



“Wonderla Holidays Limited  
Q2 FY2019 Earnings Conference Call”

October 29, 2018



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**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



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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 of FY2019.

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



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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



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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.



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- 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:** Growth 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?



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**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.



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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





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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.



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- 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.



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- 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.



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- 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



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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?



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- 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.



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- 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, it 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 come 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.



*October 29, 2018*

**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.