

**Wonderla Holidays Limited**  
**Q4 FY'16 Earnings Conference Call**  
**May 25, 2016**

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**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 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. 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 Hyderabad is 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 called Recoil, it is a 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 at Hyderabad is 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 use cash 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 kids whose average 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 Bangalore Kochi 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 close because 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 the restaurant.

**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 not plus 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 your corporate 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. 2,000 which 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 statutory 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. 8,200 or 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 excess of Rs. 990 now?

**Nandakumar Thelakkat:** Yeah, it will be close to Rs. 990, I do not say it will be an excess of it because this Rs. 990 includes Entertainment Tax everything, so net realization 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 Mehta from 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 uncertainties like 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 Thelakkt:** 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 Thelakkt:** 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 Thelakkt:** Definitely.

**Kaustubh Pawaskar:** First years of operation and may be from FY'2018 it should start seeing some kind of improvement.

**Nandakumar Thelakkt:** 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 Thelakkt:** 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 Thelakkt:** 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 Thelakkt:** 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 does Wonderla intend to set itself apart from the other parks as oppose to EsselWorld or Adlabs?

**Nandakumar Thelakkat:** No, we are currently consising 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 Poddar from 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 Flags way 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 in Hyderabad 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](mailto: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.