with

respect to walk-in crowd because last year also we miss some of the NRI clients. So probably these two combined is a reason to increase in the footfalls.

Arun Chittilappilly: Yeah, let me just also add by saying that I think last year our Q2 was very weak for both of us so this year kind of could be a recovery that is we are seeing.

Nandakumar Thelakkat: Yeah, last year you can say that only huge growth has happened in Q1 only. All other three quarters were either negative or flat. So this year I hope it should be the other way.

Abneesh Roy: So that was my question because now second-half also the footfall is favorable base is favorable and Q2 you have done 7.5% growth are you revising the footfall growth upwards from the 3% to 4% for the full year?

Nandakumar Thelakkat: Not really.

Arun Chittilappilly: We are not revising our projection because we do not know what is going to happen in Q3 and Q4 because the crowd mix is slightly different in Q3 and Q4 we are dependent mostly on discounted footfalls and we do not know how that is going to behave yet.

Moderator: Mr. Abneesh, I am so sorry to interrupt. But actually there are more participants are waiting. So we will just be taking two questions from every participant. You may want to come back for a follow-up question.

Abneesh Roy: Yeah, that is okay.

Moderator: Well take the next question from the line of Kaustubh Pawaskar from Sharekhan Limited.

Kaustubh Pawaskar: Sir, just to continue with the footfall question. Just wanted to understand now you must be getting the sense of how the footfall would be growing in the upcoming holiday season because the booking must already been done. So can we expect some kind of improvement over the previous quarter in terms of footfalls maybe high single-digit kind of a growth in footfalls?

Nandakumar Thelakkat: So very precisely asking one thing our footfall is very less dependence on advance bookings and mainly walk-in is the way we arrive at our footfall. So there is a very high amount of addition involved in that. And in Q2 and Q3 because the last year as you compare the weakest quarter was Q2 which we managed and Q3 and Q4 actually was flat or marginal increase only. So we expect that to be slightly improved but we are not taking a call that we will be doing a high single-digit till we give our guidance at the level what we have given at 4% to 5% growth in footfall.

Kaustubh Pawaskar: Okay, got your point, sir. And sir, about the service as you mentioned that you have provided 2.84 crores for this quarter. So you will continue to provide it as per whatever the earnings in

the coming quarters. But then you would be charging lesser to the consumer since you are not paying it?

Nandakumar Thelakkat: Yeah, that is also partially correct. But partially we have part in the ticket price itself.

Kaustubh Pawaskar: Right. So partially you have part in the ticket price?

Nandakumar Thelakkat: Yeah.

Kaustubh Pawaskar: Right, okay, fine. Sir, my next question is on the advertisement spent. This quarter it was low because you have mentioned and the presentation that since season is coming in quarter three you have spent less on advertisement spends in the second quarter too. So should we expect it to increase in quarter three?

Nandakumar Thelakkat: Yeah, the same what is the reduction will get adjusted in Q3 because the major season for Bangalore Park is Dussehra and which this year fall in October so by this time we might have spent that what is the different in Q2.

Moderator: Thank you very much. We will take the next question from the line of Niket Shah from Motilal Oswal.

Niket Shah: Just wanted to understand your Bangalore Park has actually witness a ticket price increase of 12% and Cochin ticket price in is roughly 21%. So is there larger difference because the price increase in Cochin was much higher than Bangalore or is it just the product mix change which has happened more of walk-ins and less of schools.

Nandakumar Thelakkat: Cochin you can see there is huge difference in walk-ins because around 75% of the footfall increase is because of the walk-in increase and these are only marginal increase in the groups. And Cochin combined groups is mostly it is school only. Bangalore group it is mix between school and corporate. So it is a highly subsidize ticket and we took a price hike at Cochin is only 12 percentage.

Niket Shah: Okay, so balance eight 8% is...

Nandakumar Thelakkat: Yeah, it is by way of change in mix of walk-ins vs groups.

Niket Shah: Okay, got the point. And just wanted understand sir on the Resort part of it there has been slightly lower occupancies. So any specific reason in spite of increase in footfalls we have seen lower occupancy?

