

Wonderla Holidays Limited
Fourth Quarter FY15 Results Conference Call
May 22, 2015

Moderator: Good evening Ladies and Gentlemen, I am Amaan moderator for this conference. Welcome to Fourth Quarter FY15 Results Conference Call of Wonderla Holidays Limited organized by Dickenson Seagull IR. 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, please signal an operator by pressing “*” and then ‘0’ on your touchtone phone. Please note that this conference is being recorded. I would like to hand the conference over to Mr. Nilesh Dalvi. Thank you and over to you, sir.

Nilesh Dalvi: Thank you Amaan. Good evening everyone. On behalf of Dickenson Seagull IR let me welcome you all to the fourth quarter and full year FY15 earnings call of Wonderla Holidays Limited. Today we have with us the management led by Mr. Arun Chittilappilly – Managing Director and Mr. Nandakumar – Vice President Finance.

Now, 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 the statements as a result of new information or future events.

I would now invite Mr. Arun to make his opening remarks. Thank you and over to you, sir.

Arun Chittilappilly: Thanks. Good afternoon everyone, welcome to the conference call. Thank you so much for spending your valuable time and joining us in this call. Just taking a quick look at our company.

We have been running amusement parks for the last 14 years, probably one of the largest amusement park operators in India. We have two running amusement park projects, one in Cochin and one in Bangalore and one under construction in Hyderabad. And we take pride in saying that we are the only amusement park company in India which is operating at multiple locations and we are quite optimistic about growth coming out of each of these locations and our future locations as well.

Now coming to the year under review. We would like to share our company's performance, we have not seen any growth in our footfalls, we have actually seen a small decline in our footfalls by about 6% compared to last year for the quarter ended 31st March 2015. This is mainly because of restrictions on educational institutions to do their picnics to public places

which is in effect in Bangalore and to a lesser extent in Cochin as well. But on a long-term basis we continue to be optimistic about this footfall growth.

During Q4 FY2015 our operating margins were primarily impacted by Rs.3.14 crores of provision made with respect to demands on entertainment and service tax and these are old disputes and this pertains only to the Cochin amusement park. Additionally, we have also incurred a CSR expenditure of about 1 crores for the quarter and also our operating margins also had absorbed additional cost of new recruitments done for Hyderabad and our adjusted EBITDA is excluding this 3.14 crores provision, it is in line displaying our improvement and has displayed improvement on a full year basis. We also declared that we are recommending a dividend of Rs.1.5 per equity share and the dividend of Rs.8.47 crores and the net dividend payout of 16.7% on the reported PAT of Rs.50.63 crores.

Now an update on Hyderabad project. We are fully on track as of now to complete our third amusement park project in Hyderabad by April of 2016. All approvals what are needed right now have been obtained. The park is likely to be operational from April 2016 and can accommodate about 10,000 visitors every day. We have also started recruiting staff and training them at our existing parks. Once they are trained, they will be transferred to Hyderabad.

Moving forward, we iterate our intention to consolidate our presence in already growing business revenue streams by scaling to other cities, large cities in India and we will also try to explore other target markets and also look at widening the customer base in our existing amusement parks. And this is just a broad outline of our vision. We want to be present in all the large cities in India and that is starting with Hyderabad and then going on towards Chennai and then other large cities as well.

So once again on behalf of our Board of Directors we would like to thank all of you. Our Vice President Finance, Mr. Nandakumar will share the company's financial performance. Thank you one again.

Nandakumar Thelakkat:

Thank you. Good afternoon gentlemen and thank you very much for a good response to the conference call. So I will be taking you briefly through the numbers and the way it is progressing with respect to revenue and footfall.

To start with, Q4 was not very bright for us and if you look at Q4 there is a dip in the consolidated footfall and it is something around close to 7% if we take Q4 as the same quarter and that is around 8% for the Cochin park and around 6% for the Bangalore park with respect to footfall if you take Q4 alone. Whereas if you take the whole year, our Bangalore park has grown by around 5% in footfall from 11.87 lakhs to 12.48 lakhs and Cochin park footfall was flat almost, it is hovering around 11 lakhs in both the years and looking at the

consolidated because of the flat growth in Cochin we are reporting a footfall hike of around 2.2% that is 2.29 million to 2.34 million.

And with respect to the revenue, on a whole year basis we have shown a revenue growth of around 19%. Our revenue has grown from 153 crores to 181 crores with respect to sale of products and sale of service including other revenue it is growing to around 192 crores.

And with respect to expenses, first I will take you through the Q4. The major deviation in the budget has come under other expenses category which has grown up to around 6.5 crores from a budget of around 2 crores to 2.5 crores. This was mainly due to provisioning. Company was pursuing a case of service tax in Cochin where there was a demand from the department with respect to the leased out restaurants which with respect to last seven years and the appeal was pending with appeal commissioner and the appeal commissioner decision has finally come against the company. So as a prudent practice we go with the auditor advice in providing altogether of around 1.8 crores as interest. We were already providing the principal of the demand but we were not providing the interest, now as per the request of the auditor we provided for the interest which comes around 1.8 crores. And even though we are pursuing the case further to the tribunal we provided that. Second was the recent audit objection from the CNDG between the company's calculation and the panchayat calculation with respect to entertainment tax and cumulative demand from 2007 to 2015 was an annual 20 lakhs so we provided for around 1.6 crores for that also. So these put together has come as a charge of around 3.2 crores for the company, which is the main reason for a reduction in the Q4 Revenue and EBITDA. And for the whole year I think we are more or less in line in fact we have marginally improved. Last year also operating margin was 47%, after including all these provisions also this year we recorded close to 45.7% of operating margins and adjusted operating margins were 47.4% for the year. And other than that the major difference is in the direct operating expenses which come by way of the additional recruitment of around 80, 90 staff which we started from Q2 and which continues there, they are still continuing in the rolls. So these are the two major deviations from our given estimates.

And I think now I have touched all the parts, now we can take the questions.

Moderator: Thank you very much. We will begin the question-and-answer session. We have the first question from the line of Atul Mehra from Motilal Oswal Securities Limited. Please go ahead.

Atul Mehra: Just there is one question in terms of apart from the school impact that we are witnessing in terms of footfalls, do you also see general discretionary slowdown that is impacting non-school footfalls?

Arun Chittilappilly: No, I will tell you that during the last year our footfall from schools dipped by around 10%. In the previous year footfalls from school were 4.76 lakhs which has come down to 4.41 lakhs and from colleges footfalls have come down from 3.87 lakhs to 3.8 lakhs. Together there is a

reduction of almost 43,000 students from schools. And major impact in Q4 has come in Cochin because in Q4 alone there is has been a dip of 26000 from schools resulting in a decline in footfalls from 1.02 lakhs recorded in Q4FY14 to 76000 in Q4FY15. Apart from that I think all other areas have witnessed grown, that's why we are able to show a marginal increase even though it is 2.2% growth in overall footfall.

Atul Mehra: Right. So for the quarter if we were to look at it, combined school footfalls were at 76000, right?

Arun Chittilappilly: No, not combined, Cochin alone. Bangalore it was 41000, previous year it was 51000.

Atul Mehra: 51000 has come to 41000?

Arun Chittilappilly: Yes. So Bangalore has felt the impact in two quarters Q3 and Q4, whereas in Cochin Q3 was not impacted only Q4 was impacted.

Atul Mehra: Right. So I think going by these numbers the non-school footfalls would have also seen marginal growth right, very-very marginal or perhaps negative growth?

Arun Chittilappilly: No, the adult footfall has grown from 11.1 lakh to 12.07 lakh for the year, almost an increase of 1 lakh, which is 10% increase in the adult footfall.

Atul Mehra: For the year?

Arun Chittilappilly: For the year, on combined basis.

Atul Mehra: Right. And secondly, in terms of, as we head into first half where school contribution is typically lower, what kind of footfall growth we could perhaps look at in H1? So can we look at maybe 5% coming back into H1 or perhaps even because of the impact of having service tax issues, if you can just throw some light on that.

Arun Chittilappilly: Service tax impact we have to assess, because currently so far we are witnessing a flattish growth because last year first quarter the growth was very good, last year first quarter we grew by almost 20% in terms of footfalls. So honestly we would be happy if we are able to maintain the same number as last year Q1 was very bright.

Atul Mehra: Right. And second one on the service tax front, so what date that it became effective?

Arun Chittilappilly: That's 1/6 onwards, it's already notified.

Atul Mehra: 1-6?

Arun Chittilappilly: Yes.

Atul Mehra: Sorry?

Arun Chittilappilly: Yes, 1st of June onwards it is notified.

Atul Mehra: 1st of June onwards, okay. 1st of June onward this is notified and the commensurate price increase, what is the kind of price increase we would have taken?

Arun Chittilappilly: We will be passing the entire service tax net of input credit which can be in the range of 11% to 11.5% we will pass on to customer.

Atul Mehra: 11% to 11.5%, this will be effective of 1st of June?

Arun Chittilappilly: Yes, 1st June onwards.