Nandakumar Thelakkat: No, last year we have close to around 1,500 room nights booked by long stay and all that this year is going to start only.

Niket Shah: Okay. And so then on the third part just wanted to understand last year from Q3 onward we had started facing some issues on footfalls as far as our school and other group's part of the business is concerned. So is that getting sorted out and kind of coming back to normalcy kind of stuff?

Nandakumar Thelakkat: I think apparently that is settled. Now let us not discuss by media also and we are seeing a recovery in the groups in both the Parks. So I think it is almost settled.

Moderator: Thank you. We will take the next question from the line of Avi Mehta from IIFL.

Avi Mehta: Sir just wanted to understand this you said that in this quarter the mix had improved and you had stopped charging the Service Tax from the consumers. Sir but you are also concerned the 7% to 8% growth continuing when you say there is improvement in groups. I am sorry, I am just trying to reconcile these two facts because logically you should see this strength continuing in the footfalls by the concerns.

Nandakumar Thelakkat: No, one thing is that this year in Q2 you look at Cochin the improvement has mainly come by way of walk-ins. So out of the 23,000 crores 17,000 has come from walk-in and only 6,000 from groups and Bangalore Park it is almost 50-50. 50% by groups because most of the group we see that around substantial change in the first quarter to second quarter by most of the corporate. So that is why there is increase in the groups in second quarter for Bangalore but third quarter and fourth quarter is mainly because third quarter one and half month depend on school crowd and fourth quarter also after February and our primary dependents will be on school crowd. So we are yet to understand the behavior because now there is no discussion happening in media and other public forums regarding the school outing. So we believe that issue has been almost settled. Till we have to see the real pulse of it, it will take another 15 days - 20 days. So that is why we said we will be still sticking to our growth estimate of 4% to 5%.

Avi Mehta: Okay, I will take that. And sir, the second part is thanks for sharing the timelines. 12th August is Bangalore and 1st July is Cochin that is the changes, right. Now I am trying to gage while there is a mix positive impact that has happened this quarter I am trying to understand what is the kind of hit on EBITDA margins because of this move to not charge Service Tax by taking the hit on your other provisions?

Nandakumar Thelakkat: I cannot understand.

Avi Mehta: So let me rephrase the question. So what you have done sir, is you have not taken the Service Tax impact on the consumer in terms of ticket pricing you have removed that and you are taking that charge in the other expenses which is through the provision creation. So which means there is a hit on the EBITDA margin. Now, I cannot understand it because for this quarter the mix has improved like there are multiple tailwinds. Would you be able to share rough kind of indication of what is the likely hit because of just this move that you doing?

Nandakumar Thelakkat: No, this quarter we made roughly around say out of the 90 says probably this 60 days is the effective we passed around 2.8 crores and I hope that for the next whole quarter will be equal to this amount because next quarter is mainly supported by walk-in. Probably of course there will be some improvement in Bangalore because Bangalore October there will be a holiday crowd. But I do not find a significant increase from the number of 3 crores it can grow by another 10%-15% not more than that. Next quarter also there can be a provision something around 3.5 crores with respect to Service Tax.

Avi Mehta: Sir should not be this analyzed I mean should not this be quarterlies 2.8 crores into 1.5. Why would that not be the case? Sorry, sir.

Nandakumar Thelakkat: Pardon.

Avi Mehta: Sir, 60 days 2.8 crores is what you said so 90 days logically it should be 1.5 times that why are you saying that the product mix makes a difference sir?

Nandakumar Thelakkat: Because the applicability is only 14% of the ticket rate. If an adult comes so the price is 1,000, child come it is 500.

Avi Mehta: Okay. So you are saying ticket pricing itself should come up.

Nandakumar Thelakkat: Yeah, apparently we are providing 14 percentage on the ticket rate.

Avi Mehta: Okay. So the walk-ins et cetera would not make a difference it is just that...

Nandakumar Thelakkat: Walk-in make a difference because your ticket price is more, no.

Avi Mehta: Okay, more walk-ins means higher...

Nandakumar Thelakkat: Yeah, higher provisioning.

Moderator: Thank you. We will take the next question from the line of Prerna Lotlikar from Allard Partners.

Prerna Lotlikar: My question has been answered, thank you.

Moderator: Thank you. We will take the next question from the line of Aashish Narang from Perfect Research.

Aashish Narang: Sir, my first question is that many of the Amusement Parks in India have not succeeded well and they have not done so well in India so, have you done some study on why the Parks like Ocean Park in Hyderabad or Nicco Parks are not doing so well?

Nandakumar Thelakkat: Honestly, I tell you we did not do a deep study on that.

Arun Chittilappilly: I will answer that question, I think it is difficult because every Park operates in its own environment and we do not really look at Parks across geographies to understand why they are not doing well. But what we understand is there is no timely upgrade and that is part of the reason why directly these parts veining. There are different reasons it could be safety related, it could be related maintenance of rights, accidents, there will be a variety of reasons. So those are some of the reasons why they are not doing well. But we cannot categorically say that that is the reason why they are not doing but we feel it is difference thing for different Park.

Aashish Narang: Okay. And sir, what is our repeated cliental percentage and are we trying to encourage customers to come to our Parks again and again?

Nandakumar Thelakkat: Yeah, we operate for tracking the repeat customer we operate a mechanism of loyalty cards and currently our card is close to 1.5 lakhs and around 30%-35% of the card was very active.

Aashish Narang: So what is any number any like repeated cliental percentage?

Nandakumar Thelakkat: No, because we do not have mechanism to get the exact number of what is the repeat client. So card is the only perfect tracking mechanism what we follow and that is only an indication because I can say that around 25%-30% of the clients may be repeat say that in one year or two years' time. But people who are coming four years - five years into the Park and after four years or three years if they are coming we do not have any perfect track of that. But we in a way new rights every year and we will give what we call market shout about that and that is the reason that is the effort what we are making to make more repeat visitors to our Park.

Aashish Narang: Okay. And sir just sir mentioned that there are different reasons like there maybe accidents or right as well so many Parks even have globally shut down because of accidents like a recent accident took place at Adlabs Imagica. So I guess there is always black risk that a few incidents can cause the entire business to collapse. So how do you think about this problem?

Arun Chittilappilly: I will answer that question. I think the safety of guest is the paramount importance when you are running a business like this because you are depended on people coming bringing their children to a place like this. So if they do not feel comfortable with the way the place is maintained or the up keep of the place they are not going to bring their children. So that is fundamental so, without getting that right you are not going to get footfalls at all. So if you keep having accidents and if that is a precedence you are setting then obviously your footfalls will take a hit whether it is Disneyland or whether it is Wonderla or anybody else. So that is all I can say about it.

Aashish Narang: Okay. And sir my other is related to the land acquisition. Given the land acquisition problems in country, are you facing any problems in acquiring land for your future projects?

Nandakumar Thelakkat: We are only looking for a land parcel which is between 50 acres to 60 acres and I do not think that is a very huge acquisition quantity but of course in some of the locations we are still facing problem and that is a problem where we have to live within India.

Aashish Narang: Okay. And sir, have you thought of tying up with any overseas players for technology and design or other inputs?

Nandakumar Thelakkat: Not for the time being.

Moderator: Thank you very much. We will take the next question from the line of Dinesh N. from Catamaran.

Dinesh N.: I was going through the Cochin's footfall for the last four years from FY11, it has remained more or less flat. In FY11 there were around 11 lakh people visiting and in FY15 also there were also 11 lakh visitors visiting in Cochin Park. So is there any fundamental reason for this flat growth in Cochin?

Nandakumar Thelakkat: Cochin had the footfall reduction in the year 2013 because that has a very specific reason with respect to excessive rains in Cochin and thereafter we have just now reached the same level. We call it as multiple reason one, is that the connectivity is one of the major problem what we face in Cochin because since the lack of good roads, accessibility and service ability is coming down and the traffic improves and the hourly commute now almost they started take say Cochin Kerala people can travel around 35 kilometers to 40 kilometers hour wherein Bangalore people even Chennai Bangalore they travelling for first time. So these are the multiple reasons what we face in Cochin and going forward when the roads partially improving we feel that our service area will come back to us.