Atul Mehra: Right. And is there any other price increase we have taken during the quarter?

Arun Chittilappilly: We already took a price increase of close to 10% on 1st April.

Atul Mehra: Okay, right. So for the year itself it should be about 20%?

Arun Chittilappilly: Around 20% price hike.

Atul Mehra: Right. So with this we can perhaps given these multiple factors in terms of price increase plus schools plus the pace that you are talking about in terms of first half last year, so what is the kind of in terms of footfall impact that you see in FY16?

Arun Chittilappilly: Now if you look only at the footfall, my estimate is that footfall will see more or less a flattish growth because there was not much reduction during last year, if you take the first half we grew by around 9% in footfall but the fall came in the second half that is Q3 and Q4 where we want to make up. So if we have a 5% footfall growth for the next whole year, it would be enough to regain the loss which happened in the second half.

Atul Mehra: Right. And in terms of margins for FY16, so where could we look at that given ?

Arun Chittilappilly: I think it will be in the range of 48% to 49%.

Atul Mehra: And this despite additional ramp up in terms of hiring that you will do for Hyderabad?

Arun Chittilappilly: Yes, because you can look at current year also on a consolidated basis we have posted say around 46.3% despite provisioning of around 3.14 crores and there is also a loss of on sale of fixed asset to the tune of 80 lakhs. All put together, there is a one-time charge on the P&L of around 4 crores. Therefore, this year we believe we should be posting around 49% operating margin.

Atul Mehra: Right. And in terms of just one final question on the new park in terms of Chennai, so any update on Chennai?

Arun Chittilappilly: Chennai, most probably we will be closing the deal before the next quarter earning call.

Atul Mehra: Right. And when that comes through what could be a timeline we could look at for Chennai to come through?

Arun Chittilappilly: No, we previously projected it will take 1.5 years from the opening of Hyderabad, so we have at least one year time to close the land the take the immediate prior approvals. So I think still we are confident that we will be able to meet that benchmark.

Atul Mehra: Right. So it should be more like April 2018 that we should look at?

Arun Chittilappilly: No, September 2017 or December 2017, I think we will get at least 3 months in FY18.

Atul Mehra: Right. And any incremental update on the school part where any changes that you are seeing on the ground?

Arun Chittilappilly: No, that we will see only after June, July because there marketing itself starts from June only when after school reopening, so we will get a flyer by say July or August.

Moderator: Thank you. We have the next question from the line of Ujwal Shah from Quest Investments. Please go ahead.

Ujwal Shah: Sir, I just wanted to understand the business dynamic, so what is the payback period that we usually look for company for any project that we start?

Arun Chittilappilly: Roughly nine years, plus or minus one year.

Ujwal Shah: Okay sir. And sir what is the project IRR below which we do not look at particular city or something?

Arun Chittilappilly: I am happy to look at the payback period than IRR because IRR we have to take the residual value, we have not exercised that value because there is a real estate appreciation coming in a huge way so I never look at IRR with the residual value. So we internally consider payback of eight years is a very good benchmark with an operating margin of around 45% to 50% from the third or fourth year onwards.

Ujwal Shah: Right sir. Sir also wanted to understand what measures is the company taking towards increasing the pie of non-ticketing revenues?

Arun Chittilappilly: We are just doing, we are increasing the options available to the customer inside, one is a food option and another is a souvenir and your textile sales. So over a period if you look at your non-ticket revenue is growing at a faster pace than ticket revenues. For example, in FY15 the sale of services saw around 18% growth whereas sale of products grew by 22%.

Nandakumar Thelakkat: So, sale of products is growing 1% to 2% higher incrementally every year compared to growth witnessed by sale of services segment.

Ujwal Shah: Very helpful sir. And sir how would be the pricing at the Hyderabad park?

Arun Chittilappilly: It will be more or less benchmarked with Bangalore.

Moderator: Thank you. We have the next question from the line of Jatin Khaimani from Stalwart Advisors. Please go ahead.

Jatin Khaimani: Sir I understand that the average daily footfalls are in the vicinity of about 3100 odd, but what would that number be for weekends that is Saturday and Sunday each?

Nandakumar Thelakkat: Average is 3100. If you look at Saturday and Sunday, there is a difference of around 20%. So there is not a significant difference between the weekday and weekend for us.

Jatin Khaimani: So it is closer to 3000 odd only?

Nandakumar Thelakkat: 3500 is average, so the weekend is around 6000, and a weekday about 4000, that is typically the range and then it also depends on the season. When we are in Q3 and part of the Q4, we are banking more on the school and colleges, so weekday crowd will be more than weekend crowd. So if you compare you cannot say that there is a significant difference between weekend and weekdays. Today is Friday; we have around 7800 people on our park, tomorrow it maybe 8000 or 8500, which is a marginal difference only.

Jatin Khaimani: Got that sir. And sir you have previously mentioned that the parks have capacity to accommodate about 12000 guests a day, have we ever had such footfalls in a single day?

Nandakumar Thelakkat: We had, about 10000 couple of days, but we have never been completely sold out.

Jatin Khaimani: Okay, got it. Any update from the land litigation going on our Hyderabad land and by when do we see that getting resolved?

Nandakumar Thelakkat: No, I do not think it will get resolved immediately, if you ask me honestly in the last one year, one case was heard twice, other case has not even been heard. So that is no way affecting our construction.

Jatin Khaimani: Okay. So but given the fact that we only have 27 acres at this point in time, would you think that it may any plans for expansion on Hyderabad which is lot for expanding the park?

Arun Chittilappilly: No, we have 49.5 acre there, minus the litigated part is only 14 acres. Out of the 14 acres there is injunction on 7 acres where there is no restriction on construction. So the real case which is filed against the company is only with respect to 8 acres. So we have 41 acres there and our matured park in Bangalore with a similar capacity including resort occupies only 40 acres.

Moderator: Thank you. We have the next question from the line of Giriraj Daga from SKS Capital. Please go ahead.

Giriraj Daga: Sir my question is related to like, what kind of CAPEX we are targeting next year?

Arun Chittilappilly: We will be doing around 20 crores in CAPEX in the existing parks, 20 crores to 22 crores that is the range.

Giriraj Daga: Okay. Sir in the initial part of the call we mentioned that we are looking for setting up in all the major cities, I am attending the call first time, so when I look at the scenario we are seeing that we are going very slow, like next year we will be adding one Hyderabad and after that one and half year we will be adding Chennai, despite having the resources available with us. So what is your thought?

Arun Chittilappilly: No, we will be looking to add only one park in every three years, so we have internal accruals for 2 years or maximum up to three years to spend on the new park. Currently we are generating a free cash flow of around 50 crores with two parks; I think on a matured basis third park can contribute another 20 crores, 25 crores. So for Chennai going forward, we shall have two years of internal accruals from the existing parks and one year internal accrual from the new park which would be enough to fund at least 50% of the Chennai requirement of something between 275 to 300 crores.

Giriraj Daga: How much you said for Chennai?

Nandakumar Thelakkat: Maximum 275 crores and it can go up to 300 crores in worst case scenario. So for that 50% can be funded by internal accruals, balance 50% we will be going for loans, thereafter we look to add only one project every 2.5 to 3 years. Our fourth park put together we will comfortably generate a free cash flow of around 100 crores. So I think the debt level should not increase significantly post Chennai.

Giriraj Daga: Okay. One more question on our capital allocation, like we are only planning to go with the internal accruals and debt?

Nandakumar Thelakkat: Yes, for now we shall only be looking at internal accruals and debt for funding.

Giriraj Daga: For one year or next two three years?

Nandakumar Thelakkat: Next five years.

Giriraj Daga: Next 5 years, no equity infusion plan?

Nandakumar Thelakkat: No, no because the two new parks will take another three years. Then another two years of construction period, so even at the earliest any major funding requirement from the equity markets would arise only 6 years from today.

Giriraj Daga: Okay. And if I come to business side, what was the hike we took last year?

Nandakumar Thelakkat: Which one?

Giriraj Daga: Last year what was the hike we took in the pricing?

Nandakumar Thelakkat: It was around...

Arun Chittilappilly: Every year we take up, I will answer that question, we usually take about 9% to 10% price hike every year.

Giriraj Daga: Okay. But sir then this time despite like knowing that there will be hit on service tax side and despite seeing the footfalls subdued in the last second half, we still went ahead with the hike.

Arun Chittilappilly: Yes, that what I mean we still see...

Nandakumar Thelakkat: There was a specific reason which we have already pinpointed for the reduction in footfall, as I said we have a 10% increase in the footfall of the general customer who are the high spending customers for us.

Giriraj Daga: So basically on the particular segment you do not see any hit even after getting a 20% hike this year, effectively for them the price would be 20% higher?

Arun Chittilappilly: It will be expensive, I agree, it could have some impact on footfalls but we still feel that our average pricing is 700 to 800, so we are increasing our price by 8% to 10%, we are looking at less than Rs.60 to Rs.80 as the maximum increase and the rest is taxes. So I think for the people it is a one-time hit so it should not affect us much, at least we are hoping it won't but we will have to wait and watch.