Dinesh N.: Okay. So going forward you see that is around...

Nandakumar Thelakkat: Yeah, this year we are seeing a very positive trend in Cochin because Q2 is almost grown by 11 percentage you see that in '13 we have gone down by Cochin by around 10% annually. So if you are able to continue with the same trend and we will recover the footfall growth in Cochin.

Moderator: Thank you. We will take the next question from the line Nikhil Upadhyay from Securities Investment.

Nikhil Upadhyay: Sir two questions, one was with respect to Hyderabad. So if we look at Hyderabad in terms of pricing and in terms of footfalls so, in Bangalore and Cochin when we first launched our Parks there was no competition as such we had the first more advantage but now when we move into Hyderabad we have a competition from Ramoji which is a lower cost developed facility. So in terms of price increases and in terms of footfall do you see any challenge as to there and if

not then why do you think that we can achieve the footfall scale and pricing equivalent to Bangalore?

Arun Chittilappilly: I will answer that. I think so fundamentally by Ramoji Film City is not an Amusement Parks at all, I think you indirectly understand that. So they are charging price for it is like a film studio and that kind of thing so it is like card. They are not really an Amusement Park. So they have their own power prices strategy and like you rightly said, it is an old Park. But having said that their pricing is also pretty higher, I think their average ticket price is roughly 800 to 1,000. So it is kind of similar to what we are going to charge. So we will not have any pleasure to increase or decrease by that is one thing. The second thing is that our offering is where you like I said different so I think we can still set standard in terms of pricing for our Park what we feel and we are going to be pricing it very similar to what we have done historically in Bangalore so, I do not think there is an issue in terms of pricing or in terms of affordability and things like that. So that is the way we look at it.

Nikhil Upadhyay: Just sir on the footfall question, please correct me if I am wrong, if we compare it to Ramoji Film City for a consumer based in Hyderabad he now has an option with respect to Wonderla and with respect to Ramoji. To somewhere Ramoji is a competitor for us in terms of getting the consumer attraction, is it not that how we should look at it?

Arun Chittilappilly: Yeah, there will be a definitely an overlap so, like somebody who has visited the Ramoji Film City is potentially somebody who could visit our Park in Hyderabad. So yes, it is potentially that case but pricing is not really a factor for that that is what I am trying to understand.

Nandakumar Thelakkat: You see that Ramoji at a price point of Rs.800 is now attracting a crowd of around 1.4 million to 1.5 million and that is in existence for long. So you can see how many people and how many of the Hyderabad people have visited Ramoji that actually should be we feel that as a positive because we have an offering for a day entertainment at almost the same price of Ramoji where the customer experience is all different. So it will be a very good entry point and very rather an entry for Wonderla as a place of entertainment in city of Hyderabad better than what we did in Bangalore ten years ago because where we were new and Bangalorians also very new about a full day entertainment. So I think it is much more easy, we will give a better entry to the market of Hyderabad for us then all depends on what is the experience we deliver to the men which are the category of the people we want to retain. So, I think it will be far easier than what we did in Bangalore.

Nikhil Upadhyay: Okay. And secondly sir, in terms of creating the excitement around the Park on a yearly basis so, how do we try to generate the excitement? So someone who has visited Wonderla say in 2014. In order to attract him again in 2015 so, do we look at adding more roller coasters or do we look at providing so, what is the exciting feature for which he should come back to Wonderla?

Nandakumar Thelakkat: Wonderla Bangalore opened in 2005 and we have closed 2015 is around ten years you can say we have included at least more than ten rides in this Park. So every year at least in the first two years probably may not after that every year we were doing new attractions in this Park.

Nikhil Upadhyay: Okay, so on a yearly basis we try to add one ride or...

Nandakumar Thelakkat: Yeah, something new to the client either it is Thrill Ride or Theater Ride or a Kid's Ride whatever it is. So far has done at least one ride per year kind of thing.