Giriraj Daga: Okay. And my last question is, what is our non-ticketing value percentage as a total revenue?

Nandakumar Thelakkat: 20%.

Moderator: Thank you. We have the next question from the line of Sumit Kumar from Elara Securities. Please go ahead.

Sumit Kumar: My question is regarding Cochin park, so we have seen the footfall de-growth of 9% in FY14 and then 1% in FY15. So I would like to know that what are the key initiatives and strategy of the company to increase the footfalls at the Cochin park?

Arun Chittilappilly: Yes, I will answer that. We have already completed 15 years in Cochin so maybe the growth is not coming because we have reached the maturity stage, which is one issue. Another thing is, we feel that some of the rides need to be replaced so we are working towards that and in the next two to three years we will add some new rides and see how that goes. Also last year the reason why our footfalls de-grew in Cochin due to excessive monsoons and so we are hoping that, and this year we had another reason which is more heated over cool case and things like that. But this year was much less compared to what happened last year. So we are not really worried about Cochin as such that the footfalls will drop every year, but we will have to maybe add some new rides and things like that which we are looking into.

Sumit Kumar: So do you think you should increase the marketing activity to attract more school students, college students?

Arun Chittilappilly: No, no we are already I think we are pretty well established, especially Kerala everybody knows who we are and there is no problem. It is not a marketing issue, it is more to do with regulations and what the school authorities have to deal with. So marketing will not solve that problem, it has to come from the government and school authorities themselves they need to figure out whether they can adhere to those new rules whatever they have been proposed. So that is a different issue altogether, it has nothing to do with marketing.

Moderator: Thank you. Our next question is from the line of Vishal Gupta from India Infoline. Please go ahead.

Vishal Gupta: Most of my questions have been answered, I just have one question. What steps are we taking to drive footfall growth given that we have taken 20% increases in prices during the current year?

Arun Chittilappilly: See, we do not look at it as a 21% price increase, we are still continuing with our 10% price increase, whatever has happened over that is tax. So we will make sure that that's the way we portray it and this year it might, we may not grow in footfall because of the huge burden, final burden to the customer. So I mean there is nothing really we can do about that. Other than that, we will continue with our usual upgrading of the park so we are planning some attractions in Cochin and Bangalore. Bangalore we are planning a big rollercoaster like the one we have planned in Hyderabad, so that should be ready for opening to public by the end of this year maybe towards October or December of this year. So if that happens that will be

a good boost for us and we can market it and we can make a big noise about it. It will be the largest rollercoaster in South India and it is also going to be the India's first reversing rollercoaster so it is going to be a very interesting ride. And we have some new rides and all planned, so that should be good. But having said that, that may not counter a 20% price increase, there is not really much we can do about that, this year I mean it is an aberration in that sense.

Vishal Gupta: Okay. And the one more question it regards to the occupancy level at Bangalore resort, there has been a small dip in the occupancy level so can you throw some light on it?

Arun Chittilappilly: There is low occupancy level because Q4 is a weak quarter for us, so we will never get the kind of occupancy we get Q1 and Q3 in Q4, so that is why you would have seen a slight dip in occupancy. But if you ask me compared to last year we have grown by more than 50% in FY15, so we are not unhappy with that. Actually the resort has turned profitable this year and hopefully we can increase the occupancy again this year.

Vishal Gupta: Okay. Sir and one more question, are any of the competitors setting up parks in our existing area in the next four to five years of timeframe?

Arun Chittilappilly: Four to five years I do not know, but right now there is nobody setting up anything.

Moderator: Thank you. We have the next question from the line of Krishna from TVS Capital.

Krishna: Sir, my question would be on, basically what is the breakup of the current investments of 194 crores, whether the issue projects of around idle 154 crores is forming part of that and what is the average return on such investments on the idle issue profits basically?

Nandakumar Thelakkat: Yes. Around 152 crores of the IPO money is still lying invested and that gives a net of tax yield of something close to 6.2% to 6.4%.

Krishna: Fine. And is it forming part of the current investments?

Nandakumar Thelakkat: Yes, it forms part of the current investment, balance is investment of internal accruals what you are seeing in the balance sheet.

Krishna: Thank you. And what is your outlook for FY16 basically?

Nandakumar Thelakkat: FY16 I think we will be maintaining something close to around 3% to 4% in footfall that is our expectation, but first half will be more or less flat because last year first half footfall was quite good, so we are happy to maintain that footfall and the balance should come from the second half that is Q3 and Q4 where we expect do well in comparison to the previous year.