Nikhil Upadhyay: Okay. Lastly sir, on the excess land which we have in Bangalore and Cochin I understand that we would be looking at increasing the offerings which we have within the Park. But do you see that this land would be which we could use it even for creating extending our Resort or is it more or is it more of would be used for extending the offerings in the Park itself?

Nandakumar Thelakkat: It is a combined one we have 40 as our excess land in Bangalore and nearly around 55% Cochin that can take both your extension of Resort as well as the extension of Park for the foreseeable future.

Nikhil Upadhyay: But in Cochin a Resort will make sense?

Nandakumar Thelakkat: We are just doing the ground work for that. We have not firmed up on that and we have not made any comments.

Arun Chittilappilly: Yeah, I think I can answer that. We feel that Cochin building a Resort does make a lot of sense because we attract majority of our visitors from outside Cochin. Cochin only contribute 17% of our visitors. So I think there is a strong case to build something like a Resort there. Of course then it will also be slightly unique it will not just be like hotel we will try and add some element of fun into so the families can spend them there in the Resort even without going to the Parks that is the way we want to do it and that is the way I have in Bangalore. So that is I think what has helped us to breakeven for quickly even though across India hotels as such are not yielding much revenues or occupancy. I think we have been able to kind of break away from that partly because we build our Resorts at really low cost and then we price it aggressively and then we have something that is different in terms of our offerings as against just going to any hotel and staying for a weekend. So I think it is a combination of these three things that makes the property appealing to the public. So if we can do that maybe we will have to price it a little lower in Cochin then what we have done in Bangalore but we feel that there is scope to do something.

Nikhil Upadhyay: And just last one question, sir in Hyderabad as of now we are only developing the Park not the Resort or?

Arun Chittilappilly: Yeah, we usually build the Park and then once we hit a certain number of footfall and revenue then at that point we will look at adding a Resort to it.

Moderator: Thank you. We will take the next question from the line Prasad Padala from Investec. Please go ahead, sir.

Prasad Padala: I have one quick question, you have mentioned that there is a roll back of Service Tax I think there is 11.5% price hike in June. So can you tell me an approximate number of how much has been rolled back for consumer?

Nandakumar Thelakkat: No, it is only that we are otherwise charging plus 14% tax that has come down.

Prasad Padala: Okay. No, I think you have mentioned partially you have rolled-back right the Service Tax?

Nandakumar Thelakkat: No, that cannot in the face of the thing you cannot do it. Tax is a separate thing.

Moderator: Thank you very much. We will take the next question from the line Dhrushil Jhaveri from Tata Asset Management.

Dhrushil Jhaveri: Sir, just wanted to know the CAPEX guidance for this year and how much we would have already spent on Hyderabad Park?

Nandakumar Thelakkat: Hyderabad we already spend around 80 crores and for a current Park there will be another 20 crores CAPEX.

Dhrushil Jhaveri: For both the Parks?

Nandakumar Thelakkat: Yeah, we will spend around 4 crores to 5 crores this year other it will be pushed to next year. So all together currently fixed we have fixed a CAPEX of 20 crores for the existing Parks and another 40 crores to 50 crore will be spend on Hyderabad Park.

Dhrushil Jhaveri: 40 crores to 50 crores on Hyderabad. But sir, the total CAPEX is around 200 crores plus for Hyderabad?

Nandakumar Thelakkat: Yeah, we cumulatively we spent close to 100 crores now.

Dhrushil Jhaveri: So the rest will come in next six months.

Nandakumar Thelakkat: Yeah.

Dhrushil Jhaveri: Okay. And existing Parks next year the guidance will be how much the CAPEX?

Nandakumar Thelakkat: Roughly around 20 crores.

Dhrushil Jhaveri: 20 crores for the year.

Moderator: Thank you. We will take the next question from the line Rukun Tarachandani from Kotak Asset Management.

Rukun Tarachandani: Sir, in terms of the area Hyderabad Park would be less compare to Bangalore and Cochin and also in terms of the number of rides. So how are you ensuring that the experience for the customer remains at par or better than what it is in Bangalore and Cochin?

Nandakumar Thelakkat: No, you look at the number of rides we are putting around 43 numbers that is a size when we started our Bangalore Park also. What you see is a ten year increment of that. So that is kind of crowd management also when we do it start with around 0.7 to 0.8 million people to engage 0.8 million people that many number of ride is enough. And I do not think that any single individual will pass through all the 53 rides in the Park.

Rukun Tarachandani: Right. So there space available there to increase it to...

Nandakumar Thelakkat: Yeah, we have around 49.5 acres roughly around 14.5 acres and we are currently utilization close to 30 acres only. And this 56 rides Bangalore we have used only 40 acres.

Rukun Tarachandani: Right. And sir final question in terms of maintenance CAPEX including adding new rides what do you incur for your existing parts Bangalore and Cochin?

Nandakumar Thelakkat: Maintenance CAPEX is a very low amount which will be both Park together will be in the range of 3 crores to 4 crores only. Balance is the additional CAPEX currently we are spending slightly heavy in both the Parks roughly around 10 crores - 15 crores. This year we will spend around 15 crores - 18 crores in Bangalore, next year similar amount will be spend in Cochin also.

Rukun Tarachandani: Right. On a normal case there is around 10 crores per part?

Nandakumar Thelakkat: Yeah, that was normal because now this Bangalore this year we are going with a larger Roller Coaster so that is a single investment into above 20 crores - 22 crores and Cochin next year we have plan to add a large area because our crowd management require slightly more space. So we will be adding a large area of around 1.5 acres to 2 acres to the Park. So that combine development will take similar amount of 20 crores to 22 crores at CAPEX.

Moderator: Thank you. We will take the next question from the line Dinesh N. from Catamaran

Dinesh N.: So we saw around in this half year ended FY16, was there a decline in Bangalore Park in the footfall?

Nandakumar Thelakkat: Half yeah there is a decline, okay. First quarter was there is a huge decline and second quarter incremental has partially covered that still we are running short around 4% decline in Bangalore

on Y-o-Y. We hope that, that will be cleared because last year Dussehra has spread over two quarters partially in Q2 and partially in Q3 this year the holiday season came only in Q3 so hopefully we will make up in Q3.

Dinesh N.: Okay. And what was the corresponding number in FY14, sir?

Nandakumar Thelakkat: That right now I do not have the number I will mail you separately.

Moderator: Thank you very much. We will take the next question from the line of Sonal Gandhi from Anand Rathi.

Sonal Gandhi: Okay. I just wanted a clarification and secondly, your maintenance CAPEX so we are passing through P&L completely, is that right?

Nandakumar Thelakkat: Maintenance CAPEX is not, maintenance charges are being charged to P&L that will be roughly around 10 crore that you can see a separate line item in the operating expenses. And maintenance CAPEX is the marginal CAPEX happening 2 crores to 3 crores will get capitalized along with your incremental CAPEX. So maintenance can be in P&L and partially I do not want to call it as maintenance CAPEX but normally it is that modifications and your new civil structures and that actually required for operational conveyance we call it as maintenance CAPEX but although sir new structures only. Anything modification to the existing structure normally we write it off.

Moderator: Thank you very much. We will take the next question from the line Krishnan K. from TVS. Capital Funds.

Krishnan K.: Just wanted to get an update on the Chennai project as to addition of the location and how are the funding plans for this?

Nandakumar Thelakkat: Yeah, Chennai we are now running and MOU because the legal scrutiny of the documents are going on and hopefully we think that we will be able to complete their land acquisition in the next couple of months.

Krishnan K.: And in terms of our CAPEX that you are looking on land and also the funding plans?

Nandakumar Thelakkat: CAPEX will be roughly around 300 crores and we expect if everything works well the construction should start from end of second quarter of next financial year and will open by at least Q4 of the '18 financial year.

Krishnan K.: I feel the in unaudited result you have said the 105 crores are yet to be utilized.