Moderator: Thank you. We have the next question from the line of Ujwal Shah from Quest Investments. Please go ahead.

Ujwal Shah: I just wanted to understand what is the peak capacity for each of the existing park on a daily basis?

Arun Chittilappilly: So we have a licensed capacity of around 12000 people in Bangalore and Cochin is also in size wise it is more or less same in that level. So I will say that the capacity which you can accommodate in both the park is more or less same at 12000.

Ujwal Shah: Okay sir. And Hyderabad will be close to 10000?

Arun Chittilappilly: Hyderabad would be around 10000 to start with.

Ujwal Shah: Okay sir. And sir what is the rate differential between the school going kids, college going kids and the normal adult?

Arun Chittilappilly: School going kids will get maximum discount of 35%, college going students will get a discount of 20%.

Moderator: Thank you. We have the next question from the line of Jayprakash from India First Life. Please go ahead.

Jayprakash: Thanks sir. You mentioned about new addition of rides in your existing parks, so apart from Hyderabad CAPEX what will be other incremental CAPEX for these rides?

Nandakumar Thelakkat: 20 crores to 22 crores.

Jayprakash: And sir I just missed the initial remark, what was the reason behind sharp jump in other expenditure this quarter?

Nandakumar Thelakkat: That's two things, there was a provisioning we made for around 3.2 crores.

Jayprakash: For?

Nandakumar Thelakkat: Around 1.64 was entertainment tax demand and around 1.58 or 1.6 crores for the interest portion of the demand of the service tax. And there was an asset write-off to the extent of around 70 lakhs, 75 lakhs, all put together it charged of around 4 crores to the P&L for the Q4.

Jayprakash: Okay. And sir apart from Hyderabad and the two parks which you have, do we own any land any other place?

Nandakumar Thelakkat: No.

Moderator: Thank you. We have the next question from the line of Atul Mehra from Motilal Oswal Securities Limited. Please go ahead.

Atul Mehra: Just wanted to ask what percentage of our visitors at Cochin amusement park will be from city itself and what would be from outside the city?

Nandakumar Thelakkat: City will be between 7% to 9%, that is Cochin only. Around 65% is from entire Kerala including Cochin.

Atul Mehra: Right. So what would be the number for Bangalore?

Nandakumar Thelakkat: Bangalore, the Bangalore rural, and Bangalore will account for around 60% of the visitors.

Atul Mehra: Okay. So the Bangalore city would be about 30%, right?

Nandakumar Thelakkat: Yes, Bangalore and Bangalore city I mean Bangalore and Greater Bangalore including the rural, that is Bangalore three districts.

Arun Chittilappilly: I think let me just answer that for you, I think Bangalore and Cochin work very differently from a demography standpoint, Cochin works like a large city like a continuous urban space and so Cochin as a city does not contribute much to our revenues, I think about 10% of our footfalls comes from Cochin, then 10% from Thrissur, 10% from Kottayam and all those other districts, so it is like a continuous urban space. Whereas Bangalore works very differently, Bangalore and Greater Bangalore contribute roughly about 60% to 65% of our total footfall and the rest maybe another 10% to 15% comes from the rest of Karnataka. So both the parks are in very different markets.

Atul Mehra: Right. And I was just doing a very-very rough cut analysis on this, so if we look at the catch in terms of total population of perhaps Kerala as such and the amount of visitors that we have, so we are about 3.5% in terms of Kochi and we are about 2.2% in case of Karnataka and Bangalore. So is there any kind of trend that you would have tracked in terms of is there a percentage towards where this number goes in terms of catchment versus?

Nandakumar Thelakkat: It is hard to put a number like that to it because it is still an evolving and emerging industry so what we thought initially what we got in our first few years of operation we thought we had a good market, but then the numbers kept on growing so obviously we are not restricted to nearby towns and cities, people do come to us from far and wide so in that sense it could, right now Bangalore attracts people from southern Andhra Pradesh, northern Kerala, northern Tamil Nadu, so it works in a very, I think the whole amusement park thing works a little differently, it looks at driving distance between the respective places and the park. So any place within a 6 hour driving radius could be potential place for us. So as the park gets

more popular and marketing reach also increases, we can slowly get people from further and further places.

Atul Mehra: Right. And globally also would there be a metric like this where a catchment versus the kind of penetration that a park can potentially do?

Nandakumar Thelakkat: Yes, I think it works similarly everywhere and depending on the size of the park and the popularity of it, it will still dependent on, it will still work on a radius and it usually attracts people from within a certain radius.

Moderator: Thank you. We have the next question from the line of Vishal Gupta from India Infoline. Please go ahead.

Vishal Gupta: I wanted clarification on two things, one is the footfall growth you have told of 3% to 4%, that was for full entire FY16 or is it only for second half FY16?

Nandakumar Thelakkat: No, no for the entire FY16.

Vishal Gupta: Okay. And sir one more thing, CSR expenditure you told, you incurred CSR expenditure of 1 crores in this quarter right?

Nandakumar Thelakkat: No, altogether we are spending 1 crores, but the spending is almost 60 lakhs in Q4.

Vishal Gupta: Around 60 lakhs was spent in 4Q, or towards...?

Nandakumar Thelakkat: Fourth quarter because there was some construction we undertook with some school and other things which was going on but bill came only in Q4.

Moderator: Thank you. We have the next question from the line of Sunny Agarwal from Aditya Birla Money. Please go ahead.

Sunny Agarwal: Sir I would like to know what is the average ticket price at our Cochin and Bangalore park?

Nandakumar Thelakkat: Now average figure price of Cochin this year will be without service tax will be in the range of 720 to 740 and Bangalore it will be around 850, 860 that range.

Sunny Agarwal: Okay. Sir when we say average ticket price, it is net of all the promotions or discounts which we offer to...?

Nandakumar Thelakkat: Yes, net of all discounts because we sell ticket at net price, for a student ticket it is less 35% of the normal ticket rate, we have a separate clause of ticket for that and it is net of entertainment tax also.

Sunny Agarwal: Okay. And sir just one question from just a strategy perspective, is it possible that we tap Tier-2 or Tier-3 city with a smaller size park which in terms of margin give the same thing and absolute contribution maybe slightly higher, so just your thought on that.

Nandakumar Thelakkat: Yes, that I think Arun can take that question in detail. But if you ask me that, a park which gives 50% operating margin is fine with us, but in my view opportunity is available in large cities now, we will first look at tapping that, and then of course the other thing is also possible, where you net investment is plus and where the footfall is also less, where your average realization will be less but your margins and metric will work the same.

Moderator: Thank you. We have the next question from the line of Nimit Shah from ICICI Securities. Please go ahead.

Nimit Shah: Sir would it be possible to give the breakup of the other income for the quarter and for the full year?

Nandakumar Thelakkat: Yes, it is possible. So I can share the schedules with you?

Nimit Shah: Yes, that's fine sir.

Nandakumar Thelakkat: Yes, those I will mail to you.

Nimit Shah: And sir the sale of products would mainly include this apart from ticket....

Nandakumar Thelakkat: Sale of products will include souvenirs, then your packed food item like biscuits, chocolates kind of thing, soft drinks.

Nimit Shah: What all it will include?

Nandakumar Thelakkat: It will include the sale of chocolate, sale of souvenirs, sale of....

Nimit Shah: Apart from ticket sales, everything?

Nandakumar Thelakkat: Yes.

Nimit Shah: So this includes also this commissions which we...?

Nandakumar Thelakkat: No, commission from restaurant is a separate line item in our P&L. So if you look at sale service, it will carry the ticket and other counter collections, then sale of restaurant revenue and some other shops also we are renting on a share basis that will come. And in the sale of product will come for readymade garments, soft drinks and packed foods, then cooked food and other miscellaneous sales.

Moderator: Thank you. We have the next question from the line of Jayprakash from India First Life. Please go ahead.

Jayprakash: You are paying 15% dividend payout this year per say, what will be the policy going ahead?

Nandakumar Thelakkat: Currently we decide to go with the same this year also because we have investment lined up, so next year it is a different call, if we have project investment I think more or less we will be going in the same line because we have requirement of money to invest in the new parks. So until Chennai completion I think will be more or less going with the same policy.

Jayprakash: Okay. And in terms of capacity size per se, you mentioned Hyderabad would be 10000 per se, so what kind of park in future we will also be doing in terms of capacity per day kind of number?

Nandakumar Thelakkat: To start with in the same line only, at least in metro and metro like cities.

Jayprakash: Okay. So we would not be going below 10000 kind of numbers?

Nandakumar Thelakkat: No, that depends on cities as some of these previous questions asked, if you are going to tier-2 and other city you decide to go, it need not be a capacity of 10000, but a population of 8 million or 9 million and cities like Hyderabad, it is more or less similar to Bangalore so we need the same capacity.

Jayprakash: Okay. And lastly sir, are you looking to tie up some kind of IP rights so that you get exclusive rights for the kids or whatever it is which can increase your revenue or probably ticket size?