Nandakumar Thelakkat: Yeah, that will be utilized in Hyderabad only and other than that there is we have an internal accrual of around 70 crores - 80 crores. So that we will be able to utilize for the Chennai project

and plus two years in general accruals other than this existing Park requirement of roughly 20 crores balance we will be able to come to Chennai. So remaining amount we will be doing it financial.

Moderator: Thank you. We have a question from the line Prateek Poddar from ICICI Prudential.

Prateek Poddar: Sir, just one clarification on the Hyderabad Park is there any delay?

Nandakumar Thelakkat: No, we just made that there can be initially we thought in March end we will be pushing it by another one month. So now we say that it will be in April.

Prateek Poddar: End of April?

Nandakumar Thelakkat: Yeah.

Moderator: Thank you. We will take the next question from the line Chintan Sheth from SKS Capital & Research.

Chintan Sheth: You guided for a 4% to 5% footfall growth for this. Given the mix in terms of you mentioned that in Q3 and Q4 most of the part will be dependent on the school crowd which is discounted in terms of ticket pricing. So do we see blended average ticket realization to come down in Q2-Q3 compare to what we have in first-half?

Nandakumar Thelakkat: Of course.

Chintan Sheth: Okay. So any guidance in terms of average growth Y-o-Y basis for full year on average ticket size?

Nandakumar Thelakkat: Average ticket revenue will grow close to around 13 percentage to 14 percentage, we are continuing with this it will be around 13 percentage roughly.

Chintan Sheth: Okay. And sir in terms of your CAPEX you mentioned the funding of the Chennai facility basically from the internally accruals of the current year as well as next two years we will whatever the internal accrual you will be funding the from that fund. So there would not be any fund raising...

Nandakumar Thelakkat: No, Chennai I said that yes, internal accruals can be pushed into Chennai. Balance part we will be taking a loan and roughly Chennai in my view it will be a 50-50 project wise, it will be 50% loan and 50% equity.

Chintan Sheth: Okay. So 50 crore of loan...

Nandakumar Thelakkat: Yeah, we looked for some similar around of 150 crores loan to Chennai.

Chintan Sheth: Right, sir, okay. And in terms of festivity you say that Dussehra happened in Q3 coming quarter. So we will see some traction in terms of other traction in terms of footfall in Q3 compared to what we have because of the low base last year so it will...

Nandakumar Thelakkat: Yeah, there will be some growth in Q3 compared to last year.

Chintan Sheth: Okay, sir. And any kind of risk you feel in terms of both positive as well as negative in terms of your footfall growth which can Pan out going which you just invasive?

Nandakumar Thelakkat: Not really.

Moderator: Thank you. We will take the next question from the line Prasad Padala from Investec.

Prasad Padala: Sir, I think in Q1 we are talking about the growth and footfalls from corporate's and groups and I think now we have done well in the walk-ins we have got it. So what is the...

Nandakumar Thelakkat: Walk-in has done well in Cochin only and Bangalore we have growth from corporate and groups only it is almost 50-50, we have 50% come from walk-in and 50% from group. So the corporate what we pushed around 5,000-6,000 from Q1 has come in Q2.

Prasad Padala: Okay, fine. I mean so what will be the strategy going forward? I mean you will be focusing more on corporate's in Bangalore and...

Nandakumar Thelakkat: No, because there is no corporate to focus in Cochin.

Prasad Padala: No, I mean compare to...

Nandakumar Thelakkat: Bangalore has a large corporate base and you look at percentage wise growth corporate is doing at 50% rate in Cochin but here base is solo and we do not have too many corporates in Cochin so, now new IT companies are coming there feeding so probably it will have a base improvement then around 25%-30% year-over-year but still the base is very low I do not think that will have a significant impact on the overall footfall.

Moderator: Thank you very much. As there are no further questions, I now hand the conference over to Mr. Nilesh Dalvi for closing comments.

Nilesh Dalvi: Thank you everyone for attending today's call. In case of any further questions, you can reach me at nilesh.dalvi@dickensonir.com. I once again thank you all for attending today's call.

Nandakumar Thelakkat: Thank you, all.

: On behalf of Dickenson Seagull IR, that concludes this conference. Thank you for joining us and you may