Nandakumar Thelakkat: So far we have not looked into that because the cost is prohibitive in that and we are afraid whether we will be able to load that to the customer.

Arun Chittilappilly: We are trying to develop our own technology for rides, that's the way we feel it is the best and we do not want to be dependent on other people IT, we want to create our own and especially when it comes to content so we spend a lot of time and effort doing that now a days.

Jayprakash: No, sir it is not in terms of technology per say, but like the cartoon characters or whatever we have like in Disney and all, but probably there are certain cartoon characters which are specific to Indian market so if can get right of those using and something like that?

Arun Chittilappilly: Yes, but we have not seen anything which is universally accepted and universally loved, so we do not want to, that's why I said we are trying to develop our own characters and make rides out of them, so that is what we are trying to do.

Moderator: Thank you. We have the next question from the line of Ankit Gaur from Systematic. Please go ahead.

Ankit Gaur: I missed one point which says that out of total population, how much population is coming from schools?

Nandakumar Thelakkat: If we look at the total of around 23.4 lakhs, school is around say 4.5 lakhs and college is 3.5 lakhs.

Ankit Gaur: Okay. Sir this stringent verification process what we are talking about, can we do something for that because for example giving training to the staff on how to get out from verification problem, or to get out of verification problem or how to solve...

Nandakumar Thelakkat: You mean to say which verification?

Ankit Gaur: The stringent verification circulation which is...

Nandakumar Thelakkat: No, no that is an operating guideline to the schools, so they have to follow the procedure before taking the kid out and there needs to be, last year it was more stringent because last year the first time Bangalore introduced police verifications for teachers and order came in sometime in the mid of September or August something. So teachers were behind that and management was issued with a circular these are the things you have to do in the school like CCTV coverage, your ID and the parents and the accompanying staff should be identified. So they were busy doing all those things, and more than that they are running after police to get their personal verification done to save their jobs.

Ankit Gaur: Okay. So sir in that case can we smoothen this process by explaining when the process or whatever...

Nandakumar Thelakkat: No, it has nothing to do with us, it is with the regulator and the school where it is not with respect to an outing alone. Outing instruction is that, if there is outing happening there should be female teachers accompanying for girls, but they were not in a position to accompany students in that because there are lot of school days lost because of the education, secondly on the holidays and even on working days teachers are busy complying with all these instructions. So it is a onetime effort, so they decided to skip the picnic last year. So I think it is more or less one year, this year I think we will get normalcy.

Moderator: Thank you. We have the next question from the line of Ujwal Shah from Quest Investments. Please go ahead.

Ujwal Shah: Sir I just wanted to know in terms of ticket price as such, the same for land and water rides we charge a single fee for both of them, we charge different or?

Nandakumar Thelakkat: No, no it is a single entry fee for both.

Ujwal Shah: Okay sir, single entry fee. And sir I also wanted to know about the land acquisitions that we have done, we have around 93 acres in Kochi and in Bangalore around 82 acres, from what I understand, even with all the expansions and all the peak that we might require is close to 50 acres, 60 acres?

Nandakumar Thelakkat: Yes.

Ujwal Shah: So the balance land why was it acquired such a big parcel and what we tend to do for the same?

Nandakumar Thelakkat: It was acquired at that time with a very long-term view in mind because adding one ride means we need to acquire some of the land and still last year we have done 1 more acre of property in Bangalore acquired for the new ride. So eventually progressively it will get acquired and now we are ourselves restrict to 50 acres and our 60 acres because cost of land has gone up too much. With all these 90 or 80 acre acquisitions the portion of land cost to the total investment was in single-digit, so now because the land cost is too high we decide to use only that with our experience that over 15 years also we need only this much land to entertain for 14000 or 15000 people.

Ujwal Shah: Okay sir. So henceforth most of the days...

Nandakumar Thelakkat: We will going mostly with this range.

Moderator: Thank you very much. Ladies and Gentlemen, that was the last question. I would now like to hand the floor over to Mr. Nilesh Dalvi for closing comments. Thank you and over to you sir.

Nilesh Dalvi: Dickenson Seagull IR is managing Investor Relations for Wonderla Holidays. Please feel free to reach me at nilesh.dalvi@dickensonir.com to seek more information on the company. I once again thank you everyone for joining the call. Thank you and have a good day.

Nandakumar Thelakkat: Thank you Ladies and Gentlemen, thank you very much on behalf of company for taking part in this call and it was really interactive.

Moderator: Thank you. On behalf of Wonderla Holidays that concludes this conference call. Thank you for joining us and you may now disconnect your lines.